

# An Update From Our Benefits Division About the Maine Paid Family and Medical Leave Program

The benefits team at Allen Insurance and Financial continues to monitor the progress of the rulemaking process on the Maine PFML, working with both legal and insurance company experts.

With the recent release of the draft rules for public comment, one previously unclear aspect of the rule has come to light and we are encouraging employers to comment.

Draft rules indicate that an employer may not submit an application to exit the state plan and substitute with a private plan until January 1, 2026, with an effective date not earlier than April 1, 2026.

Regulations towards private plan entry also note the employer as responsible for premiums under the state program until the effective date of the private plan, which would be April 1, 2026. *What this means, as currently outlined, is that employers seeking private plan administration will be required to pay into the state plan starting January 1, 2025, without a refund of those contributions.*

**The regulations are not final and are open to public comment.** We want to make you aware of the opportunity to express any impacts the proposed regulations may have on your business.

For additional background, in a number of other PFML states, a Declaration of Insurance process was utilized for employers seeking to use PFML private plans. Declarations of Insurance,

effective as of the date state plan contributions begin, administratively assure states the employer is complying with PFML requirements through a private plan. This process also avoids state plan pre-funding as the state plan would not bear the cost of private plan claims. If Maine is amenable to this approach, a Declaration of Insurance process would allow time for rulemaking and for a state plan opt-out process for employers interested in private plan solutions.

To submit your comments, you may do so here: [MDOL Proposed Rulemaking](#). Select **12-702** Department of Labor, Paid Family and Medical Leave Program and within this dropdown identify the applicable section within which you would like to comment.

**The public comment period for PFML rulemaking will end on July 8, 2024.**

For more information about the benefits team at Allen Insurance and Financial and the services we offer, click over to [AllenIF.com/benefits](https://www.allenif.com/benefits).

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# **Benefits Buzz Newsletter – November 2022**

**BENEFITS BUZZ**  
NOVEMBER 2022

**IRS Changes Family Coverage Affordability Rules**

On Dec. 23, 2022, the IRS released a 2022 LTR that changed the premium tax credit (PTC) eligibility rules for family members. This change is effective for taxable years beginning after Dec. 31, 2022.

The PTC is available to eligible individuals who purchase health insurance coverage through an Exchange. Individuals are not eligible for the PTC if they have access to employer-sponsored health coverage that is affordable and provides minimum value.

Effective for 2023, the final rule changes the PTC rules for determining whether employer-sponsored coverage is affordable for family members. Currently, this determination is based on the lowest-cost self-only coverage available to the employee. Under the final rule, an employer-sponsored plan is affordable for family members if the portion of the annual premium the employee must pay for family coverage (the employee's required contribution) does not exceed 9.5% (or adjusted amount) of household income. The final rule does not change the affordability rules for employees.

Employees will continue to have an offer of affordable employer coverage if the employer's required contribution for self-only coverage does not exceed 9.5% (or adjusted amount) of household income.

Additionally, this new guidance does not affect the Affordable Care Act's "lay or plan" provision for applicable large employers (ALEs). In those scenarios, the trigger is only when an employer receives a PTC, not a family member. According to the IRS, this new guidance also does not impact an employer's reporting requirements under Internal Revenue Code Sections 5010 and 5011.

**Health FSA Limit Will Increase for 2023**

On Dec. 28, 2022, the IRS released [Notice 2022-28](#) (Rev. Proc. 2022-28) to announce various inflation-adjusted tax limits for 2023, including the limit on employees' salary reduction contributions to health flexible spending accounts (FSAs) offered under cafeteria plans.

Rev. Proc. 2022-28 increases the health FSA dollar limit on employee salary reduction contributions to \$3,050 for plan years beginning in 2023. This is a 200¢ increase from the 2022 health FSA limit of \$2,850.

Rev. Proc. 2022-28 also increases the maximum employer limit for a health FSA to \$644 for 2023 (from \$614 for 2022).

Employees should ensure that their health FSA will not allow employees to make premium contributions in excess of \$3,050 for the 2023 plan year and communicate the 2023 limit to their employees as part of the 2023 new plan year process.

