

# MONTHLY BENEFIT

News and Developments  
Employee Benefits

## GASB on Post-Employment Benefits Accounting

The Governmental Accounting Standards Board (GASB) published an implementation guide that contains questions and answers about the new standards on accounting and financial reporting for postemployment benefits other than pensions. [\*Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions \(and Certain Issued Related to OPEB Plan Reporting\)\*](#) is intended to clarify, explain, or elaborate on the requirements of *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

## Upcoming Key Dates

**2/28/18** – Deadline for single-employer pension plan sponsors to submit request to use substitute mortality tables for 2018.

**3/2/18** – Revised deadline for health plans and insurers to provide Forms 1095-B and 1095-C to individuals regarding minimum essential coverage.

**4/2/18** – Revised applicability date of DoL's final rule on disability benefits claims procedures.

**4/30/18** – Deadline for publicly traded companies to provide pay-ratio disclosures on SEC Form 10-K and/or registration, proxy, or information statements for fiscal years beginning on or after 1/1/2017.

**6/15/18** – Expiration of IRS temporary rule on participant-voting process when a sponsor of a multiemployer pension plan in "critical and declining status" proposes to reduce benefits.

**7/31/18** – Reporting and payment of PCORI fee by affected self-insured group health plans and insurance issuers for plan/policy year ending in 2017.

## Legislative Activity on the Benefits Front

Congressional Republicans approved their House-Senate compromise tax bill – informally referred to as the "Tax Cuts and Jobs Act" (TCJA) – sending the measure (H.R.1) to the President, who signed it (P.L.115-97) on Dec. 22. The TCJA conference agreement made several modifications to earlier versions that cleared each chamber.

In general, the TCJA establishes lower corporate and individual tax rates and eliminates or restricts many deductions currently allowed, beginning in 2018. The corporate tax changes are permanent, while the individual tax provisions are set to expire at the end of 2025. The new law also reduces the Affordable Care Act's (ACA) individual mandate penalty to zero, beginning in 2019. The TCJA's provisions relating to benefits and compensation include:

- an extension of the 60-day period for terminating retirement plan participants to repay outstanding plan loans when rolling over account balances to a qualified plan (or IRA), so that the participant has until his or her tax-filing deadline (including extensions);
- relief from the 10% early withdrawal tax for certain distributions made in 2016 or 2017 to eligible victims of presidentially declared disasters in 2016, with plan amendments required by the end of the first plan year beginning on or after Jan. 1, 2018;
- modifications to the \$1 million executive compensation deduction limitation, including expanded definitions of "publicly traded" companies and covered employees, and subjecting amounts paid by tax-exempt organizations to an excise tax;
- repeal of the employer deduction for transportation fringe benefits (parking, public transit passes, vanpools, bicycling expenses) while continuing the exclusion from income for employees (except for bicycling expense reimbursements);
- repeal of the 50% deduction for entertainment expenses directly related to the conduct of the employer's trade or business, and retention of the deduction for food and beverage expenses while expanding it (through 2025) to include employer-operating eating facilities for the employer's convenience; and
- through 2025, denial of itemized deductions for an employee's unreimbursed business expenses and the deduction and exclusion for qualified moving expense reimbursements (except for active duty military service personnel).

The TCJA also will apply a "Chained Consumer Price Index" for adjusting tax brackets and other tax items, including the threshold for the ACA's 40% excise tax on Cadillac plans and the health savings account salary reduction contribution cap.

### Next Up: FY2018 Appropriations Funding

Congress will next turn to appropriations bills to fund the federal agencies beyond Jan. 19, when the temporary funding enacted in December expires. A spending bill to cover the remaining months of fiscal year 2018 is hampered by disagreements and demands from both parties on funding for such issues as children's health, additional disaster relief, tax "extenders," undocumented "Dreamers," military, and ACA insurance market stabilization.

## Mortality in the U.S.

The Centers for Disease Control and Prevention released [\*Mortality in the United States, 2016\*](#), which reports that life expectancy in the United States dipped in 2016 as the number of deaths due to opioid drug overdoses surged. Life expectancy fell to 78.6 years, a decrease of 0.1 year from 2015, the second annual decline in a row and the first two-year decline since a drop in 1962 and 1963. Opioid-related overdose deaths have been on the rise since 1999, but surged from 2014 to 2016, with an average annual increase of 18%, to become a national epidemic.

