

November 2018

## Hardship Exemption Rules Eased for 2018 Individual Mandate

The Centers for Medicare & Medicaid Services (CMS) has provided [guidance](#) making it easier to claim a hardship exemption from the individual mandate under the Affordable Care Act (ACA) for 2018.

Individuals may claim a hardship exemption on their 2018 federal income tax return without:

- Obtaining a hardship exemption certification from the Exchange
- Providing any explanation or documentation of the hardship

In past years, most individuals had to [apply](#) for the exemption and receive a certification from an Exchange to qualify.

Only certain individuals were able to claim a hardship exemption without obtaining a certification in prior years:

- Individuals with income below the tax filing threshold
- Family members whose combined cost of self-only coverage is considered unaffordable
- Individuals who are eligible for services through an Indian health care provider
- Individuals who are ineligible for Medicaid based on a state's decision not to expand Medicaid

Under the new guidance, any individual can claim a hardship exemption without obtaining a certification. **This change applies to 2018 only.**

However, for all other eligible years, individuals can still apply for hardship exemptions through the Exchange, and CMS will continue to process those as normal.

No exemptions are required after 2018 because the individual mandate has been effectively repealed beginning in 2019.

## DID YOU KNOW?

Another overhaul of the federal overtime rules may be looming on the horizon.

The Department of Labor has hinted that it is looking to reveal its proposed changes to overtime eligibility in the first quarter of 2019.

Officials haven't explained how this latest revision will differ from the stalled attempt in 2016. Experts suspect the threshold will be lower than the original \$47,500 proposal.

Stay tuned for updates in early 2019.

## IRS Issues Letters to Noncompliant Employers

The IRS has been sending Letter 5699 to employers that have not complied with their ACA reporting requirements for 2015.

Letter 5699 requests missing information from applicable large employers (ALEs) that were required to report under Section 6056, but failed to file Forms 1094-C and 1095-C with the IRS. The IRS identifies potentially noncompliant ALEs based on their Form W-2 total employee count reported for 2015.

Employers who receive a Letter 5699 should respond within the appropriate time frame and provide all appropriate information requested by the IRS, including any forms that are due.

**Penalties may apply for any failures to file with the IRS by required deadlines.** The IRS will use information provided in response to Letter 5699 to identify noncompliant ALEs and assess any penalties that may be owed.

