

Simplifying ACA Compliance: A Hassle-Free Approach to Meeting the Requirements

Presented by



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About Stacy

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Learning Objectives

- Learn the reporting requirements for applicable large employers with 50+ employees
- Review specific employee data you'll need to track and gather from HR, payroll and benefits
- Pointers for completing the 1095-C (and 1094-C transmittal)
- Tips for managing the annual ACA recordkeeping and reporting process

Why ACA Reporting?



IRS Tax Codes and ACA Reporting

- ACA reporting enforced through Sections 6055 and 6056 of the Internal Revenue Code
- **Section 6055** applies to:
 - Health insurance carriers
 - Small employers that sponsor self-funded health plans
 - Other entities that provide minimum essential coverage
- **Section 6056** applies to:
 - Applicable large employers (ALEs)

Are You an ALE?

- Applicable large employer has 50 or more full-time employees or full-time equivalent employees
- A full-time employee averages at least 30 hours of service per week during the calendar month (or 130 hours in a month)
- Hours of service represent each hour an employee is paid or entitled to payment

Calculating Full-time Equivalent Employees

- To determine the number of full-time equivalent employees for a month:
 - Add up the part-time service hours in a month (up to 120 hours per employee)
 - Divide the total by 120; if this results in a fraction, round down to the next whole number
- For example, if seven employees work 20 hours/week, you would have four FTEs.

*7 x 20 hours/week = 140; 140 x 4 weeks/month = 560
560 ÷ 120 = 4.66 (or rounded down = 4)*



Calculating Full-time Equivalent Employees (cont.)

- Independent contractors, temp workers, seasonal employees working 120 days or less in a year, and COBRA and retired enrollees are not included in the FTE calculation
- An ALE may be a single entity or may consist of a group of related entities (such as parent and subsidiary, or other affiliated entities)

Are You Insured or Self-Insured?

- **Self-insured / self-funded employers** pay for medical claims directly
- **Insured employers** purchase health insurance from a dedicated provider (such as Humana, Blue Cross Blue Shield, Aetna, etc.)



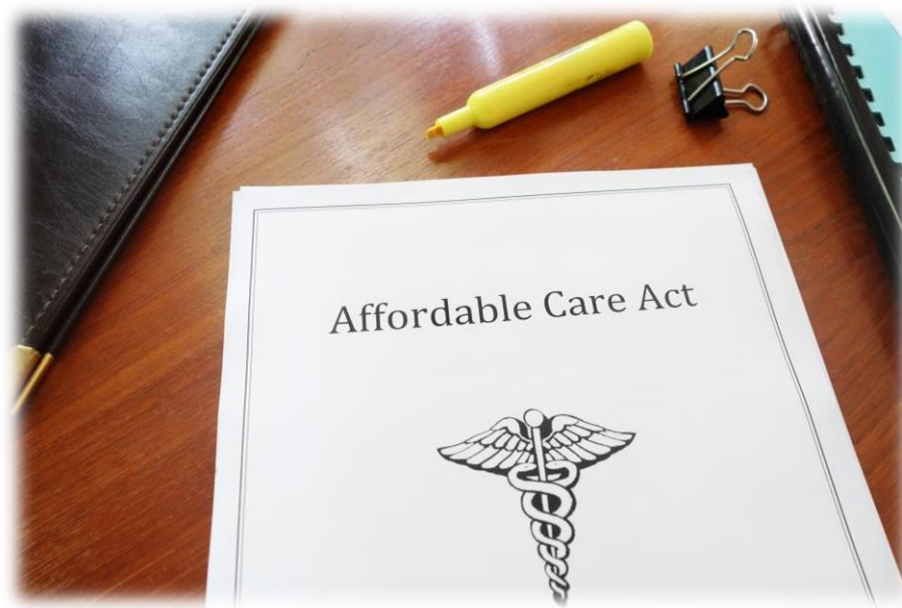
Tracking Employee Data



Tracking Employee Data

- ✓ Total employee count based on hours of service (including full-time and full-time equivalents)
- ✓ Employee name, Social Security number and address
- ✓ Health coverage offered
- ✓ Employee share of the lowest-cost monthly premium for self-only coverage
- ✓ Months the employee was enrolled in coverage
- ✓ Affordability safe harbor provisions or other relief
- ✓ If self-insured, information about the covered individuals, including Social Security numbers and months of coverage

Completing the 1095-C



1095-C Filing Guidance

- Enter employee identification information in Part I
- Enter offer of coverage in Part II
- Self-insured employers complete Part III

Form **1095-C** **Employer-Provided Health Insurance Offer and Coverage** VOID CORRECTED **2015**
 Department of the Treasury Internal Revenue Service OMB No. 1545-2251
 Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c

Part I Employee **Applicable Large Employer Member (Employer)**

1 Name of employee 2 Social security number (SSN) 7 Name of employer 8 Employer identification number (EIN)
 3 Street address (including apartment no.) 9 Street address (including room or suite no.) 10 Contact telephone number
 4 City or town 5 State or province 6 Country and ZIP or foreign postal code 11 City or town 12 State or province 13 Country and ZIP or foreign postal code

Part II Employee Offer and Coverage **Plan Start Month (Enter 2-digit number):**

14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Part III Covered Individuals If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form 1095-C (2015)

Pointers for Line 14 on the 1095-C

- **Qualified offers of coverage**
 - 1E - MEC MV for employee, spouse, and dependents (family coverage)
 - 1C - MEC MV for employee and dependents, but not spouse
 - 1G - Offer to part-time employee or non-employee (like retirees and COBRA participants)

	All 12 Months	Jan
14 Offer of Coverage (enter required code)		

Pointers for Line 14 on the 1095-C (cont.)

