



HEALTH CARE REFORM ADVISORY

April 22, 2019

2020 PROPOSED BENEFIT AND PAYMENT PARAMETERS

The Department of Health and Human Services released the final 2020 Notice of Benefit and Payment Parameters affecting Group Health Plans last Friday.

BACKGROUND

The Affordable Care Act requires all Non-Grandfathered Group Health Plans to limit annual Out-of-Pocket Maximums on Essential Health Benefits (EHBs). The OOP maximum includes deductibles, co-insurance and co-payments toward EHBs.

The maximum OOP limits are adjusted annually for increases in the “Premium Adjustment Percentage”- a measure of medical inflation. The self-only OOP maximum applies to each individual, regardless of whether the individual is enrolled in single or family coverage. On January 24, 2019, HHS released proposed 2020 Payment Parameters and stated they were contemplating a technical change to their previous methodology for computing the Premium Adjustment Percentage. The final Payment Parameters adopted this change. The effect of this change reduced the proposed out-of-pocket maximum for single and family coverage by \$50 and \$100, respectively from the proposed amounts.

OUT-OF-POCKET MAXIMUM & EMPLOYER SHARED RESPONSIBILITY PENALTIES

Below is a table containing the single and family OOP annual maximums, as well as the annual level of the ACA Employer Shared Responsibility penalties. The Notice does not directly disclose the amount of Shared Responsibility penalties for the next year, however; these amounts may be calculated using the Premium Adjustment Percentage. The Department of the Treasury and the IRS have used the Premium Adjusted Percentage calculated by HHS in prior years.

	OUT-OF-POCKET (OOP) MAXIMUM		EMPLOYER SHARED RESPONSIBILITY		
	Single	Family	4980H(a)	4980H(b)	Affordability
2014	\$6,350	\$12,700	\$2,000	\$3,000	9.50%
2015	\$6,600	\$13,200	\$2,080	\$3,120	9.56%
2016	\$6,850	\$13,700	\$2,160	\$3,240	9.66%
2017	\$7,150	\$14,300	\$2,260	\$3,390	9.69%
2018	\$7,350	\$14,700	\$2,320	\$3,480	9.56%
2019	\$7,900	\$15,800	\$2,500	\$3,750	9.86%
2020	\$8,150	\$16,300	\$2,570	\$3,860	TBD

Please contact your Oswald client team representative for further information.

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