

COWDEN TIMES

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Cowden News

Cowden Associates, Inc. Promotes Lesa Votovich to Vice President of Health and Benefits and Amy Crouse to Senior Analyst

Cowden is pleased to announce two promotions effective immediately.



Lesla Votovich will become Vice President of Health and Benefits at Cowden. Lesla joined Cowden in 2013 and has over 20 years of experience in health and benefits consulting. Lesla's responsibilities include development of processes that advance the deep complexities of health and welfare plans from a service, compliance and technological approach.

"Lesla understands employers' needs and strategizes to meet those needs through tailored solutions. We are excited to recognize her achievements and look forward to her continued leadership and guidance to our company and clients," said President and CEO, Elliot Dinkin.



Amy Crouse is promoted to Senior Analyst within Cowden's Retirement and Actuarial Services practice. Amy has been with Cowden since 2009 and she is actively pursuing her actuarial designations. She works on a variety of actuarial initiatives for both single and multi-employer clients, including data analytics, actuarial valuations and accounting reports, de-risking strategies, and plan sufficiency analyses.

"Amy helps to manage client accounts and enjoys partnering with clients to understand their overall objectives and to help them achieve their goals. We are pleased to recognize her accomplishments," said Vice President, Bob Crnjarić.

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Cowden Associates, Inc. Hires Director



Vince Wolf has joined Cowden as a Director. Vince's responsibilities include management and guidance for our labor clients as well as providing underwriting expertise for the practice. Vince brings 20+ years of experience in the benefits arena. Vince is a member of the International Foundation of Employee Benefit Plans (IFEBP) and is a member of the Pittsburgh Association of Group Executives (PAGE). Vince has a Bachelor of Science in Business Administration from Robert Morris College.

"Vince's depth of expertise in labor management and underwriting will enhance our experienced team of professionals. We are excited that Vince is joining our organization" says Elliot Dinkin, president/CEO of Cowden.

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Cowden Associates, Inc.'s Senior Consultant Featured At Maher Duessel 2015 Government Seminar

Cowden Associates, Inc.'s Senior Consultant, Bob Hazy was a guest speaker at the Maher Duessel 2015 Government Seminar Regional Learning Alliance on December 15, 2015. Bob spoke on pensions under GASB 67/68. Maher Duessel is a leading regional public accounting firm with over 70 professionals in the Pittsburgh, Butler and Harrisburg area. His presentation can be found [here](#).

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[IRS Updates FAQs Related to 6055/6056 Reporting](#)

The long-standing IRS FAQs related to reporting under sections 6055 and 6056 on requirements provided by the Patient Protection and Affordable Care Act (ACA) were updated in January 2016 to reflect new information. Final instructions for both the 1094-B and 1095-B and the 1094-C and 1095-C were released in September 2015, as were the final forms for 1094-B, 1095-B, 1094-C, and 1095-C. On December 28, 2015, in Notice 2016-04, the IRS extended the information reporting due dates for insurers, self-insuring employers, other health coverage providers and applicable large employers. The updated FAQs take the information from Notice 2016-04 into account.

The 6056 FAQ, which discusses information reporting for applicable large employers (ALEs), and the 6055 FAQ, which discusses reporting on minimum essential coverage (MEC), clarify that the deadlines for fixing mistakes on forms has been extended due to the overall extension for information reporting. For statements furnished to individuals under sections 6055 and 6056, any failures that reporting entities correct by April 30 and October 1, 2016, respectively, will be subject to reduced penalties.

The 6056 FAQ also clarified that an employer may only issue one 1095-C per full-time employee.

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[Industry News](#)

[How The American Workforce Is Shifting](#)



The American workforce has been shifting steadily for several decades now and is changing in ways that are both obvious and not so obvious. Women, for instance, make up a much larger percentage of workers ([51%, to be exact](#)), which is a rather clear alteration that took hold in the 1960's during the Women's Liberation Movement. Another gradual shift is the amount of Millennials at work now - [one in three employees](#), as it happens, is part of Generation Y.

