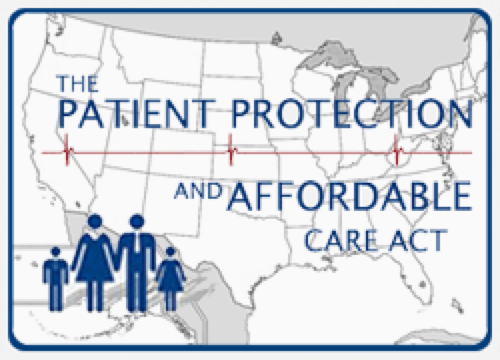
Presenter Biography

Jason Hiss is a Workforce Management Consultant with Proliant. Jason specializes in helping employers comply with Healthcare Reform and avoid related fines and penalties. Jason is a Certified Affordable Care Act Professional with over 10 years of experience providing Payroll and HR services to businesses.

Presenter: Jason Hiss
Certified ACA Professional

Presentation Agenda

- Why is this Important?
- Purpose of Measurement Periods
- How Measurement Periods Work
- Challenges with ACA Tracking
- ACA Penalties and What Triggers Them
- Purpose of the 1094-C and 1095-C Forms
- IRS Filing and Delivery Deadlines
- IRS Penalties for Non-Compliance
- Detailed Review of 1095-C Form
- Review of 1095-C Preparedness Checklist



Why is this Important?

The Congressional Budget Office (CBO) estimates that employer shared responsibility penalties will produce $8 billion in 2016 (relating to 2015 penalties).

CBO also estimates that by 2019, the Federal Government can expect to collect up to $52 billion from the employer mandate.

Employer penalties are a major factor in how ACA will be funded. Employers must prepare themselves now.

In fiscal 2014, the first year of the ACA exchanges, the Federal Government spent $17 billion on subsidies for people who bought their insurance there.

By 2023 (tenth year) the Federal Government will be spending $134 billion on subsidies.

Purpose of Measurement Periods

- Employees are considered to be full-time if they average 30 hours of service per week or 130 hours of service per month.
- "Look back" measurement periods can be used to determine if variable hour employees should be classified as full-time.
- As of January 1, 2015, Applicable Large Employers (ALE's) with 100 or more full-time or full-time equivalent employees must offer health insurance to 95% of their full-time employees.
- On January 1, 2016, Applicable Large Employers (ALE's) with 50 or more full-time or full-time equivalent employees must offer health insurance to 95% of their full-time employees.

Measurement Periods Overview

Standard Period (Look back for Existing Employees)

Typically 12 months, and the measurement dates are the same every year.

Initial Period (Look back for New Hires)

Can begin on date-of-hire or any subsequent day in the calendar month.

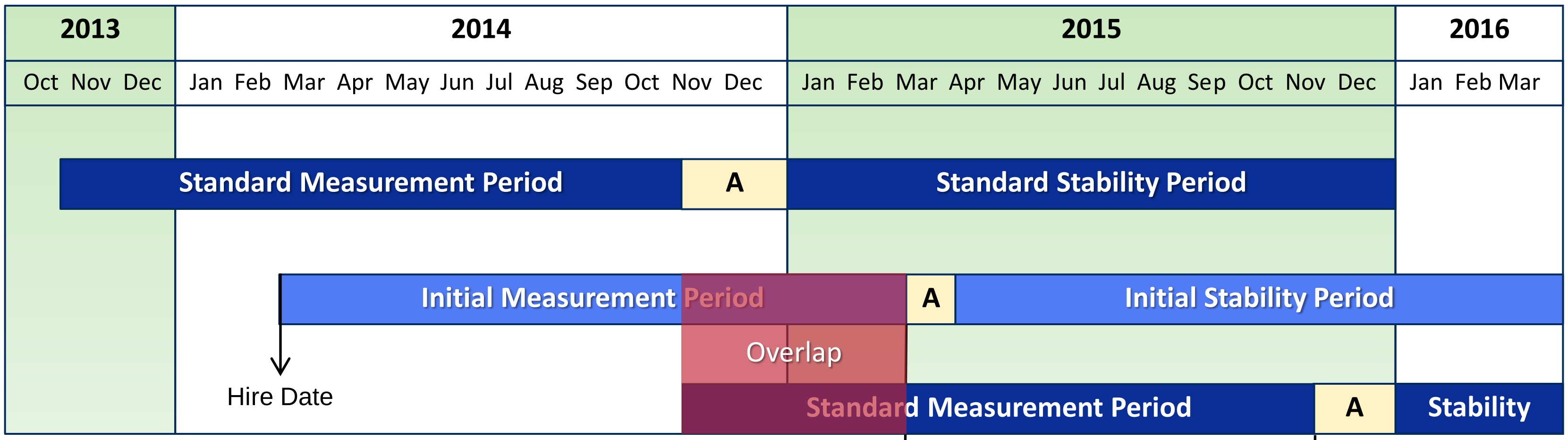
Administration Period (Open Enrollment)

