

# Benefits Buzz

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## Proposed Expansion of “Excepted Benefits”

On Dec. 20, the Departments of Labor, Health and Human Services and the Treasury (the Departments) issued [proposed regulations](#) that would expand the definition of excepted benefits. Excepted benefits are health benefits that are exempt from many health care reform requirements and other federal laws.

The proposed regulations address three areas: limited scope dental and vision benefits, employee assistance plans (EAPs) and a new type of benefit called a “limited wraparound” plan.

For vision and dental benefits, the proposed regulations would eliminate the requirement that individuals pay a premium or other contribution for stand-alone or limited-scope dental and vision coverage to be an excepted benefit.

The proposed regulation would classify EAPs—programs that can provide a wide-ranging set of benefits to address circumstances that might otherwise

adversely affect employees’ work and health—as excepted benefits if specific conditions are met.

Finally, the proposed regulations allow employers to offer supplemental “wraparound” health coverage as an excepted benefit to employees who cannot afford the employer-sponsored coverage and may be eligible for Exchange subsidies. If certain conditions are met, the wraparound coverage would provide additional benefits to the individuals but would not disqualify them from receiving subsidies.

The regulations note that providing excepted benefits, such as wraparound coverage, does not satisfy the employer mandate.

The Departments invite comments on these proposed regulations. Comments are due on or before Feb. 22, 2014. For more information, contact your broker at Gowrie Group today.

## DID YOU KNOW

On Dec. 16, the Internal Revenue Service released [Notice 2014-1](#) to provide guidance on employee benefit plan elections for same-sex spouses. The ruling addresses cafeteria plans, FSAs and HSAs.

An employee’s same-sex spouse may now receive benefits through a cafeteria plan. Employees may also make mid-year changes to their cafeteria plan elections, based on the new rights under the tax code.

An FSA may reimburse the covered expenses of a same-sex spouse. Same-sex spouses are also subject to limits applicable to married couples under HSAs and dependent care FSAs.

## New Rules and Deadline Extension for HIPAA Certification

On Jan. 2, the Department of Health and Human Services (HHS) issued a proposed rule on the Affordable Care Act requirement that health plans certify to HHS that they comply with certain HIPAA electronic standards and rules.

The proposed rule delays the compliance deadline from Dec. 31, 2013 to Dec. 31, 2015, although it can be later for some plans.

Under the proposed rules, controlling health plans (CHPs) must provide certification on behalf of themselves and any subhealth plans. A CHP must submit the number of covered lives (on the date of submission) and documentation showing compliance with rules for three types of electronic health transactions.

The penalty for failure to comply with the requirements is \$1 per covered life per day, up to \$20 per covered life annually. The penalty is doubled for a health plan that knowingly provides inaccurate or incomplete information in its certification.