Both of these additions might come across as fairly evident, but a more subtle change in career paths is due to the increase in population, combined with the growth in employee longevity. As more individuals populate the planet, more employees continue to remain in the workforce, which has created a rather atypical work environment on the whole. In fact, [according to the Bureau of Labor](#), workers 75 years and older are the age range with the fastest projected growth over the next nine years.

So what do these insights and numbers mean to employees? What do they mean to employers?

There are ways to handle the future of the job market, particularly when it come to preparing for the continuation of older workers. However, despite the fact that many organizational heads acknowledge this increased growth, the Society for Human Resources Management (SHRM) [has found in a recent study](#) that companies

are just not ready for it.

The reason for the older demographic remaining in the workforce is reflective of several factors - the predominant factor amounting simply to a person's economic status and the need to continue working after the recession. There have also been a number of reductions on government and unemployment benefits, [according to PEW Research](#), which have impacted this growth.

In further examining how companies are reacting to this growth, the [SHRM Aging Workforce Survey](#) found that 20% of employers had determined that they did not need to enact changes in their current conditions or benefits. Furthermore, around 50% of the total survey participants stated that they keep track of their number of employees eligible for retirement within the next 1-2 years, which is around 10%. These same respondents admitted that they did not expect this ratio to impact their organizations.

Perhaps this is due to the rather trendy notion of phased retirement. [Phased retirement](#) provides an option for eligible older employees to downsize to part-time hours and begin to collect their earned retirement benefits. The premise makes a lot of sense for both organizations hoping to retain experience and still-capable employees who are not quite ready to shift out of the workforce yet. But are companies actually able to offer this option?

[According to Forbes](#), not yet. Though a new phased retirement program has recently been enacted at the federal level, the number of private organizations taking the plunge is few and far between. And truthfully, the option is not a viable one for [every retirement-eligible employee](#), though it is certainly an appealing choice to many - and a decent solution to this shift in workplace demographics.

Cowden - a leading independent consulting firm specializing in compensation, health & benefits, and retirement - is particularly adept at helping employers develop a balanced workforce to handle these variations in demographics. Our

company offers client-focused and tailored strategies that will assist in bringing things together in a smart and cost-effective manner.

With many more issues to face, it will be up to employers and the companies they run to find the best solutions that will function for them - be it Millennials, an older population, or shifting government regulations they will inevitably confront.

Not to mention [the threat of robots](#), of course.

Resources:

<https://www.randstadusa.com/workforce360/workforce-insights/top-10-ways-millennials-are-transforming-it-departments/270/>

<http://www.forbes.com/sites/kerryhannon/2015/01/12/new-shrm-survey-finds-organizations-unprepared-for-aging-workforce/>

<http://www.pewresearch.org/fact-tank/2014/01/07/number-of-older-americans-in-the-workforce-is-on-the-rise/>

<http://www.bls.gov/careeroutlook/>

<http://www.jobscience.com/blog/the-aging-workforce/>

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[IRS Provides Major Delay in 6055 and 6056 Reporting](#)

Under the Patient Protection and Affordable Care Act (ACA), individuals are required to have health insurance, while applicable large employers (ALEs) are required to offer health benefits to their full-time employees. In order for the Internal Revenue Service (IRS) to verify that (1) individuals have the required minimum essential coverage, (2) individuals who request premium tax credits are entitled to them, and (3) ALEs are meeting their shared responsibility (play or pay) obligations, employers with 50 or more full-time or full-time equivalent employees and insurers will be required to report on the health coverage they offer. Final

instructions for both the 1094-B and 1095-B and the 1094-C and 1095-C were released in September 2015, as were the final forms for 1094-B, 1095-B, 1094-C, and 1095-C.