Optional period. Eligible employees must be enrolled within 90 days.

Stability Period (Length of Coverage)

Matches your benefits plan year. Length of time you must cover eligible employees.

How Measurement Periods Work



Scenario #1: New hire qualifies and receives coverage during their 12 month Initial Stability Period.

Scenario #2: New hire does not qualify and drops into the current Standard Measurement Period.

Scenario #1: New hire qualifies during the Standard Measurement Period and receives coverage for the Standard Stability Period (2016 Plan Year).

Scenario #2: New hire does not qualify during the Standard Measurement Period, so they lose coverage at the end of their Initial Stability Period.

Challenges with ACA Tracking

- Overlapping Measurement Periods
- Multiple FEINs within a Controlled Group
- FMLA and other Leaves of Absence
- Jury Duty
- Re-Hire Rules
- Seasonal Workers

Penalties and What Triggers Them

"A" PENALTY
(No Insurance Offered)

- Insurance Not Offered to at least 95% (70% in 2015) of full-time employees and dependents
- At least one full-time employee obtains subsidized coverage on exchange
- \$2,000 / year × each FT employee, reduced by first 30 (80 in 2015 for 100+ FTE groups)

Note - ACA Penalties are excise taxes, so they are not tax deductible.

Penalties and What Triggers Them

"B" PENALTY
(Not Affordable)

- Insurance Not "Affordable"
- At least one full-time employee obtains subsidized coverage on exchange
- $3,000 / year × each full-time subsidized employee (Total penalty not to exceed "No Coverage" penalty)

Forms 1094-C and 1095-C

Form 1094-C (IRS Transmittal Form similar to a W3)

Applicable Large Employers (ALEs) with 50 or more full-time or full-time equivalent employees are required to report to the IRS the type of health care coverage they offer. This form will be used by the IRS to determine Play or Pay penalties.

Form 1095-C (Benefits Statement to Employee similar to a W2)

ALEs are required to furnish related benefit statements to all full-time employees. These forms will be used by Individuals and the IRS in determining individual eligibility for exchange subsidies.

Note - Penalties are triggered by employees receiving exchange subsidies.

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Filing Deadlines

1094-C

The deadline is February 29 , 2016 (March 31, if filed electronically) reflecting information for 2015. Electronic filing is required for 250 or more returns.

1095-C

The deadline is February 1, 2016, reflecting information for 2015.

Notes:

- On July 2nd the IRS said that employers should be able to obtain an automatic 30-day extension for filing 1094-C returns using Form 8809. An additional 30-day extension may be requested for a maximum of 60 days.
- Employers may also request a 30-day extension for providing 1095-C statements by submitting a letter to the IRS that contains certain information. These requests are not automatically approved.

