

Employer F contributes \$1,500 for the calendar year to the HSA of each employee who is an eligible individual with self plus two HDHP coverage. The deductible for both the self plus one HDHP and the self plus two HDHP is \$2,000. Employee A, an eligible individual, is a nonhighly compensated employee with self plus one coverage. Employee B, an eligible individual, is a highly compensated employee with self plus two coverage. For the 2010 calendar year, Employer F contributes \$1,000 to Employee A's HSA and \$1,500 to Employee B's HSA. Employer F's HSA contributions satisfy the comparability rules.

Q-4: What is the effective date for the rules in this section?

A-4: The rules in this section are effective for employer contributions made for calendar years beginning on or after January 1, 2010.

[T.D. 9457, 74 FR 45998, Sept. 8, 2009]

§ 54.4980G-7 Special comparability rules for qualified HSA distributions contributed to HSAs on or after December 20, 2006 and before January 1, 2012.

Q-1: How do the comparability rules of section 4980G apply to qualified HSA distributions under section 106(e)(2)?

A-1: The comparability rules of section 4980G do not apply to amounts contributed to employee HSAs through qualified HSA distributions. However, in order to satisfy the comparability rules, if an employer offers qualified HSA distributions, as defined in section 106(e)(2), to any employee who is an eligible individual covered under any HDHP, the employer must offer qualified HSA distributions to all employees who are eligible individuals covered under any HDHP. However, if an employer offers qualified HSA distributions only to employees who are eligible individuals covered under the employer's HDHP, the employer is not required to offer qualified HSA distributions to employees who are eligible individuals but are not covered under the employer's HDHP.

Q-2: What is the effective date for the rules in this section?

A-2: The rules in this section are effective for employer contributions made for calendar years beginning on or after January 1, 2010.

[T.D. 9457, 74 FR 45999, Sept. 8, 2009]

§ 54.4980H-0 Table of contents.

This section lists the table of contents for §§ 54.4980H-1 through 54.4980H-6.

§ 54.4980H-1 Definitions.

- (a) Definitions.
 - (1) Administrative period.
 - (2) Advance credit payment.
 - (3) Affordable Care Act.
 - (4) Applicable large employer.
 - (5) Applicable large employer member.
 - (6) Applicable premium tax credit.
 - (7) Bona fide volunteer.
 - (8) Calendar month.
 - (9) Church, or a convention or association of churches.
 - (10) Collective bargaining agreement.
 - (11) Cost-sharing reduction.
 - (12) Dependent.
 - (13) Educational organization.
 - (14) Eligible employer-sponsored plan.
 - (15) Employee.
 - (16) Employer.
 - (17) Employment break period.
 - (18) Exchange.
 - (19) Federal poverty line.
 - (20) Form W-2 wages.
 - (21) Full-time employee.
 - (22) Full-time equivalent employee (FTE).
 - (23) Government entity.
 - (24) Hour of service.
 - (25) Initial measurement period.
 - (26) Limited non-assessment period for certain employees.
 - (27) Minimum essential coverage.
 - (28) Minimum value.
 - (29) Month.
 - (30) New employee.
 - (31) Ongoing employee.
 - (32) Part-time employee.
 - (33) Period of employment.
 - (34) Person.
 - (35) Plan year.
 - (36) Predecessor employer.
 - (37) Qualified health plan.
 - (38) Seasonal employee.
 - (39) Seasonal worker.
 - (40) Section 1411 certification.
 - (41) Section 4980H(a) applicable payment amount.
 - (42) Section 4980H(b) applicable payment amount.
 - (43) Self-only coverage.
 - (44) Special unpaid leave.
 - (45) Stability period.
 - (46) Standard measurement period.
 - (47) Start date.
 - (48) United States.
 - (49) Variable hour employee.
 - (50) Week.
- (b) Effective/applicability date.

§ 54.4980H-2 Applicable large employer and applicable large employer member.

- (a) In general.

§ 54.4980H-1

(b) Determining applicable large employer status.

- (1) In general.
- (2) Seasonal worker exception.
- (3) Employers not in existence in preceding calendar year.
- (4) Special rules for government entities, churches, and conventions and associations of churches.
- (5) Transition rule for an employer's first year as an applicable large employer.
- (c) Full-time equivalent employees (FTEs).
- (1) In general.
- (2) Calculating the number of FTEs.
- (d) Examples.
- (e) Additional guidance.
- (f) Effective/applicability date.

§ 54.4980H-3 *Determining full-time employees.*

- (a) In general.
- (b) Hours of service.
- (1) In general.
- (2) Hourly employees calculation.
- (3) Non-hourly employees calculation.
- (c) Monthly measurement method.
- (1) In general.
- (2) Employee first otherwise eligible for an offer of coverage.
- (3) Use of weekly periods.
- (4) Employees rehired after termination of employment or resuming service after other absence.
- (5) Examples.
- (d) Look-back measurement method.
- (1) Ongoing employees.
- (2) New non-variable hour, new non-seasonal and new non-part-time employees.
- (3) New variable hour employees, new seasonal employees, and new part-time employees.
- (4) Transition from new variable hour employee, new seasonal employee, or new part-time employee to ongoing employee.
- (5) Examples.
- (6) Employees rehired after termination of employment or resuming service after other absence.
- (e) Use of the look-back measurement method and the monthly measurement method for different categories of employees.
- (f) Changes in employment status resulting in a change in full-time employee determination method.
- (1) Change in employment status from a position to which a look-back measurement method applies to a position to which the monthly measurement method applies, or vice versa.
- (2) Special rule for certain employees to whom minimum value coverage has been continuously offered.
- (g) Nonpayment or late payment of premiums.
- (h) Additional guidance.
- (i) Effective/applicability date.

26 CFR Ch. I (4-1-14 Edition)

§ 54.4980H-4 *Assessable payments under section 4980H(a).*

- (a) In general.
- (b) Offer of coverage.
- (1) In general.
- (2) Offer of coverage on behalf of another entity.
- (c) Partial calendar month.
- (d) Application to applicable large employer member.
- (e) Allocated reduction of 30 full-time employees.
- (f) Example.
- (g) Additional guidance.
- (h) Effective/applicability date.

§ 54.4980H-5 *Assessable payments under section 4980H(b).*

- (a) In general.
- (b) Offer of coverage.
- (c) Partial calendar month.
- (d) Applicability to applicable large employer member.
- (e) Affordability.
- (1) In general.
- (2) Affordability safe harbors for section 4980H(b) purposes.
- (f) Additional guidance.
- (g) Effective/applicability date.

§ 54.4980H-6 *Administration and procedure.*

- (a) In general.
- (b) Effective/applicability date.

[T.D. 9655, 79 FR 8577, Feb. 12, 2014]

§ 54.4980H-1 **Definitions.**

(a) *Definitions.* The definitions in this section apply only for purposes of this section and §§ 54.4980H-2 through 54.4980H-6.

(1) *Administrative period.* The term *administrative period* means an optional period, selected by an applicable large employer member, of no longer than 90 days beginning immediately following the end of a measurement period and ending immediately before the start of the associated stability period. The administrative period also includes the period between a new employee's start date and the beginning of the initial measurement period, if the initial measurement period does not begin on the employee's start date.

(2) *Advance credit payment.* The term *advance credit payment* means an advance payment of the premium tax credit as provided in Affordable Care Act section 1412 (42 U.S.C. 18082).

(3) *Affordable Care Act.* The term *Affordable Care Act* means the Patient Protection and Affordable Care Act,