

ACA Compliance Guide for HR



7 Areas To Get Your Company
ACA Compliant
(+ all the dates, deadlines, penalties,
and forms you need to know)



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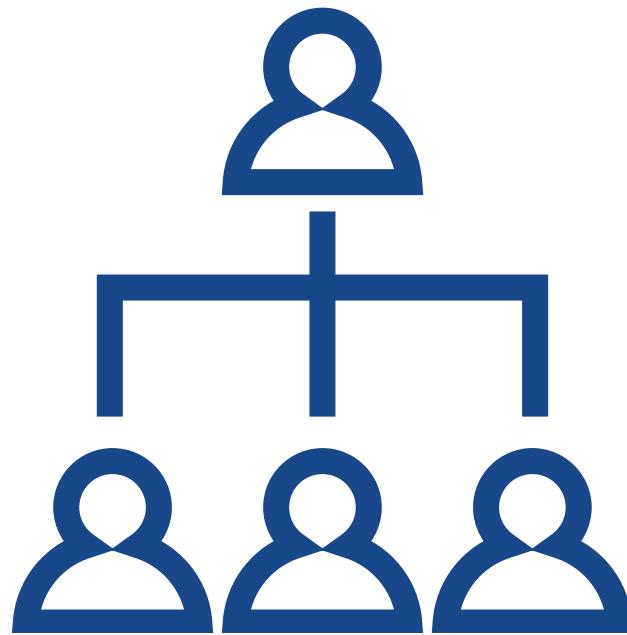
Understand the Terminology

Introduction to ACA

The ACA employer mandate went into effect on January 1, 2015. It is part of the Employer Shared Responsibility provision under section 4980H of the Internal Revenue Code. ACA mandates apply to any company that qualifies as an Applicable Large Employer (ALE).

An ALE is any employer that had 50 full-time equivalent (FTE) employees in 2014.

ALE's that do not provide affordable health coverage, may be subject to a penalty if at least one FTE receives a premium tax credit for purchasing individual health coverage on the Health Insurance Marketplace.



Employee Classifications

FTE (Full-time Equivalent)— works 30 or more hours per week on average
Part-time employees must also be added to your FTE calculation

Other employees:

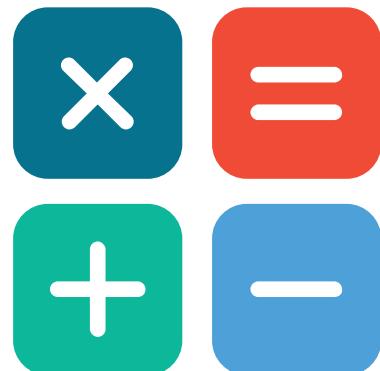
Variable hour employees—can't determine weekly hours in advance because their schedule changes

Seasonal employees—begin work at a certain season every year; does not exceed 6 months

Determine ALE Status

To determine if you are an Applicable Large Employer, you first need to calculate how many full-time equivalent employees you had in 2014.

Use this easy calculation below.



Calculating Total # of FTE's

Total # of FTEs = FTE's +

Total # of weekly part-time
employee hours

30

ACA DEADLINES FOR EMPLOYERS. WHERE DO YOU STAND?

UNDER 50 EMPLOYEES

KEY DATES

NONE. These employers are not required to provide coverage or fill out any forms going forward in any year.

WHAT SHOULD YOU DO?

- Individuals must still be enrolled in a plan by March 31, 2014, so remind your employees of this to help them avoid penalties for being uninsured.

IMPORTANT TO NOTE

- Companies close to this threshold should strongly consider an ACA solution in case they do exceed 50 employees, which would subject them to the laws and penalties of the act.

50 TO 99 EMPLOYEES

KEY DATES

JANUARY 1, 2015

- You must begin reporting on employees and coverage.

JANUARY 1, 2016

- You are required to offer coverage to employees who work 30 or more hours per week (FT employees) or pay a penalty.

WHAT SHOULD YOU DO?

- In 2014, look into automated solutions to help manage ACA compliance, determine your Pay or Play strategy, and select the right FT/PT mix for your organization.
- In 2015, begin conducting the selected look-back period to determine your employee PT/FT status.

IMPORTANT TO NOTE

- Penalties for failure to meet compliance will not go into effect until 1/1/2016.

100+ EMPLOYEES

KEY DATES

JANUARY 1, 2015

- You must report information on your company's insurance plan.
- You must offer coverage to 70% of FT employees.

JANUARY 1, 2016 AND BEYOND

- You must offer coverage to 95% of FT employees.

WHAT SHOULD YOU DO?

