

ACA Employer Update: What You Need to Know Now

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ACA Employer Update

Welcome! Before we get started ...

- Use the chat box on the left to ask questions
- If are having audio trouble, please message us in the chat box, and we will do our best to assist you

What You Will Learn

- The current state of ACA
- The surprising IRS move that will have a big impact on many businesses
- Whether or not you are required to file
- Where the IRS stands on penalties
- What steps you should take next

Poll #1

Are you aware of the current employer reporting requirements under ACA?

- [Yes]
- [No]

What You Need to Know



A Brief Overview of the ACA

- Major legislation under President Obama
- Developed to help provide coverage to millions of uninsured Americans
- Requires information reporting for certain large employers and smaller, self-insured employers
- Affected employers must report health insurance coverage information to the IRS and furnish statements to employees annually

Current Status of the Law

- The law is still in effect
- The IRS is enforcing ACA reporting
- Affected employers must prepare and report

IRS Won't Back Down

- In mid-October the IRS issued a directive that they will enforce the requirement
- The IRS completed its Compliance Verification System for e-filing and is ready for 2017 filings
- The IRS is still issuing fines for non-compliance
- **AND** ... the IRS has announced it won't accept personal tax returns from individuals without proper healthcare coverage information

What Are the Penalties?

- **Less than 30 Days Late:**
\$50/form with a \$536,000 maximum
- **31+ Days but Before August 1:**
\$100/form with a \$1,609,000 maximum
- **After August 1:**
\$260/form with a \$3,218,500 maximum
- **Intentional Disregard:**
\$530/form with no maximum

Affected Businesses

Who must report?

- Applicable Large Employers (ALEs) with 50 or more employees
- Self-insured employers
- Health insurance companies

Poll #2

Are you familiar with what qualifies as a full-time equivalent employee?

- [Yes]
- [No]

A Closer Look at the ALE

An ALE has 50 or more full-time employees or full-time equivalent employees

- **Full-time employee:** Averages at least 30 hours of service per week during the calendar month (or 130 hours in a calendar month)
- **Full-time equivalent employee:** Combination of employees, each of whom is not treated as a full-time employee, but that, together, count as a full-time employee

About Minimum Essential Coverage

One of the objectives of ACA reporting is to ensure Minimum Essential Coverage” (or MEC) is met.

- Employers may be penalized if they don't offer MEC to at least 95% of its full-time employees and their dependents
- A second penalty may be imposed if an employer offers MEC but it's unreasonably expensive (more than 9.69% of employee's household income)

Minimum Essential Coverage Includes

- Government-sponsored programs
- Employer-sponsored coverage
- Individual market coverage
- Grandfathered plans
- Miscellaneous

What Are the Forms?

- **Form 1095-C**
 - Issued by ALEs
 - Used to report whether or not the employer offered health coverage to employees
- **Form 1095-B**
 - Issued by insurance carrier or by self-insured employers
 - Used to report the months employees and family members were covered under the health plan
- **Form 1094-B and 1094 C**
 - Summary transmittal records
 - 1094-C accompanies 1095-C/1094 B accompanies 1095 B

What Information is Needed?

- **To complete Form 1095-C, ALEs need to capture:**
 - Full-time employees for each month
 - Identifying information for the employee such as name, address and Social Security number
 - Identifying information for the employer, such as name, address and Employer Identification Number (EIN)
 - Information about the health coverage offered by month
 - The employee's share of the monthly premium for lowest-cost, self-only minimum value coverage
 - Months the employee was enrolled in coverage
 - Months the employer met an affordability safe harbor

Information Gathering

- The information-gathering process is challenging for many businesses
- To capture information, you'll need data from HR, payroll and benefits
- Strict security is necessary because the data is considered protected health information under HIPAA

Poll #3

Do you know if you are required to file? And if so, are you prepared?

- [Yes and Yes]
- [Yes and No}
- [No and No]
- [I have no idea]
- [Not Sure, but Prepared]

1095-C Filing Pointers

A few essential do's and don'ts will ensure a smooth filing process:

- **DO** notify your employees that they will be receiving a 1095-C and will need information from it to complete their personal tax filing.
- **DO** file corrected returns as soon as possible after an error is discovered.
- **DO** file Form 8809, if necessary, for a 30-day extension for filing with the IRS. No signature or explanation is necessary for this extension. A 30-day extension for providing forms to employees, however, is only available by sending a signed letter to the IRS with the reason for the delay.

1095-C Filing Pointers Cont'd

- **DON'T** file more than one 1095-C per employee. IF you have different divisions with different benefits – and an employee moves between divisions during the year, you'll need to consolidate data onto one 1095-C form.
- **DON'T** file more than one 1094-C authoritative transmittal.

1095-C Form Copies

So how many copies of the form do you need?

- As a general rule, employers using paper need three copies: One for the IRS, one for the employee and one for your records
- Employers filing electronically need two copies since the IRS receives an electronic copy

1095-C Filing Deadlines

- **January 31, 2018** – mail 1095 copies to recipients/employees
- **February 28, 2018** – IRS paper-filing deadline for 1095-C/1094-C
- **April 2, 2018** – IRS e-filing deadline for 1095-C/1094-C

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Questions

