



**Welcome! We will be starting momentarily.**

**Webinar: ACA Forms & Recordkeeping Requirements**

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# What to Know



- Regulations
- Best Practices
- Administrative Approach

## Acronym Terms:

- ACA – Affordable Care Act
- ALE – Applicable Large Employer
- FTE – Full Time Equivalent
- MEC – Minimum Essential Coverage
- MVP – Minimum Value Plan

## 2013

- \* Employee Notice of Coverage Options
- \* Medicare tax on wages and unearned income

## 2014

- \* Annual dollar limits prohibited
- \* Waiting periods 90 days or less
- \* Pre-existing condition exclusions prohibited
- \* Wellness Incentives

## 2015 +

- \* Employer shared responsibility
- \* Reporting requirements

### ACA Timeline

# Regulations



- Applicability of Employer Shared Responsibility
- Approach to Determining Full Time Status
- Waiting Periods

# Employer Shared Responsibility – If you are an (Applicable Large Employer) ALE

Are you an  
ALE -  
Applicable  
Large  
Employer?



Are you  
offering  
Health  
Coverage?



How do you  
measure  
your  
employees?



How do you  
Report to the IRS  
and Employees?



# Lack of Employer Shared Responsibility = What the Government Expects to Collect in ACA Penalties

- According to the Congressional Budget Office (CBO), Employers are projected to pay \$130 billion in penalty payments over a 10-year period.
- According to the Congressional Budget Office (CBO), Individual Taxpayers are projected to pay \$46 billion in penalty payments over a 10-year period.
- According to the Congressional Budget Office (CBO), 4.5M to 6.5M Individual Taxpayers who receive Subsidies will owe the IRS money for not reporting correctly

# Employer Pay or Play



- 2015 Applicable Large Employer (ALE) who doesn't offer Minimal Value Coverage to his/her Employees will pay a \$2,000 Penalty
- 2015 Applicable Large Employer (ALE) who only offers Minimal Essential Coverage (MEC) his/her Employees will pay a \$3,000 Penalty
- How will they Know?
  - It only takes one employee from a ALE to receive a subsidy and the employer will receive a \$2,000 per employee penalty for the calendar year
  - Form 1094-C is the Transmittal Form to 1095 C which indicates the number of employees (will also be able to obtain from form W-3, W-2)
  - Form 1094-B is the Transmittal Form to 1095 B which indicates the number of employees and which ones are enrolled in a MEC Plan
  - Form 1095-A which indicates the individuals who receive coverage from Web-Base Health Market Plan Exchanges

# Forms 1095-A and 1094-B/1095-B

- 1095-A (Filer: Web-Based Marketplaces)
  - Form 1095-A is used to report certain information to the IRS about family members who enroll in a qualified health plan through the Marketplace. Form 1095-A also is furnished to individuals to allow them to claim the premium tax credit, to reconcile the credit on their returns with advance payments of the premium tax credit (advance credit payments), and to file an accurate tax return.
- 1094-B (Transmittal) and 1095-B (Filer: Insurance Carrier if not ALE or Plan Sponsor of Self-Insured if not ALE)
  - Form 1095-B is used to report certain information to the IRS and to taxpayers about individuals who are covered by minimum essential coverage and therefore are not liable for the individual shared responsibility payment.



# Understanding form 1094-C and 1095-C

- Employers with 50 or more full-time employees (including full-time equivalent employees) use Forms 1094-C and 1095-C to report the information about offers of health coverage and enrollment in health coverage for their employees. Form 1094-C must be used to report to the IRS summary information (Transmittal).
  - Note in 2015 the pay to play mandate only applies to ALE's (Greater than 100 EE's)
- Form 1095-C is used to report information about each employee. In addition, Forms 1094-C and 1095-C are used in determining whether an employer owes payments under the employer shared responsibility provisions under section 4980H. Form 1095-C is also used in determining eligibility of employees for premium tax credits.
- Employers that offer employer-sponsored self-insured coverage also use Form 1095-C to report information to the IRS and to taxpayers about individuals who are covered by minimum essential coverage under the employer plan and therefore are not liable for the individual shared responsibility payments.
- Penalty for not filing is \$100 per statement maximum imposed \$1.5M