Reporting will first be due in 2016, based on coverage in 2015. All reporting will be for the calendar year, even for non-calendar year plans. On December 28, 2015, the IRS issued Notice 2016-4, delaying the reporting deadlines.

The reporting requirements are in Sections 6055 and 6056 of the ACA. The 1094-C, 1095-C, 1094-B, and 1095-B were originally due to the IRS by February 28 if filing on paper (February 29, in 2016, because February 28 falls on the weekend), or March 31 if filing electronically. The 1095-C form was due to employees by January 31 of the year following the year to which the Form 1095-C relates (February 1, in 2016, because January 31 falls on a weekend). The 1095-B was due to the individual identified as the “responsible individual” on the form by January 31 (February 1, in 2016, because January 31 falls on a weekend).

The transition relief provided by Notice 2016-4 extended the due date for furnishing Form 1095-B and 1095-C to individuals to March 31, 2016. The due date for filing all forms (1094-C, 1095-C, 1094-B, and 1095-B) to the IRS is moved from February 29, 2016, to May 31, 2016, if filing by paper. If filing electronically, the date is moved to June 30, 2016.

Employers that have difficulty meeting the extended reporting deadlines are encouraged to file late, as the IRS will take late filing into consideration when determining whether to reduce penalties for reasonable causes. The IRS will also take into account if an employer made reasonable efforts to prepare for reporting, such as gathering or transmitting necessary information to a reporting service. 1

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Impact on Individuals

The IRS has determined that individual taxpayers may be affected by the

extension, as employees are not eligible for the premium tax credit for any month, which an employee is eligible for an employer plan that provides minimum value, affordable coverage. However, the IRS has determined most individuals offered employer-provided coverage will not be affected by the extension.

Employees who enrolled in Marketplace coverage, but did not receive a determination from the Marketplace regarding whether their employer-sponsored coverage was affordable, could be affected by the extension if they do not receive their 1095-C form prior to filing their individual income tax returns. As a result, for 2015 only, individuals who rely on other information received from employers about their offers of coverage for purposes of determining eligibility for the premium tax credit when filing their income tax returns need not amend their returns once they receive their Forms 1095-C or any corrected Forms 1095-C. Individuals do not need to send this information to the IRS when filing their returns, but should keep it with their tax records.

Some individuals might also be affected by the extension because they will use the forms in determining whether they had minimum essential coverage. Individuals may not have received this information before they file their income tax returns, so for 2015 only, individuals who rely on other information received from their coverage providers about their coverage, for purposes of filing their returns, need not amend their returns once they receive the Form 1095-B or Form 1095-C or any corrections. Individuals need not send this information to the IRS when filing their returns, but should keep it with their tax records.

The extensions of due dates provided in the Notice apply only to section 6055 and section 6056 information returns and statements for calendar year 2015 filed and furnished in 2016 and do not require the submission of any request or other documentation to the IRS.

Extension Process

In September 2015, the IRS provided information on the Form instructions on applying for extensions. Generally, an automatic 30-day extension will be given to entities filing Form 8809, and no signature or explanation is needed. Form 8809 must be filed by the due date of returns in order to be granted the 30-day extension. Waivers may be requested with Form 8508, and are due at least 45 days before the due date of the information returns. This extension relates to the deadline to provide the IRS with the forms, not providing individuals with the forms. However, because of the transition relief, for 2015, no extension requests will be granted. Employers must utilize the transition relief guidelines provided in Notice 2016-4. 2 ©2015 United Benefit Advisors, LLC. All rights reserved.

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Omnibus Bill Signed Into Law; Delays Cadillac Tax

President Obama has signed the omnibus legislation that includes the Consolidated Appropriations Act for 2016 and a tax extenders package. The agreement will keep the federal government running through September 2016. Within the legislation is language that significantly impacts provisions of the Patient Protection and Affordable Care Act (ACA), largely through delays of upcoming taxes.

