

Affordability Percentages Will Increase for 2021

The IRS issued [Revenue Procedure 2020-36](#) to index the contribution percentages in 2021 for determining affordability of an employer's plan under the Affordable Care Act (ACA).

For plan years beginning in 2021, the ACA affordability contribution percentages increased slightly to:

- **9.83%** under the pay or play rules
- **9.83%** under the premium tax credit eligibility rules
- **8.27%** under an exemption from the individual mandate

Although the individual mandate penalty no longer applies, some individuals may still need to seek this

exemption for other purposes, such as eligibility for catastrophic coverage.

Employer Takeaways

The updated affordability percentages are effective for taxable plan years beginning Jan. 1, 2021.

The slight increase in percentages from 2020 may provide some employers greater flexibility when setting employee contributions for 2021 plans.

AP of California, LLC is here to help discuss your options.

Preparing for an Unprecedented Open Enrollment Period

Open enrollment following the COVID-19 pandemic will be unlike any other in recent memory. Many organizations are still trying to recover from extended closures and maintain safe working environments—open enrollment is the last thing on their minds.

Yet, procrastinating on enrollment planning can actually cause more issues than it solves. From an operational standpoint, COVID-19 might surge in the fall and force states to reclose businesses. From a personnel standpoint, employees may not be comfortable returning if they feel unsafe in the workplace. That's why it's critical to start thinking about a safe enrollment right now.

Employer Next Steps

Preparation will be the key factor for a successful open enrollment this year. Employers should talk to stakeholders early and prepare to answer any employee questions. Employees will need to know exactly how they will be enrolling, when enrollment is happening and where they can find help. Solidifying this information early will help keep everyone on the same page.

Speak with AP of California, LLC to discuss an open enrollment process that meets the unique needs of your organization.