# Approach to Determining Full-Time Status

## 1. What are the Employer Shared Responsibility provisions? \*

For 2015 and after, employers employing at least a certain number of employees (generally 50 full-time employees or a combination of full-time and part-time employees that is equivalent to 50 full-time employees) will be subject to the Employer Shared Responsibility provisions under section 4980H of the Internal Revenue Code (added to the Code by the Affordable Care Act). **As defined by the statute, a full-time employee is an individual employed on average at least 30 hours of service per week. An employer that meets the 50 full-time employee threshold is referred to as an applicable large employer.**

$$\# \text{ of hours} < 120 \div 120 = \text{FTE}$$

# Determining ALE Calculator

- [ALE Calculator](#)

# Waiting Period

- The Affordable Care Act (ACA) mandates that coverage under a group health plan be made available to “otherwise eligible” employees and their dependents no later than 90 calendar days from an employee’s eligibility date
- If a Company has different Classes of Employees, you can create different Waiting Periods but not to exceed 90 days
- The new proposed regulations provide that the maximum length of the orientation period would be one month.
- The addition of the orientation period would allow an employer to offer coverage on the first day of the month following a 90 calendar-day Waiting Period and also allow coordination with the coverage start dates so as to avoid penalties under the final employer shared responsibility regulations.

# Best Practices



- The Cost of Non-Compliance
- Look-Back Periods
- Monthly Measurement Periods
- Hours of Service Tracking
- Affordability Safe Harbors

# The Cost of Non-Compliance

- Individuals
  - 2015 - \$325 or 2% of house-hold income
  - 2016 - \$695 or 2.5% of house-hold income
- Employers
  - ALE not offering Minimum Essential or Minimum Value Coverage in a giving month in 2015 is
    - \$166.66 per EE (\$2,000 divided by 1/12)
  - ALE not making Minimum Value Coverage Affordable
    - EE can not pay more then 9.5% of salary for single base-plan coverage
  - ALE offering only Minimum Essential Coverage but employee elects coverage on exchange and receives a subsidy
    - \$3,000 per EE per year
- Best Practices – Obtain the most cost effective base plan and take your lowest wage employee and keep deduction at 9.5% of base premium (use payroll system to monitor). As an option, use a low cost MEC plan but still offer the base plan at 9.5%. Both the Employee and Employer are insulated from Penalties..

# Look Back Periods



- Monthly Measurement Period Approach
  - Best suited for employers with workforce with primarily static hours of service
- Safe Harbor Measurement Period Approach
  - Best suited for employers with varying hours or employment schedules
  - Safe Harbor permits the employer the ability to adopt reasonable procedures to determine which employees are full-time employees without becoming liable for payment, to protect employees from unnecessary cost, confusion, and disruption of coverage and to minimize administrative burdens.

# Look Back Periods



- Each ALE can use a different approach
- Each ALE may use apply a different method to each distinguishable class of employees
  - Special rules apply when employees switch between positions that use different methods
  - Key concept: If an employee qualifies as a full-time employee for a month, qualifying coverage must be offered for that month or the ALE member could be subject to an excise tax for that month.



# Look Back Periods



- What are distinguishable classes of employees?
  - Hourly
  - Salaried
  - Union (generally)
  - Employees subject to different collective bargaining agreements
  - Employees working in different locations

# Look Back Periods



- Administrative Period
  - The start of open enrollment once the Initial Measurement Period has concluded and going forward the Standard Measurement Period
  - No more than 90 calendar days
  - Example of Calendar
    - Measurement Period – November 1, 2014 to October 31, 2015
    - Administration Period – November 1, 2015 to December 31, 2015
    - Stability Period – January 1, 2016 to December 31, 2016

# Look Back Periods



- Stability Period following IMP
  - Generally must be at least 6 months
  - Employees who average requisite hours of service over the IMP
    - No shorter in duration than the IMP(basically must be the same length as measurement period or 6 months, whichever is longer).
    - IMP is a limited non-assessment period:
      - If offered minimum value coverage by start of stability period, no excise tax with respect to the employee for months actually full-time during IMP
  - Employees determined NOT to be full-time during IMP
    - Stability period not more than 1 month longer than the IMP
    - Cannot exceed the remainder of the standard measurement period (for ongoing employees)

# Look Back Periods



- Special rules for Stability Period following IMP:
  - Change in status during stability period for continuing employee will not affect status during stability period
    - If changes to a position that would not have been expected to have the requisite hours of service, then may apply the monthly measurement period beginning with the fourth full calendar month following the change in positions if:
      - Employee had continuously been offered minimum value coverage since the 1<sup>st</sup> day of fourth full month of employment and
      - The employee does not average the requisite hours of service during each of the three full calendar months following the month in which the position change occurs