Cadillac Tax Delay

The most significant delay contained in the omnibus bill is a two-year delay on the “Cadillac tax” or the 40 percent excise tax on high-cost health insurance.

The Cadillac tax was set to go into effect on January 1, 2018. That is now delayed until January 1, 2020. If it goes into effect in 2020, it will now be tax deductible for employers. Previously the tax was non-deductible from federal income tax.

The excise tax is levied on each component of a high cost insurance plan (health, HSA, dental, etc.) based on its share of the total aggregate value. Insurers will pay the tax on insured plans, employers will pay the tax on plans under which the employer makes health savings account (HSA) or medical savings account (MSA) contributions, and the entity or person administering the plan will pay the tax on self-insured plans.

The IRS had unofficially indicated that proposed regulations relating to the Cadillac tax would be issued by April 2016, and the agency would not begin to work on proposed regulations for nondiscrimination rules for fully insured plans until the Cadillac tax regulations were released. It is unclear how this delay will affect that timeline.

Health Insurance Provider Fee Moratorium

The omnibus bill also put a moratorium on the Health Insurance Provider (HIP) Fee for 2017, which went into effect in 2013 and will return in 2018. The HIP fee imposes an aggregate annual tax apportioned among health insurers of “United States health risks” whose annual net premiums written exceed \$25 million based on relative market share.

Insurers required to pay the tax are those providing health insurance during the calendar year in which the tax is due.

The annual tax burden shared by health insurers is:

- \$8 billion in 2014
- \$11.3 billion in 2015
- \$11.3 billion in 2016
- \$13.9 billion in 2017 (now in moratorium)
- \$14.3 billion in 2018

After 2018 the applicable tax is indexed to the rate of premium growth of the prior year's premium, defined as "the applicable amount for the preceding calendar year increased by the rate of premium growth for such preceding calendar year."

Medical Device Excise Tax Delay

The omnibus bill also eliminated the medical device excise tax for 2016 and 2017. The tax imposes a non-deductible tax on the sale of any taxable medical device sold by the manufacturer, producer or importer of the device (according to market share) in the amount of 2.3 percent of the price for which the medical device is sold. Generally, the manufacturer or importer of a taxable medical device is responsible for filing Form 720, Quarterly Federal Excise Tax Return, and paying the tax to the IRS.

The ACA defines a "taxable medical device" as any device as defined in the Federal Food, Drug and Cosmetic Act intended for humans, but does not include: (1) eyeglasses; (2) contact lenses; (3) hearing aids; and (4) any other medical device determined by the Department of Treasury to be of a type which is generally purchased by the general public at retail for individual use.

There has been bipartisan opposition to the medical device excise tax in recent years.

Miscellaneous

The omnibus bill also limits funding for the mandatory "risk corridor" program established by the ACA (for calendar years 2014 to 2016) and a permanent "risk adjustment" program for qualified health plans in the individual and small group markets offered through an Exchange, excluding grandfathered coverage.

The program is intended to limit losses and gains but provide more certainty to insurers in the Exchange. The spending limit means that payments to insurance companies with excess loss will not be fully funded. The legislation also eliminates

funding for the Independent Payment Advisory Board (IPAB) for the 2016 year. IPAB, or “the death panel” as politicians famously called it, is a panel of experts that are convened to recommend spending cuts if Medicare spending grows too quickly. However, since the enactment of the ACA, Medicare has never grown at a rate that triggered the convening of the panel.

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Patient Protection and Affordable Care Act Fees, Penalties

This quick reference summarizes the key 2015 and 2016 fees and penalties associated with the ACA.

