

## Health Services

# Taxation of Benefits

The Internal Revenue Code is routinely used by Congress and the President to influence health care policy. Simple examples of this are the current income exclusion for employer-provided health coverage, the IRC section 36B premium tax credits, and the ACA's annual health insurer fee. The complexity of the IRC and related regulations can be exceedingly complex to navigate for health insurers, third-party administrators and other service providers as they develop products and services to offer to employers and individuals.

At Groom, our attorneys are experts in the complex tax rules that apply to health, welfare and fringe benefits. Our experience and knowledge is derived not only from years of experience working on these issues, but also because many of our attorneys previously worked at Treasury and the IRS before joining us here at Groom. This experience allows us to assist our clients in designing products and services, including in helping our clients gain comfort regarding possible designs as well as in securing IRS rulings, such as private letter rulings, or other administrative guidance.

Our expertise includes the following:

- Annual health insurer fee under ACA section 9010.
- Patient-Centered Outcomes Research Institute ("PCORI") Fee
- What constitutes "medical care" for purposes of IRC section 213
- Taxation of self-funded health plans, including the nondiscrimination rules under Code section 105(h).
- Dependent Care FSAs, including correcting mistaken elections and reimbursements and nondiscrimination rules.
- Provision of post-retirement health care benefits.
- Cafeteria plan requirements, including mid-year change in election and nondiscrimination rules.
- All aspects of Voluntary Employees' Beneficiary Associations (VEBAs), including employer deduction limits under Code sections 419 and 419A, unrelated business income tax, and nondiscrimination rules.
- The tax rules governing group-term life insurance, including imputed income requirements for coverage in excess of \$50,000 and nondiscrimination rules.
- Taxation of disability benefits.
- Compliance with the ACA's employer-shared responsibility rules under Code section 4980H.

**SPECIALIZATIONS**

- Benefits Financing
- Taxes and Fees
- Taxes and Withholding