Penalties for Reporting Failures

New Penalties Announced on June 29th

- **$50** per form if you correctly file within 30 days of original due date.
- **$100** per form if you correctly file more than 30 days after the due date but by August 1.
- **$250** per form if you file after August 1.
- **$500** minimum per form (no maximum) for failures due to intentional disregard.

Notes:

- For reports filed in 2016, no penalties will be assessed for incorrect or incomplete information if "good faith" efforts are made to comply.
- Relief does not apply to failures to file timely reports.

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Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

▶ Information about Form 1095-C and its separate instructions is at *www.irs.gov/form1095c*

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OMB No. 1545-2251

2015

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):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
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				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
18				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
20				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
21				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
22				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

1095-C Part I: Employee and ALE

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

▶ Information about Form 1095-C and its separate instructions is at *www.irs.gov/form1095c*

☐ VOID
☐ CORRECTED

600116
OMB No. 1545-2251

2015

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

- In Part I, the Applicable Large Employer (ALE) reports the name, address and Social Security Number of the employee, as well as the ALE's name, address, and FEIN.
- Line 10 includes a telephone number for the person whom employees may call if they have questions about the information reported.

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1095-C Part II: Employee Coverage

Part II Employee Offer and Coverage						Plan Start Month (Enter 2-digit number):				
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
14 Offer of Coverage (enter required code)										
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	$	$	$	$	$	$	$	$	$	$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)										

- **Line 14.** Offer of Coverage. Enter code in "all 12 months" box or in monthly boxes (may not be left blank)
- **Line 15.** Employee Share of the Lowest Cost Monthly Premium for Self-Only Minimum Value Coverage
- **Line 16.** Applicable Section 4980H Safe Harbor or transition relief code.

2015 Updates

- Optional field for your plan start date. Required for 2016 and beyond.
- Cobra Offer does not equal Offer of Coverage

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Affordability Safe Harbors

The law states employee share of the lowest cost monthly premium cannot exceed 9.56% of the employee's annual household income. Since employers don't have access to household income information there are 3 safe harbors:

- **W2 Safe Harbor:** Allows employers to calculate affordability based on 9.5% of an employee's W2 Wages.
- **Rate of Pay Safe Harbor:** Allows for employers to calculate affordability based on 9.5% of an employee's hourly rate of pay x 130 hours per month (regardless of how many hours are actually worked).
- **Federal Poverty Level Safe Harbor:** Allows employers to base their safe harbor on 9.5% of the FPL which for 2015 equates to $93.18/month.

1095-C Part II: Line 14 Codes

1A. **Qualifying Offer** of Minimum Essential Coverage (MEC) providing minimum value (MV) offered to employee with an employee contribution for self-only coverage equal to or less than 9.5% of the federal poverty line ($93.18/month) and also offered to their spouse and dependents.

1B. MEC providing MV offered to employee, but <u>not</u> to their spouse or dependents.

1C. MEC providing MV offered to employee and to their dependents, but <u>not</u> their spouse.

1D. MEC providing MV offered to employee and to their spouse, but <u>not</u> their dependents.

1E. MEC providing MV offered to employee and to their dependents and spouse.

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1095-C Part II: Line 14 Codes

1F. MEC not providing MV offered to employee, or employee and their spouse or dependents, or employee, their spouse, and dependents.

1G. Employee was not a full-time employee for any month of the calendar year but was enrolled in self-insured employer-sponsored coverage for one or more months.

1H. No offer of coverage (employee was not offered any health coverage or employee was offered coverage that is not MEC)

1I. Employer is claiming "Qualifying Offer Transition Relief" for 2015 and for at least one month of the year employee (and their spouse or dependents) did not receive a Qualifying Offer.

1095-C Part II: Line 15 Cost Calculations

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

- Line 15 should be completed only if Code 1B, 1C, 1D, or 1E is entered on line 14.
- Factors that can make this calculation complex are:
  - Employers that offer multiple plans to their employees.
  - Employee deductions that include dependent coverage.
  - Plans that have different premiums based on age banding.
  - Employers who deduct the maximum amount from employees each pay period based on their chosen safe-harbor method.