# Safe Harbor Measurement and Stability Periods



- The Safe Harbor method refers to use of Measurement Periods and Stability Periods and focuses on the “variable hour worker”
  - If the employer is not certain of how many hours, more or less than 30, an employee is going to work at the time of employment, the employer has the right to withhold offering coverage until it’s known whether coverage should be offered at all.
    - To determine that, the employer may choose a period of time between 3 and 12 months to assess, count, the number of hours worked by a variable hour employee.
    - At the end of this time, the employer must determine if the employee averaged 30 hours or more a week over the requisite period of time.
    - If the employee did, and is still employed, the employer is required to offer coverage for the same length of time as the Measurement Period in the Stability Period.

# Safe Harbor Measurement and Stability Periods



- **For purposes of explanation, Imagine Three Buckets**
  - All variable hour workers start in the Measurement Period bucket
  - The employee is then either moved to the “offer coverage” or “not offer coverage” bucket.
- **For the employee in the “offer coverage” or Stability Period bucket**
  - The variable employee meeting the requisite hours will be offered coverage in the Administrative Period and receive coverage, if elected, in the Stability Period
  - This employee’s hours will continue to be measured through the Standard Measurement period (for Ongoing employees) for the next coverage offer determination.
- **For the employee in the “not offer coverage” or Measurement Period bucket**
  - The variable employee will not be offered coverage
  - This variable employee’s hours will continue to be measured through the Standard Measurement Period (Ongoing employees) for the next coverage offer determination.
  - This variable employee will be eligible for coverage determination only after satisfying the entire overlapping or immediately following Standard Measurement Period.

# Example of Measurement Period

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
<b>Initial Measurement Period</b>				<b>Administrative Period</b>			<b>Stability Period</b>									
<b>November 1 to October 31</b>				<b>November 1 to December 31</b>			<b>January 1 to December 31</b>									
	<b>November</b>	<b>December</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>				
<b>Employee Name</b>	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Accumulative Hours (12 months)	Accumulative Average	Full-Time
Jim Thorpe	60	60	60	60	60	60	60	60	60	60	60	60	60	720	60	NO
Cassius Clay	130	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
George Forman	130	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Mark Spitz	65	65	60	70	55	54	67	75	93	60	61	78	803	66.92	NO	
Jesse Owens	130	130	140	130	130	140	130	130	140	130	130	130	130	1590	132.5	YES
Marty Glickman	60	60	60	60	60	60	60	60	60	60	60	60	60	720	60	NO
Sam Stoller	130	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Tyrell Biggs	130	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Dorothy Hammil	65	65	60	55	55	61	67	75	93	60	61	78	795	66.25	NO	
Wilma Rudolph	130	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Peggy Fleming	140	125	140	125	130	140	135	140	125	140	125	130	130	1595	132.92	YES
Larry Bird	130	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Joe Frazier	65	65	60	55	55	40	67	75	93	60	61	78	774	64.50	NO	
Lindsey Vonn	130	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Michael Phelps	60	60	60	60	60	60	60	60	60	60	60	60	60	720	60	NO
Oscar de la Hoya	130	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Serena Williams	130	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Tara Lipinski	65	65	60	55	55	54	67	70	93	60	61	78	783	65.25	NO	

# Example of Stability Period

Standard Measurement Period			Administrative Period				Stability Period								
November 1 to October 31			November 1 to December 31				January 1 to December 31								
	November	December	January	February	March	April	May	June	July	August	September	October			
Employee Name	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Hours per Employee per Month	Accumulative Hours (12 months)	Accumulative Average	Full-Time
Jim Thorpe	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Cassius Clay	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
George Forman	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Mark Spitz	65	65	60	70	55	54	67	75	93	60	61	78	803	66.92	NO
Jesse Owens	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Marty Glickman	60	60	60	60	60	60	60	60	60	60	60	60	720	60	NO
Sam Stoller	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Tyrell Biggs	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Dorothy Hammil	65	65	60	55	55	61	67	75	93	60	61	78	795	66.25	NO
Wilma Rudolph	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Peggy Fleming	140	125	140	125	130	140	135	140	125	140	125	130	1595	132.92	YES
Larry Bird	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Joe Frazier	65	65	60	55	55	40	67	75	93	60	61	78	774	64.50	NO
Lindsey Vonn	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Michael Phelps	60	60	60	60	60	60	60	60	60	60	60	60	720	60	NO
Oscar de la Hoya	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Serena Williams	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES
Tara Lipinski	65	65	60	55	55	54	67	70	93	60	61	78	783	65.25	NO
Shannon Miller	130	130	130	130	130	130	130	130	130	130	130	130	1560	130	YES