	2015	2016
Affordability	9.56% of household income	9.66% of household income
Indexed Penalties		
Failure to offer minimum essential coverage (\$2,000, indexed)	\$2,080	\$2,160
Failure to offer minimum value, affordable coverage (\$3,000, indexed)	\$3,120	\$3,240
Transitional Reinsurance Fee (TRF)	\$44 per covered life	\$27 per covered life
Patient-Centered Outcomes/Comparative Effectiveness Fee (PCORI) (\$2, indexed)	\$2.08 per person	\$2.17 per person

PCORI Fee Due Dates

Plan/Policy Year	Year Three Fee is Due (\$2.08/person)	Plan/Policy Year	Year Four Fee is Due (\$2.17/person)
Nov. 1, 2013 – Oct. 31, 2014	July 31, 2015	Nov. 1, 2014 – Oct. 31, 2015	July 31, 2016
Dec. 1, 2013 – Nov. 30, 2014	July 31, 2015	Dec. 1, 2014 – Nov. 30, 2015	July 31, 2016
Jan. 1, 2014 – Dec. 31, 2014	July 31, 2015	Jan. 1, 2015 – Dec. 31, 2015	July 31, 2016
Feb. 1, 2014 – Jan. 31, 2015	July 31, 2016	Feb. 1, 2015 – Jan. 31, 2016	July 31, 2017
March 1, 2014 – Feb. 28, 2015	July 31, 2016	March 1, 2015 – Feb. 29, 2016	July 31, 2017
April 1, 2014 – March 31, 2015	July 31, 2016	April 1, 2015 – March 31, 2016	July 31, 2017
May 1, 2014 – April 30, 2015	July 31, 2016	May 1, 2015 – April 30, 2016	July 31, 2017
June 1, 2014 – May 31, 2015	July 31, 2016	June 1, 2015 – May 31, 2016	July 31, 2017
July 1, 2014 – June 30, 2015	July 31, 2016	July 1, 2015 – June 30, 2016	July 31, 2017
Aug. 1, 2014 – July 31, 2015	July 31, 2016	Aug. 1, 2015 – July 31, 2016	July 31, 2017
Sept. 1, 2014 – Aug. 31, 2015	July 31, 2016	Sept. 1, 2015 – Aug. 31, 2016	July 31, 2017
Oct. 1, 2014 – Sept. 30, 2015	July 31, 2016	Oct. 1, 2015 – Sept. 30, 2016	July 31, 2017

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IRS Final Rule On Minimum Value

December 2015, the Internal Revenue Service (IRS) issued a final rule that clarifies various topics relating to the Patient Protection and Affordable Care Act (ACA) and premium tax credit eligibility provisions. The rule finalizes regulations that were proposed years earlier.

Child Income

The final rule clarified language related to the calculation of a taxpayer's household income, which includes the modified gross adjusted income of the taxpayer and the members of their family who are required to file an income tax return. The final rule provides that when a parent makes an election, household income includes

the child's gross income on the parent's return. Premium tax credit eligibility is based on the child's modified adjusted gross income (MAGI), which might not be the same as the amount reported as gross income.

Wellness Incentives

When calculating affordability of employer coverage when wellness incentives or penalties are offered through a wellness program, the final regulations state that employers must assume each employee fails to satisfy the requirements of the wellness program, unless it is a non-discriminatory wellness program related to tobacco use. For nondiscriminatory tobacco use incentives, the affordability calculation can assume all employees earn the incentive or are not charged the penalty.

HRA Contributions and Flex Credits

Mirroring guidance from IRS Notice 2015-87, the final rule clarifies that health reimbursement arrangement (HRA) contributions by an employer that may be used to pay premiums for an eligible employer sponsored plan are counted toward the employee's required contribution, subsequently reducing the amount required for their contribution.

Similarly, an employer's flex contributions to a cafeteria plan can reduce the amount of the employee portion of the premium so long as the employee may not opt to receive the amount as a taxable benefit, the flex credit may be used to pay for the minimum essential coverage (MEC), and the employee may use the amount only to pay for medical care. If the flex contribution can be used to pay for non-health care benefits (such as dependent care), it could not be used to reduce the amount of the employee premium for affordability purposes. Furthermore, if an employee is provided with a flex contribution that may be used for health expenses, but may be used for non-health benefits, and is designed so an employee who elects the employer health plan must forego any of the flex plan's

non-health benefits, those flex benefits may not be used to reduce the employee's premium for affordability purposes.

