

NEWS YOU CAN USE

Happy New Year from TPSC!

Tax Cuts and Jobs Act of 2017



The end of 2017 was full of changes with the passage of the Tax Cuts and Jobs Act of 2017. Most changes won't be realized until the end of 2018. Although the legislation focused on corporate and individual taxes, several provisions directly affected health care.

Repeal of Individual Mandate. For 2018, individuals are still required to maintain at least minimum essential health coverage or be subject to a penalty (shared responsibility payment) on their [2018] federal income tax return for each month in which they did not have coverage.

Beginning January 1, 2019, the shared responsibility payment is reduced to zero. The mandate to have coverage is not repealed, but there will be no penalty for failing to do so.

The shared responsibility payment funded, in part, subsidized coverage. Without the penalty, the Congressional Budget Office (CBO) has projected that fewer people will obtain subsidized coverage, thereby reducing the amount the federal government has provided.

Employer Shared Responsibility Unchanged. The ACA's Shared Responsibility for Employers has not changed. Employers with at least 50 full-time employees must provide at least minimum health coverage for its employees. The IRS plans to send assessment letters in late 2017 for employers who failed to implement the ACA requirements in 2015. Employers have a short-30-day window to appeal those assessments.

Reduction of Medical Expense "Basement". Previously, the medical expense deduction had been limited to the excess of 10% of adjusted gross income (7.5% for taxpayers 65 and older). Effective for the 2017 tax year, the 10% basement is reduced to 7.5% of adjusted gross income for all taxpayers.

Individuals who itemize deductions will benefit from this change in their 2017 tax returns. However, this reduction currently applies only to 2017 and 2018.

What's New

Statins Now Required
Preventive Care Drug

Eating Disorders
Covered as Any Other
Mental Health Condition

Itemized Deduction
for Medical Expenses
Changed for 2017 &
2018

No Change to Employer
Shared Responsibility

Repeal of Individual
Mandate Effective 2019

Religious Exemption
from Contraceptive
Coverage Expanded

Top Five Diseases
Affecting Plan Costs

Trends in Prescription
Drug

Statins Now Required Preventive Care Drug. Effective Dec. 1, 2017, health plans must cover statins for adults ages 40-75 if they have one or more cardiovascular disease risk factors, such as dyslipidemia, diabetes, hypertension or smoking. Preventive care medications are provided with no cost-sharing. US Preventive Services Task Force (2016, Nov.). Statin Use for the Primary Prevention of Cardiovascular Disease in Adults.¹

Eating Disorders Covered as Any Other Mental Health Condition. DOL FAQ Part 38, released June 16, 2017, clarified that eating disorders are recognized mental health conditions. Under the MHPAEA, coverage of a mental health condition must be comparable to any other medical condition. DOL FAQ Part 38, MHPAEA & the 21st Century Cures Act.²

Top Five Diseases Affecting Plan Costs. The top five diseases affecting employer health plan costs include (in order): diabetes; cancer; arthritis; obesity; and heart disease. Chronic disease management and other wellness programs assist employers in managing these costs. TPSC partners with American Health Holding (AHH) to provide cost-effective, experienced oversight of chronic diseases. Olsen, Cort (2017, Nov. 14). Top 5 Illnesses Impacting Employer Health Plan Cost.³