

The IRS proposed new regulations for opting out of employer-sponsored medical coverage in exchange for taxable cash. The regulations allow employees to opt out of medical coverage when they provide an attestation around minimum essential coverage.

Opt Out Requirement for 2016 Enrollment

The current opt out process requires employees to provide proof of other coverage to their payroll or benefit office on initial opt-out enrollment. This requirement continues through 2016.

Opt Out Requirement for 2017 Enrollment

All employees who want to opt out of PEBB medical coverage beginning with the 2017 Plan Year must attest at enrollment and each following year that they and all other individuals for whom they reasonably expect to claim a personal exemption deduction during the taxable year have or will have “minimum essential coverage.

PEBB requires that the minimum essential coverage to be through another employer group sponsored health plan.

The following types of coverage continue to remain NOT eligible for medical Opt Out:

- Oregon Health Plan (Medicaid)
- Veterans’ Administration program
- Student Health
- Coverage bought on the individual market

Employees may attest using the electronic enrollment system or on a printed form. They will no longer be required to submit proof of coverage to their benefits or payroll office.

Employees who opt out of enrollment in a PEBB medical plan in 2017 will receive \$233 in taxable cash in their monthly pay less a \$1 premium for employee basic life insurance.