Continuation Coverage

The final rule also provides guidance on continuation coverage post-employment. Individuals who are offered coverage post-employment (through COBRA or retiree coverage) will not be disqualified from a premium tax credit eligibility unless they enroll in the coverage. If an individual who is still an employee is offered COBRA coverage (typically due to a reduction in hours) that is affordable and minimum value, he or she will not be eligible for premium tax credits.

Mid-month Enrollment

Children who are enrolled mid-month due to birth, adoption, placement by court order, or placement for adoption or foster care, will be treated as being enrolled from the first day of the month for purposes of premium tax credit eligibility.

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Webinars

Every month we host a webinar covering relevant issues in the business consulting industry. Our next webinar, [Controlled Groups & Affiliated Service Groups: What Employers Need To Know](#), will take place on Tuesday, February 9 at 2:00 pm. In this session, we'll help employers understand the rules regarding aggregated groups and how they can impact benefit plans. Employers can contact [Kathy Colbert](#) for a free access code.

You can learn more about our January webinar, [Understanding FMLA in 2016: An Employer's Basic Guide](#), and find details for [upcoming webinars](#) on our website.

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Meet Our Team

Our team consists of 25 employees; each newsletter we take time to highlight some of our employees. To see our leadership team [click here](#); to see all employees please [click here](#).



Joan Boenigk **Analyst/Administrative Assistant**

Why I Enjoy My Job: My coworkers are great, and there is variety in the work.

Something Interesting About Me: Several years ago while working with my husband on remodeling jobs, one of the skills I learned was how to mud drywall from the "tape coat" to sanding and priming.

Dave Borra
Vice President, Operations

Why I Enjoy My Job: I enjoy working at Cowden Associates because I am permitted to apply my years of experience managing IT operations, facilities and financial functions effectively and efficiently with minimal supervision.

Something Interesting About Me: Weather permitting, my wife and I spend weekends taking day trips on my 2002 Harley Davidson Heritage Classic.



Laura Whitaker
Project/Marketing Sales Assistant

Why I Enjoy My Job: I enjoy my job because I am constantly learning new things and am being positively challenged.

Something Interesting About Me: I was a pole vaulter in high school.

Carol Ziss

Senior Consultant

Why I Enjoy My Job: I enjoy my job because I spend my day working with a wonderful bunch of co-workers and clients.

Something Interesting About Me: I enjoy kayaking.



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About Cowden

Cowden Associates, Inc. (Cowden) is recognized as a leading independent compensation, health and benefits, and retirement consulting firm regionally, nationally and internationally. Cowden was established in 1996, bringing together seasoned professionals to provide client-focused advice designed to produce superior and measurable results to businesses, regardless of size or industry. Client industries include: financial institutions, governmental entities, healthcare, manufacturing, not-for-profit, school districts and Taft Hartley.

Cowden's exceptional interactive approach is what sets us apart from similar consulting firms. To deliver a tailored resolution to your specific needs, we first identify the overall attributes exclusive to your organization. We build an understanding of your organization by asking questions, observing and listening. In this manner you are not merely receiving a pre-fabricated answer, but rather a unique solution for your circumstances.

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What's Dinkin Thinkin'?



Elliot Dinkin is equally comfortable whether he is in a courtroom providing testimony or in a CFO's office providing strategic counsel. The 25-year plus veteran of the actuarial, compensation and employee benefits field continues to make his mark.

Today, as President and CEO at Cowden Associates, Inc., Elliot provides leadership to position the company at the forefront of the industry. You can learn more about changes in actuarial, benefits, management, and compensation policies from his blog, "[What's Dinkin Thinkin'?](#)" or on Twitter, [@ElliotDofCowden](#).

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