



Consolidated Appropriations Act: Employee Benefit Provisions

Enacted on Dec. 27, 2020, the [Consolidated Appropriations Act, 2021](#) (CAA) includes a \$900 billion coronavirus relief package that provides funding to individuals and businesses.

The CAA also includes benefits and tax provisions affecting employers, group health plan sponsors, health benefits brokers and health insurance issuers. Some provisions are currently effective, while others begin on future dates.

The CAA provisions impacting employers and group health plan sponsors include the following:

- **Health and dependent care flexible spending accounts (FSAs)**—For plan years ending in 2020 and 2021, the CAA allows employers to extend the grace period to 12 months after the plan year, and permit employees to carry over unused amounts to the next plan year.
- **Surprise medical billing**—As part of the CAA, the No Surprises Act will prohibit doctors, hospitals and air ambulances from billing patients who have health coverage for unpaid balances. Rather, providers will have to negotiate with plans or issuers to determine the appropriate payment under the plan.
- **Health care transparency**—The CAA bans gag clauses in contracts between providers and health plans that prevent cost or quality of care information from being available. The CAA also requires brokers and consultants to disclose any compensation they may receive for referral of services, and requires group health plans to report information on plan medical costs and prescription drug spending.
- **Mental health parity**—The CAA includes provisions that strengthen enforcement of existing mental health parity laws and increase transparency regarding how health plans are applying these laws.
- **Retirement plans**—The CAA modifies the current partial plan termination rules to ensure that termination does not occur if the active participant count as of March 31, 2021, is at least 80% of the number of active participants covered by the plan on March 13, 2020. The CAA also provides an exception to the 10% early retirement plan withdrawal penalty for qualified disaster relief distributions.

ACA Reporting Deadlines in 2021

Affordable Care Act (ACA) reporting under Section 6055 and Section 6056 for the 2020 calendar year is due in early 2021.

Specifically, reporting entities must:

- File returns with the IRS by **March 1, 2021**, since Feb. 28, 2021, is a Sunday (or **March 31**, if filing electronically); and
- Furnish statements to individuals by **March 2, 2021**.

Originally, individual statements were due by Jan. 31, 2021.

However, [IRS Notice 2020-76](#) extended the furnishing deadline.

Notice 2020-76 does not extend the due date for filing forms with the IRS for 2020. It also provides additional penalty relief related to furnishing forms to individuals under Section 6055. As a result, employers may only have to furnish Form 1095-B to employees upon request, in certain cases.

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