## CBO Reports on Health

The Congressional Budget Office released:

- [\*Record of Projecting Subsidies for Health Insurance Under the Affordable Care Act: 2014 to 2016\*](#), which compares the agency's projections and subsequent outcomes for healthcare subsidies under the ACA. The CBO originally estimated that enactment of the ACA would reduce the federal budget deficit over the 2010-2019 period due to reductions in Medicare spending, increases in revenues, and other changes. The report concludes that the cost estimates for the subsidies were close to actual amounts for 2014 and 2015 but were "much too high" for 2016, and that other organizations' estimates produced around the time of the ACA's enactment were much too high for all three years.

- [\*Issues and Challenges in Measuring and Improving the Quality of Health Care\*](#), which presents an overview of the current state of measuring healthcare quality, using the Medicare program to illustrate the key issues and challenges that arise in doing so.

## Effects of the Tax Reform Law

The CBO and the Joint Committee on Taxation released several analyses on the TCJA conference report:

- [\*Distributional Effects of Changes in Taxes and Spending\*](#);
- [\*Cost Estimate for the Conference Agreement\*](#);
- [\*Macroeconomic Analysis\*](#);
- [\*Distributional Effects of the Conference Agreement\*](#);
- [\*Estimated Budget Effects\*](#); and
- [\*Comparison of the Revenue Provisions Contained in H.R. 1\*](#).

## Regulatory Roundup

### From the Department of Treasury/IRS:

- [\*Revenue Procedures 2018-01 through 2018-04\*](#), providing the 2018 procedures for IRS issuance of letters, rulings, determination letters, and technical advice, including on employee benefits.
- [\*Notice 2018-06\*](#), extending the due date for self-insured employers and group health insurers to provide 2017 health coverage forms on minimum essential coverage to individuals in 2018.
- [\*Notice 2018-03\*](#), announcing the optional standard mileage rates for 2018 for taxpayers to use in computing the deductible costs of operating an automobile for business, charitable, medical, or moving expense purposes.
- [\*Notice 2018-02\*](#), which sets forth the updated mortality improvement rates and static mortality tables that are used for determining minimum funding requirements for valuation dates occurring in 2019 and the minimum present value for distributions with annuity starting dates occurring during stability periods beginning in calendar year 2019.
- [\*Notice 2017-72\*](#) containing the 2017 required amendments list for individually designed qualified retirement plans.
- A [\*web posting\*](#) indicating the agency anticipates releasing initial tax withholding guidance for payroll administrators in January regarding the new tax law.

### From the Department of Labor:

- A [\*final rule\*](#) with the 2018 inflation-adjusted civil monetary penalties under the DoL's regulations, including those enforced under ERISA and the Family and Medical Leave Act.
- [\*Grant of Individual Exemptions\*](#) for five of the largest banks, allowing them to continue doing business managing pension and retirement assets

### From the Pension Benefit Guaranty Corporation:

- A [\*final rule\*](#) that expands and updates the agency's existing Missing Participants Program to include terminated individual account defined contribution retirement plans (e.g., 401(k) plans), multiemployer pension plans, and small professional service employer plans not covered by Title IV of ERISA.
- A [\*final rule\*](#) providing a new table for determining expected retirement ages for participants in pension plans undergoing distress or involuntary termination with valuation dates falling in 2018.
- A [\*notice\*](#) requesting Office of Management and Budget approval, with modifications, of the 2018 Form 5500 Schedules SB and MB (for single-employer and multiemployer defined benefit plans) and related instructions.

### From the Department of Health and Human Services:

- A [\*report\*](#) summarizing the results of the Medical Loss Ratio (MLR) data submitted by health insurers for group and individual market health insurance coverage in 2016.
- The [\*final 2019 Actuarial Value Calculator and Methodology\*](#) to be used by issuers of nongrandfathered health insurance plans offered in the individual and small group markets, both inside and outside of the ACA exchanges for the purposes of determining levels of coverage.
- A [\*Bulletin, Notice by Issuer or Third Party Administrator for Employer/Plan Sponsor of Revocation of the Accommodation for Certain Preventive Services\*](#), which addresses the notice requirements under the interim final rule's religious and moral exemptions regarding contraceptive benefits in group health plans and health insurance coverage.
- [\*Mental Health Parity and Addiction Equity Act of 2008 \(MHPAEA\) Enforcement Report\*](#), discussing results of the agency's investigations in 2016 and later periods.

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