1095-C Part II: Line 16 Codes

2A. Identifies an employee who was not employed on any day that month.

2B. Indicates that the employee was not a full-time employee for the month and did not enroll in MEC.

2C. Identifies an employee who was enrolled in coverage offered during the month and more than one code could apply.

2D. Identifies employees in a Section §4980H(b) Limited Non-Assessment Period during a month.

- New Hire Waiting Periods (90 day maximum)
- Initial and Standard Measurement Periods
- Administrative Periods
- Employees transitioning to Full-Time after status change

1095-C Part II: Line 16 Codes

2E. This code is used to claim the "Multiemployer" interim rule relief.

2F. This code is for the W-2 safe-harbor.

2G. This code is for the Federal Poverty Line safe-harbor.

2H. This code is for the Affordability Rate of Pay safe-harbor.

2I. This code is used to report that non-calendar year transition relief* applies to an employee for the month indicated.

*Applies only to employers that maintained non-calendar year plans as of Dec. 27, 2012, and only if the plan year was not modified after Dec. 27, 2012, to begin at a later calendar date.

1095-C Part III: Covered Individuals

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
17				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
18				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
20				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- Part III only needs to be completed if the plan you offer is “self-insured.”
- Start collecting Social Security numbers (SSN) of covered dependents.
- Rules require reasonable efforts to obtain SSN = at least 3 attempts.
- 2015 Update - continuation sheet added for more than 6 dependents.

1095-C Preparedness Checklist

- [ ] Will your payroll provider require you to upgrade or implement a new payroll platform at an additional cost?
- [ ] Will they require you to purchase their benefits administration system or time & attendance system?
- [ ] Is there a deadline for enrolling in their ACA reporting service to guarantee that your reporting will be completed on-time?
- [ ] Is your ACA reporting provider simply printing and filing the forms, or are they performing the detailed tracking and completing the affordability calculations?
- [ ] Will you need to fill out detailed spreadsheets or manually key large amounts of data? Do you understand exactly what information you will need to provide and what tasks you will need to perform?

1095-C Preparedness Checklist

- ❑ If you are exporting payroll data into a 3rd party system, what controls are in place to ensure the completeness and accuracy of your information? Who will assume liability for any reporting errors and penalties?
- ❑ Will your ACA reporting provider represent you before the IRS to address questions or concerns they may have about your filings? Ask them if they are going to use POA Form 8821 (file only) or Form 2848 (full representation).
- ❑ If the IRS finds errors or incomplete information in your filings, will your ACA reporting provider help you fix the errors and re-file? Will you incur additional charges for this?
- ❑ Have you seen a system demonstration to verify that their ACA reporting system is ready? If it is still under development, how much longer can you afford to wait?

How can Proliant Help?

Step 1

We will extract 12 months of historical payroll data from your current payroll system and then reprocess each payroll, check-by-check.

Step 2

We will load all your benefit plan information into our HRIS system. You can provide this to us, or we can get it from your broker.

Step 3

You go to the benefits tab for each full-time employee and select the following from drop down boxes:

- Plan selected
- Coverage Election - EE, ES, EC, FAM or Waive
- Coverage Start and End Dates

Note - If you use our Benefits Administration System, we do Step 3 for you.

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About Proliant

- Proliant offers a web-based suite of workforce management solutions:
  - Applicant Tracking
  - Paperless Onboarding
  - Time & Attendance
  - Payroll & HRIS
  - Benefits Administration
  - ACA Tracking and Reporting
- We specialize in Affordable Care Act compliance, tracking, and reporting.
- We evolved from a well established CPA firm started in 1993 in Atlanta.
- We are a national company with 10 locations and 4000+ clients in all 50 states.
- We have maintained a 98% client retention rate by delivering personal attention to each of our clients.

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