- **Non-qualified offers of coverage**

- 1B - MEC MV for employee only
- 1D - MEC MV for employee and spouse, but not dependents
- 1F - MEC doesn't offer MV
- 1H - No offer of coverage

	All 12 Months	Jan
14 Offer of Coverage (enter required code)		

- **Other**

- 1A - Qualified offer under the federal poverty line (FPL) safe harbor for affordability
- 1I - Qualified offer transition relief

Insurance Types that Meet Minimum Essential Coverage

- Any employer-sponsored group health plan, whether insured or self-insured
- Coverage under certain government programs
- Coverage in the individual health insurance marketplace or Exchange
- Other coverage recognized by the Department of Health and Human Services
- Not included: Fixed indemnity coverage, life insurance, dental and vision coverage

More on Minimum Essential Coverage

- Risk of penalty if MEC is not affordable or doesn't provide minimum value
- Most broad-based medical plans meet minimum value requirements, paying at least 60 percent of benefits
- Minimum value coverage should cost no more than 9.5% of an employee's gross household income
- Use three safe harbor tests to determine affordability

Pointers for Line 15 on the 1095-C

- Only fill out this section if you entered the following codes in Line 14:
 - 1B, 1C, 1D or 1E either in the “All 12 Months” box or in any of the monthly boxes
 - Include cents and do not round numbers
 - If code applies for the entire 12 months, only enter code once in ‘All 12 Months’ column
 - If 1A is in Line 14, nothing needs to be entered here - or on Line 16

15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage													
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Pointers for Line 16 on the 1095-C

- For most employees, you will enter code 2C for the employee enrolled in coverage offered
- **Otherwise, the reasons for no coverage are:**
 - 2A - Employee not employed during month
 - 2B - Employee isn't a full-time employee
 - 2D - Limited non-assessment period

16 Applicable
Section 4980H Safe
Harbor (enter code,
if applicable)



Pointers for Line 16 on the 1095-C (cont.)

- **Affordability safe harbors fall under codes:**
 - 2F - W-2 safe harbor
 - 2G - Federal poverty line safe harbor
 - 2H - Rate of pay safe harbor
- 2E is used for multi-employer interim rule relief
- 2I is used for non-calendar year transition relief
- **Avoid leaving this section blank**

16 Applicable
Section 4980H Safe
Harbor (enter code,
if applicable)

Part 3 for Self-Insured Employers

- Part 3 only applies if you provide self-funded coverage
- You will need Social Security numbers or, if these numbers aren't available, date of birth for covered individuals
- This information isn't completed by insured employers because it's captured separately, by the health insurance providers themselves, through the 1095-B

1095-C Scenarios



Scenario 1: New full-time employee offered coverage

- **For each month prior to the month of hire - January through May:**
 - ✓ Use code 1H - no offer of coverage - on Line 14
 - ✓ Leave Line 15 blank
 - ✓ Use code 2A - not employed during a given month - on Line 16
- **For the months the employee was in a limited non-assessment period prior to an offer of benefits - June, July and August:**
 - ✓ Use code 1H - no offer of coverage - on Line 14
 - ✓ Leave Line 15 blank
 - ✓ Use code 2D - limited non-assessment period - on Line 16
- **For the full months the employee enrolled in coverage - September through December:**
 - ✓ Identify the appropriate code for Line 14
 - ✓ Indicate the lowest-cost monthly premium for employee-only coverage on Line 15
 - ✓ For Line 16, use code 2C - employee enrolled in coverage offered

Scenario 1: New full-time employee offered coverage

Part II - Employee Offer and Coverage		Plan Start Month (Enter 2-digit number):											
		09											
14. Offer of Coverage (enter required code)	Offer of coverage	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	All 12 months	1H	1H	1H	1H	1H	1H	1H	1H	1E	1E	1E	1E
15. Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	Employee Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	All 12 months									\$38.	\$38.	\$38.	\$38.
16. Applicable Section 4980H Safe Harbor (enter code, if	Safe Harbor	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	All 12 months	2A	2A	2A	2A	2A	2D	2D	2D	2C	2C	2C	2C

Data filled via  **eFile4biz.com**
The smart way to file & deliver 1099s & W-2s

Scenario 2: Part-time to full-time employee offered coverage

- This example is for an employer that is using the monthly measurement method to determine full-time status for all of its employees
- An employer using the look-back method for its employees does not have to change an employee's status from part-time to full-time until the employee has measured full-time during the applicable measurement period
- Special rules exist for new part-time, seasonal or variable hour employees who are promoted to full-time during the initial measurement period
- In these cases, coverage generally must be offered by the earlier of (a) the start of the initial stability period if the employee averaged 30 hours per week during the initial measurement period or (b) the first day of the fourth full calendar month of employment following the change to full-time