- In 2014, you should have put your solution in place and, ideally, should be starting your look-back period if you haven't already.
- Prior to 2015, you should have determined your Pay or Play strategy, selected the right FT/PT mix for your organization, and determined which employees will receive coverage.

IMPORTANT TO NOTE

- Penalties for failure to meet compliance will go into effect on 1/1/2015.
- Employers will need to certify that they did not drop employees to avoid providing coverage.

Coverage must be affordable and provide minimum value

3 Safe Harbors To Determine if the Coverage You Offer is Affordable

If the employee's share of the premium for employer-provided coverage exceeds 9.5% of the employee's annual household income, it is not considered affordable.

But because employer's won't know all of this information in some cases, there are three other safe harbors that can be used to determine if the coverage you offer is affordable:

1. Form W-2 wages safe harbor
2. Rate of pay safe harbor
3. Federal poverty line safe harbor

Read more about each of these safe harbors at the IRS website [here](#).

9.5%

% of an employee's annual household income that coverage must be below

% of employee's medical expenses that must be covered

60%

Does your health coverage offer minimum value?

Your coverage provides minimum value if it covers at least 60% of the employee's medical expenses.

Form 1094-C

- # of total FTE employees
- Total headcount any minimum essential coverage (MEC) your company offered
- Whether a 4980H safe harbor was used during each month
- IRS must receive by Feb 28, 2016; or March 31, 2016 if you file electronically

Form 1095-C

- Return for each employee—must receive their copy by January 31, 2016
- Proof of coverage offerings
- The employee's share of the lowest cost monthly premium
- Whether a 4980H safe harbor was used each month
- Any self-insured covered individuals



Written Statement for each covered employee (Employee 1095-C)

Must include:

- Employer's name, address, and IRS-given EIN #
- Information required to be shown on section 6056 return for that specific employee
- Must be received by January 31, 2016

Be Aware of the Penalties

Penalty A

You must provide MEC to at least 70% of your employees or you will be forced to pay \$2,000 for every full-time employee that you fail to offer MEC to. The IRS will disregard the first 80 employees in 2015 and the first 30 employees in 2016.

Penalty B

You will be forced to pay \$3,000 for each employee that receives a tax credit if health coverage is not affordable or doesn't provide minimum value and they purchase their own plan on the Healthcare Exchange; less the first 80 employees in 2015 and first 30 employees in 2016.

In addition...

It will cost you \$200 for each missing statement or document that you fail to provide to the IRS.



See If You Qualify for Transition Relief

There are 3 ways to determine if you qualify for transition relief during the ACA employer mandate reporting period. You qualify if you meet these 3 requirements:

1. Limited Workforce Size. On business days during 2014, you must have employed on average between 50-99 FT employees (including FTEs).

2. Maintenance of Workforce. As an employer, you can't have reduced the size of your workforce or your employees' hours of service between February 9th, 2014 to December 31st, 2014 purely to qualify for the transition relief.

3. Maintenance of Previously Offered Health Coverage. You must maintain the health coverage offered to employees as of February 9th, 2014, until the last day of the 2015 plan year.



How HR Technology Can Help

No doubt about it, the Affordable Care Act is complex. Following the requirements to remain compliant can be a challenge. That's why more and more companies are investing in technology to help create more efficient reporting capabilities.

These systems take all your employee data and link it directly with the ACA requirements. It keeps all your necessary information in one singular place where HR has the ability to customize according to your company's reporting needs. Because most are cloud-based, they can also be accessed anywhere to keep up with any ACA changes over time.



Compliance is the number one concern of most HR staffs. This is especially true for smaller companies where the number of staff dedicated to maintaining compliance is limited. The simple fact is that many companies are not familiar enough with the ACA to rely on their own methods when it comes to recording and reporting. The amount of laws and resultant changes when it comes to these requirements can be downright confusing.

Having an HR system [and HR professional partner] in place allows companies the ability to dedicate more resources to the core of their business, rather than tedious reporting and manual processes. Naturally, this would then give the business the freedom to grow and concentrate on more strategic functions. Because the regulations change so frequently, it is only natural that your company has a system in place that can adapt as well.

BEYONDPAY ACA MODULE

Has your organization developed a strategy to manage the ACA?

Our ACA Module provides a proactive management solution for ACA compliance strategy across the entire workforce.

We provide the tools to effectively manage regular and variable hour employees' benefits to minimize your risk of compliance.



CONTACT US TO LEARN MORE ABOUT OUR UNIQUE HR SOLUTIONS.

BEYONDPAY HR TECH

We provide a cloud-based workforce management suite that delivers single-source access to workforce data across time and attendance, HR, payroll, scheduling, and more.