



Final 2020 Notice of Benefit and Payment Parameters Issue Date: May 2019

Quick Facts:

- Recently, the Department of Health and Human Services (HHS) issued its final Notice of Benefit and Payment Parameters for 2020.
- The required contribution percentage for the individual mandate's affordability exemption will decrease for 2020.
- Under the final rule, the Affordable Care Act's (ACA's) out-of-pocket maximum limit will increase to \$8,150 (self-only coverage) and \$16,300 (family coverage) in 2020.

On April 18, 2019, HHS released its [Final Notice of Benefit and Payment Parameters for 2020](#). The final rule describes benefit and payment parameters under the Affordable Care Act (ACA) for the 2020 benefit year.

Updated standards included in the rule relate to:

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

Maximum Annual Out-Of-Pocket 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 2020 out-of-pocket maximum will increase to \$8,150 for self-only coverage and \$16,300 for family coverage (up from \$7,900 and \$15,800, respectively, for 2019).

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. The recent tax reform law reduced the ACA's individual mandate penalty to zero for individuals not retaining MEC after December 31, 2018. However, the final rule notes that individuals may still need to seek a hardship exemption for 2019 and future years to qualify for enrollment in Marketplace-based catastrophic coverage. In 2020, an individual will qualify for this affordability exemption if he or she must pay more than 8.24% 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 2020 final rule establishes a new SEP that allows individuals enrolled in off-Marketplace individual health insurance coverage to be newly eligible for Marketplace subsidies if their income changes. The SEP is available to qualified individuals and their dependents who experience circumstances that result in a decrease in income if the following are true:

1. both the individual and dependents are newly determined as eligible for a Marketplace subsidy; and
2. the previously enrolled individual coverage was MEC for one or more days during the 60 days preceding the change in financial circumstances.

EHB Benchmark Plan Options

The 2019 final payment rule allowed states to maintain their 2017 benchmark plan or for plan years beginning on January 1, 2020, or choose a new EHB benchmark plan annually from several plan options for greater flexibility. For more information, see the Frenkel Benefits Compliance Update [Final 2019 Benefit and Payment Parameters](#).

The 2020 final rule makes no changes to the 2019 rule but lays out new deadlines for states to notify CMS of changes to an EHB benchmark plan. States must submit required documentation to CMS by May 6, 2019, for the 2021 plan year, and by May 8, 2020, for the 2022 plan year.

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.