Scenario 2: Part-time to full-time employee offered coverage

- **For months of part-time status - January and February:**
 - ✓ Use code 1H - no offer of coverage - on Line 14
 - ✓ Leave Line 15 blank
 - ✓ Use code 2B - not a full-time employee - on Line 16
- **For the months in which the employee was in the waiting period- March through May:**
 - ✓ Use code 1H - no offer of coverage - on Line 14
 - ✓ Leave Line 15 blank
 - ✓ Use code 2D - limited non-assessment period - on Line 16
- **For the months in which the employee is now full-time benefits-eligible and has enrolled - June through December:**
 - ✓ 1E on Line 14
 - ✓ \$38.89 on Line 15
 - ✓ 2C on Line 16

Scenario 2: Part-time to full-time employee offered coverage

Part II - Employee Offer and Coverage		Plan Start Month (Enter 2-digit number):											
		10											
14. Offer of Coverage (enter required code)	Offer of coverage	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	All 12 months	1H	1H	1H	1H	1H	1E	1E	1E	1E	1E	1E	1E
15. Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	Employee Share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	All 12 months						\$38.8	\$38.8	\$38.8	\$38.8	\$38.8	\$38.8	\$38.8
16. Applicable Section 4980H Safe Harbor (enter code, if	Safe Harbor	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	All 12 months	2B	2B	2D	2D	2D	2C	2C	2C	2C	2C	2C	2C

Data filled via  **eFile4biz.com**
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1094-C at a Glance

- Summarizes 1095-C filings submitted
- Cover sheet includes:
 - Identifying information for your business
 - Summary of coverage offered
 - Employee count data
 - Whether you're eligible for certain transition relief (including certifications)

Form **1094-C** Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

Department of the Treasury Internal Revenue Service

Information about Form 1094-C and its separate instructions is at www.irs.gov/form1094c

OMB No. 1545-2251
2015

CORRECTED

Part I Applicable Large Employer Member (ALE Member)

1 Name of ALE Member (Employer) 2 Employer identification number (EIN)

3 Street address (including room or suite no.)

4 City or town 5 State or province 6 Country and ZIP or foreign postal code

7 Name of person to contact 8 Contact telephone number

9 Name of Designated Government Entity (only if applicable) 10 Employer identification number (EIN)

11 Street address (including room or suite no.)

12 City or town 13 State or province 14 Country and ZIP or foreign postal code

15 Name of person to contact 16 Contact telephone number

17 Reserved

18 Total number of Forms 1095-C submitted with this transmittal

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions

Part II ALE Member Information

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member

21 Is ALE Member a member of an Aggregated ALE Group? Yes No

D. 98% Offer Method

correct, and complete.

Form 1094-C (2015)

For Official Use Only

XXXXXXXXXX

Quick Tip: You can complete multiple 1094-Cs, but only one "authoritative transmittal" that consolidates all the data.

Looking Ahead with ACA Reporting



Minding the Deadlines

- On December 28, the IRS issued Notice 2016-4, which extended the filing deadlines
- For 2015 tax year:
 - March 31, 2016: Distribute form 1095 copies to recipients and/or employees
 - May 31, 2016: Deadline for paper filing of 1095s (and 1094 transmittals) to the IRS
 - June 30, 2016: Deadline to e-file 1095s (and 1094 transmittals) to the IRS
- If you file at least 250 forms, you must file 1095s (and 1094 transmittals) electronically



Avoiding Filing Penalties

- Penalties can apply for:
 - Failure to file
 - Failure to furnish recipient statements
 - Failure to file on time
 - Failure to file electronically when required
- Relief exists for accidentally filing incorrect information during the one-year transition period



Managing ACA Reporting Year-Round



Simplifying ACA Compliance Year-Round

1. Know when you're an applicable large employer based on the full-time and full-time equivalent definitions
2. Continuously track every employee's hours of service
3. Monitor employee eligibility for health coverage, which includes defining the measurement methods you'll use with part-time and variable-hour employees who become full time
4. Track the cost of coverage offered, and the affordability of the coverage, each month
5. Inform your workforce of their healthcare coverage options with a written notice, as well as an ACA poster you display
6. Create a system for collecting this necessary data across various departments and sources
7. Discuss and verify your ACA reporting needs with your payroll provider and other third-party vendors

Final Notes

Final Notes

- Applicable large employers must offer minimum essential health insurance coverage
- Applicable large employers have on average 50 or more full-time and full-time equivalent employees in the preceding year
- ALEs must distribute a 1095-C to every employee and file a copy of the 1095-C and 1094-C transmittal
- Fully insured employers complete parts 1 and 2 of the 1095-C; self-insured employers complete parts 1, 2, and 3
- Focus on correctly completing Lines 14 through 16 to indicate the offer of coverage
- Mind filing deadlines to avoid IRS penalties

Thank you!

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