# Form 1095-C (data capture)



- Sample Payroll System (1095-C Section 14)
  - Validation Tables

	Code	Description	Plan Type	Status
<input type="checkbox"/>	1A	Minimum Essential Coverage	Custom	Active
<input type="checkbox"/>	1D	Minimum Essential Coverage + Spouse and No Dependents	Custom	Active
<input type="checkbox"/>	1B	Minimum Essential Coverage - Non Spouse Offer	Custom	Active
<input type="checkbox"/>	1C	Minimum Essential Coverage EE and Dependents	Custom	Active
<input type="checkbox"/>	1E	Minimum Essential Coverage Spouse and Dependents	Custom	Active
<input type="checkbox"/>	1F	Minimum Essential Coverage Not Providing Minimum Value	Custom	Active

# Form 1095-C (data capture)



- Sample Payroll System (1095-C Section 15)

**Eligibility**

<b>Business Unit:</b> Eligibility is not restricted	<b>Locations:</b> Eligibility is not restricted	<b>Eligibility Classes:</b> • NONEX - Non Exempt	<b>ACA Benefit Status:</b> Eligibility is not restricted
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**Plan Coverage Information**

	Coverage Level	Employee Cost	Employer Cost	Total Contribution
<input type="checkbox"/>	Employee	75.00	125.00	200.00
<input type="checkbox"/>	Employee + Spouse	175.00	225.00	400.00
<input type="checkbox"/>	Employee + Family	100.00	400.00	500.00

# Form 1095-C (data capture)

- Sample Payroll System (1095-C Part III)
  - Captures the dates of offering or waiver of coverage with reason type

Benefit Enrollment profile

Review Information **Choose Plans** Submit Saved Finish Later Review & Complete

Welcome Back To Health and Welfare - Dental Show Plan Cost Each:  Month  Pay Period Print This Page Forward To Health and Welfare - Vision

Showing Plans 1-1 of 1




**ALREADY ENROLLED**  
Effective February 3, 2015

Medical Insurance, Medical Non Exempt <sup>i</sup>  
Blue Cross

**YOUR PLAN COST**  
**\$75.00** /month

More Info

**Monthly Employee Costs**

Coverage Level	Your Plan Cost
 EMPLOYEE	\$75.00
 EMPLOYEE + SPOUSE	\$175.00
 EMPLOYEE + FAMILY	\$100.00

Flexible Spending Account - Dependent Care 1 plan(s) ✓

Flexible Spending Account - Health Care 1 plan(s) ✓

Health and Welfare - Dental 1 plan(s) ✓

Health and Welfare - Medical 1 plan(s), 1 enrolled

# Form W-2

- Box 12 must show Code DD and list the Total Employee Premium and also the Employee Portion

22222		a Employee's social security number		OMB No. 1545-0008					
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld				
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld				
			5 Medicare wages and tips		6 Medicare tax withheld				
			7 Social security tips		8 Allocated tips				
d Control number			9		10 Dependent care benefits				
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans		12a	
f Employee's address and ZIP code						13 Statutory employee Retirement plan Third-party sick pay		12b	
								12c	
								12d	
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.		19 Local income tax	20 Locality name

# All Parties and Systems Need to be in Sync

- HR System
  - Captures New Hire & Status Changes
- Payroll System
  - Captures Hours Worked over Measurability Periods, Health Ins. Deductions and Total Wages
- Benefits Application
  - Captures Information about MEC Plans, MV- Base Plans and Buy-up Plans
  - Captures Contribution Levels
  - Captures Eligibility Rules
  - Captures Measurability Periods
  - Captures Enrollment and Waiver Data
- Reporting System
  - Uses information above to notify Company about: FTE's, Measurability Results, Enrollment Status
  - Uses information above to create Employee Statements and IRS Reporting
- Insurance Broker
  - Ability not only to understand the Procurement of Insurance but the Administration & Communication to Assist with the Systems and Application Set-up

# For More Information and to Learn More...

- Please contact a Triton HR Representative at: (877) OKTRITON
- Email us at: [Tina.Freedman@tritonhro.com](mailto:Tina.Freedman@tritonhro.com)
- Please also visit us on the Web @ TRITONHR.com

Thank you for joining us today!

