



September 3, 2015

Determining Minimum Value

On August 31, 2015, the IRS proposed a modification to the definition of what constitutes minimum value under the Affordable Care Act. This modification follows IRS Notice 2014-69, which was issued in November of 2014 after the IRS became aware that plans without inpatient hospital coverage and/or physician services were being marketed to employers as providing “minimum value.”

As expected, following that 2014 Notice, the new proposed definition requires that a plan provide substantial inpatient hospital services and physician services (and meet the 60% rule) to be deemed to provide minimum value. For purposes of the employer penalty rules, these rules do not apply before the end of the plan year that begins no later than March 1, 2015 (so January 1, 2016 for calendar year plans), but only if the plan had a binding commitment to adopt the non-conforming plan, or had begun enrolling employees in that plan, before November 4, 2014.