



Final 2019 Notice of Benefit and Payment Parameters

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Quick Facts:

- Recently, the Department of Health and Human Services (HHS) issued its final Notice of Benefit and Payment Parameters for 2019.
- The required contribution percentage for the individual mandate's affordability exemption will increase for 2019.
- Under the final rule, the Affordable Care Act's (ACA's) out-of-pocket maximum limit will increase to \$7,900 (self-only coverage) and \$15,800 (family coverage) in 2019.

On April 9, 2018, the HHS released its [final Notice of Benefit and Payment Parameters for 2019](#). The final rule describes benefit and payment parameters under the Affordable Care Act (ACA) for the 2019 benefit year. Updated standards included in the rule relate to:

- annual limits on cost-sharing;
- the individual mandate's affordability exemption;
- special enrollment periods in the Marketplace; and
- essential health benefits (EHBs) benchmark plan options.

Annual limits on cost sharing

The ACA requires non-grandfathered plans to comply with an overall annual limit (or out-of-pocket maximum) on EHBs. The ACA requires the out-of-pocket maximum to be updated annually based on the percent increase in average premiums per person for health insurance coverage. Based on the final rule, the 2019 out-of-pocket maximum will increase to \$7,900 for self-only coverage and \$15,800 for family coverage (up from \$7,350 and \$14,700, respectively, for 2018).

The individual mandate's affordability exemption

Under the ACA, individuals who lack access to affordable minimum essential coverage (MEC) are exempt from the individual mandate penalty. For purposes of this exemption, coverage is considered affordable for an employee if the required contribution for the lowest-cost, self-only coverage does not exceed 8% of household income.

Beginning in 2019, the recent tax reform law will reduce the ACA's individual mandate penalty to zero for individuals not retaining MEC. However, the final rule notes that individuals may still need to seek a hardship exemption for 2019 and future years to access Marketplace-based catastrophic coverage. In 2019, an individual will qualify for this affordability exemption if he or she must pay more than 8.30% of his or her household income for MEC.

Marketplace special enrollment periods

Certain special enrollment periods (SEPs) are available for Marketplace coverage to ensure that people who lose health insurance during the year (or who experience other qualifying events) have the opportunity to enroll in coverage. The 2019 final rule establishes a new SEP that allows pregnant women who are receiving health care services through Children's Health Insurance Program (CHIP) coverage for their unborn child to qualify for a 60-day loss of coverage SEP upon losing access to this coverage.

New EHB benchmark plan options

For plan years beginning on or after January 1, 2020, the final rule will allow states greater flexibility in selecting EHB benchmark plans. States will be allowed to maintain their 2017 benchmark plan or they may choose a new EHB benchmark plan annually from one of three options:

- choose from the 50 EHB benchmark plans that other states used for the 2017 plan year;
- replace one or more EHB categories of benefits under its EHB benchmark plan used for the 2017 plan year with the same categories of benefits from another state's EHB benchmark plan used for the 2017 plan year; or
- otherwise select a set of benefits to become its EHB benchmark plan, provided that the new EHB benchmark plan does not provide more benefits than a set of comparison plans and is equal to the scope of benefits provided under a typical employer plan (as required by the ACA).

Please be aware that this does not represent legal or tax advice and is only Frenkel's interpretation of the laws, regulations and statutes. It is highly recommended that you seek the advice of your legal and tax professional as to the applicability of this information to your particular situation.