



New Standard Mileage Rates and Transportation Benefit Tax Changes

The [2015 optional standard mileage rate](#) used to calculate the deductible costs of operating an automobile for business purposes is now in effect. Separately, a new law retroactively increases the 2014 monthly benefit exclusion for certain transportation benefits provided to employees.

2015 Standard Mileage Rates

Beginning on January 1, 2015, the standard mileage rate for the use of a car (also vans, pickups or panel trucks) is **57.5 cents per mile** for business miles driven. Use of the standard rate is subject to certain requirements and limitations explained in IRS [Rev. Proc. 2010-51](#). Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

Additional information, including the basis reduction amounts for taxpayers choosing the business standard mileage rate, is available in IRS [Notice 2014-79](#).

Retroactive Increase for 2014 Transportation Fringe Benefits Exclusion

[Federal law](#) allows the exclusion of employer-provided "qualified transportation fringe benefits" from an employee's gross income, including transit passes and rides in a commuter highway vehicle between home and work. A new law retroactively increases the 2014 exclusion for combined commuter highway vehicle transportation and transit passes to **\$250 per month**. (Prior to the new law, the exclusion for such benefits was limited to \$130 per month.)

The retroactive increase applies until January 1, 2015. Note that **the [monthly limitation amounts](#) for qualified transportation benefits for taxable years beginning in 2015 are unaffected by the new law and remain the same.** Employers should consult a knowledgeable benefits attorney or tax specialist for specific guidance on how the increase applies to 2014 withholding and reporting.

For more on employer-provided transportation benefits, please visit our section on [Fringe Benefits](#).

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Proposed Changes to Summary of Benefits and Coverage Requirements

New [proposed rules](#) would amend the requirements related to distribution of a summary of benefits and coverage (SBC). Under Health Care Reform, a group health plan (or the insurer) must provide employees with a standard SBC form explaining plan coverage and costs at specified times during the enrollment process and upon request.

Key Highlights

The proposed rules include revisions to the SBC templates, instruction guides, uniform glossary, and other supporting materials. Key changes include:

- The sample completed SBC template for a standard group health plan would be **shortened from four double-sided pages to two-and-a-half pages**, by removing information that is not required by law and that has been identified to be less useful for individuals choosing coverage.
- Changes to the content of the SBC and uniform glossary would reflect various reforms under the Affordable Care Act (ACA)--for example, references to annual limits for essential health benefits and preexisting condition exclusions would be removed. In addition, the disclosures relating to continuation of coverage, minimum essential coverage, and minimum value would be revised.
- Similarly, in the uniform glossary, the rules propose to revise some of the existing definitions and add new definitions reflecting important insurance or medical concepts, as well as key ACA terms (such as "individual responsibility requirement" and "cost-sharing reductions").



Consistent with prior guidance, the proposed rules would also help prevent unnecessary duplication when a group health plan **utilizes a binding contractual arrangement where another party assumes responsibility to provide the SBC** (and in certain other circumstances). In such a case, the entity would be considered to satisfy the requirement to provide the SBC **if specified conditions are met**:

- The entity **monitors performance** under the contract;
- If the entity has knowledge that the SBC is not being provided in a manner that complies with the law and the entity *has* all information necessary to correct the noncompliance, the entity **corrects** the noncompliance as soon as practicable; and
- If the entity has knowledge that the SBC is not being provided in a manner that complies with the law and the entity *does not have* all information necessary to correct the noncompliance, the entity **communicates** with affected participants and beneficiaries and begins taking **significant steps** as soon as practicable to avoid future violations.

Additional Information

If finalized, the changes to the SBC and uniform glossary requirements would apply for disclosures with respect to coverage that begins **on or after September 1, 2015**. A proposed revised SBC template, sample completed SBC, instructions, and related documents are [available for review](#).

You can visit our [Summary of Benefits and Coverage](#) section for more information on the current requirements and proposed changes.

Reminder: Certificates Showing Prior Health Coverage for Employees No Longer Required Beginning December 31, 2014

As part of the federal Health Care Reform law, employer-sponsored group health plans are **no longer permitted to apply pre-existing condition exclusion periods** to individuals covered under the plan. A pre-existing condition exclusion period is the time period during which a health plan will not pay for care relating to a pre-existing health or medical condition, such as asthma, diabetes, or cancer.

Prior to this change, employer-sponsored group health plans were generally required to issue documents demonstrating an employee's prior health coverage (called "[certificates of creditable coverage](#)") that could be used to reduce the pre-existing condition exclusion period that a plan could apply to the individual. The prohibition on pre-existing condition exclusions means that these certificates are now unnecessary. **As a result, the requirement to issue certificates of creditable coverage was eliminated as of December 31, 2014.**



Check out our [Benefits Notices Calendar](#) for other notices required to be provided by employers and group health plans.

5 HR Compliance Resolutions for 2015

The New Year is a great time to take stock of your company's compliance with important federal and state labor law requirements. Keep these resolutions in mind to help your company start the year off right and stay in shape in 2015:

1. **Give your poster wall a thorough check-up.** Make sure all of your federal and state posters are up-to-date and the correct size. Check with your [state labor department](#) for any industry-specific poster requirements that may apply to your business.
2. **Stay on top of notice requirements.** From summary plan descriptions (SPDs), to COBRA- and FMLA-related notices, employers are required under various federal and state laws to provide employees with certain information about their benefits and responsibilities. Confirm that your employee communications are accurate, consistent, and in compliance with applicable law.
3. **Keep up with recordkeeping.** In addition to being a good business practice, employers are required to maintain certain types of employee records in order to comply with both federal and state law. Verify that your recordkeeping procedures address any requirements related to confidentiality and how long to keep records.
4. **Review policies and procedures.** Be sure your company policies and procedures comply with federal and state labor laws related to employee leave, equal employment opportunity, sexual harassment, worker safety and other requirements.
5. **Confirm that your workers are classified properly.** Misclassifying employees as [independent contractors](#) can result in costly legal consequences. Also remember that an employee's [exempt or nonexempt](#) status is based on his or her compensation and specific job duties--not job title. It's a good idea to review job descriptions on a regular basis (at least annually), as tasks and requirements may change.



Employers who have specific concerns are encouraged to consult a knowledgeable employment law attorney. Our [HR Compliance Quick-Check](#) includes more tips for staying on track with compliance this year.