An employer may increase its available limit on employees' salary reduction contributions for health FSAs as long as the employer's limit does not exceed the IRS maximum limit in effect for the plan year. For example, an employer may decide to limit employee health FSA contributions for the 2023 plan year to \$2,500.

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This month's Benefits Buzz discusses a new IRS rule that changes the premium tax credit's affordability rules for family members and new IRS guidance that increases the health FSA limit for 2023 plan years.

[Information is on this PDF.](#)

# Greg Karlik Joins Our Benefits Team



Greg Karlik has joined the benefits division at Allen Insurance and Financial to work with individual and group health insurance clients.

Following a three decades-long career in the television broadcasting industry, Karlik has spent the past three years as a licensed insurance professional in the individual health

insurance market place, helping customers manage and better understand, what, for many, is a stressful decision-making process.

He is a graduate of the University of Vermont and the University of San Francisco, where he earned a Master of Business Administration.

Karlik and his family live in Northport. Outside of work, he enjoys spending time with his wife, their children and two dogs as well as gardening and exploring the Maine outdoors.

# ACA Pay or Play Rules: Penalties Updated



This month's Benefits Buzz discusses updated penalties under the ACA's pay or play rules, as well as the health reforms that are included in the Inflation Reduction Act.

On Aug. 16, 2022, the IRS updated its FAQs on the Affordable

Care Act's (ACA) employer shared responsibility (pay or play) rules to include updated penalty amounts for 2023. The adjusted \$2,000 penalty amount is \$2,880 and the adjusted \$3,000 penalty amount is \$4,320.

[You can read more on this PDF.](#)

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## Understanding an HRA

A health reimbursement arrangement (HRA) is an employer-funded account that is designed to reimburse employees for qualified medical expenses that are paid for out-of-pocket. [Additional information is on this "Knox Your Benefits" PDF.](#)

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## Understanding Insurance

## Accident

Whether you suffer a concussion falling off a ladder or dislocate your shoulder moving the couch, injuries can lead to costly medical care, loss of work time and various other related expenses. If you don't want to be caught financially unprepared to handle an accident, consider accident insurance.

Regular medical insurance won't cover all the expenses that result from an injury. At the very least, you will likely owe a deductible and copays. Accident insurance acts as a safety net

to help you pay out-of-pocket medical and nonmedical costs resulting from an accident or injury. Accident insurance might cover the following occurrences:

- Injuries, such as fractures, burns, concussions, cuts, eye injuries,  
broken teeth and paralysis
  - Medical services and treatments, such as ambulance rides, emergency care, nonemergency care, hospital stays, physician follow-ups, therapy services, surgery and medical testing
  - Family lodging and travel needs related to an accident and follow-up care
- Call the Allen Insurance and Financial benefits division today for more information.

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## **COBRA Subsidy Provisions of the American Rescue Plan Act**

The American Rescue Plan Act, signed into law on March 11, 2021, contains a 100% subsidy for COBRA premiums during the period April 1 – Sept. 30, 2021. This Compliance Bulletin provides information about the subsidy, including eligibility, coverage, notice requirements and funding. [Read more now.](#)

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# March 2021 Benefits Buzz: Temporary COVID-19 Relief for Section 125 Plans

This month's Benefits Buzz discusses the temporary COVID-19 relief for Section 125 plans and the withdrawal of proposed regulations regarding wellness program incentives. Our benefits division is happy to share this valuable resource. [Click here for the PDF.](#)

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## Health Insurance Terms You Need to Know

Benefit plans are sometimes confusing and employees might be struggling to understand what an employer offers them. This Know Your Benefits flyer lists common terms used in the health insurance industry and explains each in detail. [Click for a PDF](#) to download and share with your employees today!

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## How a Biden Administration

# Might Impact HR and the Workplace

While we don't have a Magic 8 ball, with a new Executive Administration, all signs point to changes to how you approach your human resources. Our seasoned prognosticators have some insight for you.

Each presidential transition brings changes to the HR landscape. And the more prepared an HR team is, the easier it will be for them to succeed amid these changes. To that end, this article discusses potential changes employers can expect during a Biden presidency.

To read more, click the image at right to view the article (PDF) in a new window.