

# HR Newsletter

HOSPITAL COUNCIL *of* WESTERN PENNSYLVANIA



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## DOL Ruling on Contractor Status of TRICARE Providers Overturned

The Department of Labor's (DOL) Administrative Review Board (ARB) has [overturned an administrative law judge's ruling](#) that Florida Hospital of Orlando is a federal subcontractor because it is a TRICARE in-network provider. The DOL's Office of Federal Contract Compliance Programs (OFCCP) had sought to impose federal contractor status on the hospital, which would make it subject to various paperwork burdens and regulatory oversight by the agency. The ARB determined that a provision in the 2011 Defense Authorization Act clarifying that TRICARE network providers are not federal subcontractors under the Federal Acquisition Regulation or other law prohibits OFCCP from exercising jurisdiction over the hospital.

## IRS Announces 2013 Retirement Plan Limits

The Internal Revenue Service has published the cost-of-living adjustments affecting dollar limits for defined contribution and defined benefit retirement plans and other retirement-related items for [tax year 2013](#). Following are the important changes effective January 1, 2013.

<b>Defined Contribution Plan Limits</b> For 401(k), 403(b) and most 457 plans, below are the COLA increases for dollar limits on benefits and contributions.	<b>2013</b>	<b>2012</b>
Maximum elective deferral by employee.	\$17,500	\$17,000
Catch-up contribution (age 50 and older during 2012).	\$5,500	\$5,500
Defined contribution maximum deferral (employer/employee combined).	\$51,000	\$50,000
Employee annual compensation limit for calculating contributions.	\$255,000	\$250,000
Annual compensation of "key employees" in a top-heavy plan.	\$165,000	\$165,000
Annual compensation of "highly compensated employee" in a top-heavy plan.	\$115,000	\$115,000

For defined benefit plans, the maximum annual benefit that can be funded increases to \$205,000 from \$200,000. For a participant who separated from service before January 1, 2013, the limit is computed by multiplying the participant's compensation limit, as adjusted through 2012, by 1.0170.

## Section 127 Tax-Free Education Benefits at Risk

Among the tax-related issues that Congress must resolve by December 31, 2012 is one regarding Section 127 of the Internal Revenue Code. A key provision of Section 127 allows employers to provide tax-free reimbursement up to \$5,250 for higher educational courses at the associate, undergraduate and graduate levels. Congress has historically extended the provision each time it was scheduled to expire, most recently in 2010. At the time of the publication of this newsletter, Section 127 is set to expire January 1, 2013 unless Congress again extends the law. The uncertainty surrounding the future of this benefit creates a significant communication challenge for employers. Employers need to decide how and when to communicate this information to employees, especially those expected to enroll in courses for the coming semester. Employers may want to consider informing employees of the pending expiration of the provision and the uncertainty of its extension for 2013.

## Employers Required to Use New FCRA Forms Effective January

With responsibility for enforcing the federal Fair Credit Reporting Act (FCRA) being moved from the Federal Trade Commission to the new Consumer Financial Protection Bureau (CFPB) as of January 1, 2013, employers will need to ensure the use of updated forms when conducting background checks. The forms reflect that employees or applicants should reach out to the CFPB for questions regarding their rights under the FCRA. The forms that have been revised are: *A Summary of Your Rights Under the Fair Credit Reporting Act*, *Notice to Users of Consumer Reports*, and *Notice to Furnishers of Information: Obligations of Furnishers Under the FCRA*. The three new forms can be found as Appendices F, G, and H to 16 CFR Part 698, [FCRA Model Forms and Disclosures](#).

## **HHS Issues Additional Rules Implementing PPACA**

The federal government issued proposed rules in November implementing [provisions](#) in the Affordable Care Act that would prohibit insurance companies from discriminating against individuals with pre-existing conditions. The proposed rules also outline standards for coverage of essential health benefits, would make it easier for consumers to be able to compare health plans, and for employers to promote and encourage employee wellness by increasing the maximum permissible reward under a health-contingent wellness program from 20 percent to 30 percent of the cost of health coverage and by further increasing the maximum reward to as much as 50 percent for programs designed to prevent or reduce tobacco use.

**Hospital Council of Western Pennsylvania** is a strategic partner with health care providers and affiliated organizations, enabling them to realize their mission while maintaining their status as economically viable entities.

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