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The Affordable Care Act
Update on Employer Impact

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The Patient Protection and Affordable Care Act

- The Patient Protection and Affordable Care Act was signed into law in 2010.
- Requirements of the law are phasing in between 2014 and 2020.
- The employer reporting requirements take effect January 2016.



Terms and Acronyms

- ACA – Affordable Care Act
- ALE – Applicable Large Employer
- Affordable Coverage – Coverage offered is considered to be “affordable” if the lowest cost self-only health plan is 9.5% or less of your full-time employee’s household income.



Terms and Acronyms

- Sections 6055 and 6056 – Employer reporting requirements; section 6055 individual mandate reporting; section 6056 pay or play reporting.
- Section 4980(h) – Employer shared responsibility provisions of the ACA.

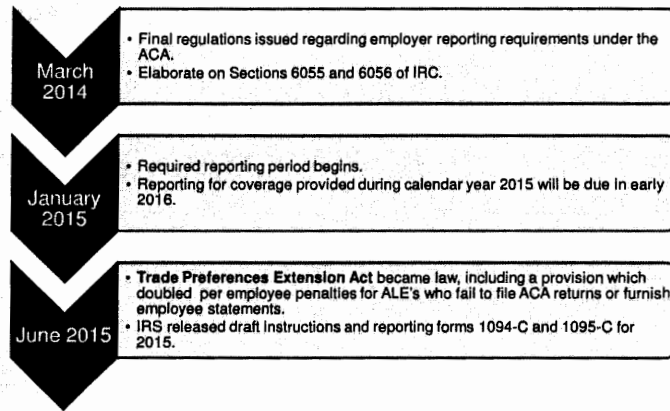


Terms and Acronyms

- 1094-C and 1095C – Employer forms for filing reports required under sections 6055 and 6056.
- Minimum Essential Coverage and Minimum Value Coverage – An employer sponsored plan must cover at least 60% of the total allowed cost of benefits that are expected to be incurred under the plan.



Final Reporting Regulations



Effective Date

- The reporting requirements are first effective for coverage provided during the 2015 calendar year.
- Employers will be required to file returns to the IRS and provide statements to individuals in 2016 to report information regarding coverage offered during the 2015 calendar year.



Reporting Requirements

Section 6055

- Requires annual reporting to the IRS by employers with a self-insured group health plan.
- Used by the IRS to administer individual shared responsibility provisions (5000A)

Section 6056

- Requires annual reporting to the IRS by ALE's about health insurance coverage the employer offered.
- Used by the IRS to administer employer shared responsibility provisions (4890H)



Which Employers?

- ▶ Applicable Large Employers
- ▶ Any employers offering coverage under a self-insured health plan



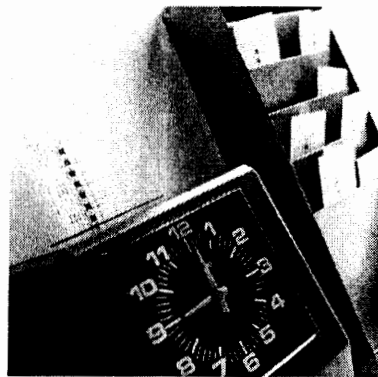
Applicable Large Employer

- ▶ Employed during the previous calendar year:
 - at least 50 full-time employees, or
 - a combination of full-time and part-time employees that equals at least 50.
- ▶ Determination is made based on the number of employees during the previous calendar year.
- ▶ Transition relief is available to employers for the 2015 determination.



Full-Time Employee

- ▶ A **full-time** employee
 - works an average of at least 30 hours of service per week, or
 - a minimum of 130 hours of service in a calendar month.



Hours of Service

- ▶ An **hour of service** is an hour for which an employee is paid or entitled to payment for
 - ▶ the performance of duties for the employer, or
 - ▶ a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence.



Determining Full-Time Status

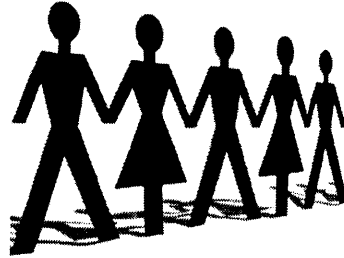
- ▶ **Monthly Measurement**
 - ▶ Counts an employee's hours of service for each month.
- ▶ **Look-Back**
 - ▶ Assesses the hours in a prior period (measurement period) to determine an employee's full-time status during a future period (stability period).



Full-Time Equivalent

▶ A full-time equivalent employee

- ▶ is not an individual employee.
- ▶ is a combination of part-time employees whose combined hours of service are equivalent to those of a full-time employee.



Calculating Full-Time Equivalents

- ▶ To calculate the number of full-time equivalent employees:
 - ▶ Count the total hours worked by all part-time employees in any given month.
 - ▶ Divide that total by 120.
 - ▶ The quotient is the number of full-time equivalent employees, of FTEs.
 - ▶ The number of FTEs must be added to the number of full-time employees.
 - ▶ The total number of full-time employees should be averaged across the months in the year, then measured against the large employer threshold.



Non-hourly Employees

- Three methods to determine whether a **non-hourly** employee qualifies as a full-time employee.
 - Counting the actual hours of service.
 - Using a days-worked equivalency, in which a day worked counts as eight hours of service.
 - Using a weeks-worked equivalency, in which a week worked counts as 40 hours of service.



Reporting Forms

- **Form 1095-C, Employer-Provided Health Insurance Offer and Coverage**
 - Reports information to the IRS about health insurance coverage offered and any safe harbors or other relief available to the employer, or reports that no offer of coverage was made.



1095-C Employer-Provided Health Insurance Offer and Coverage VOID CORRECTED **L00116**
OMB No. 1545-0045
2015

Department of the Treasury
 Internal Revenue Service
 For information about Form 1095-C and its separate instructions, see www.irs.gov/1095c.

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

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

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


14 Offer of Coverage (enter included costs)	15 Employee Share of Covered Costs (Monthly Premium, Self-Only Minimum Value Change)	16 Applicable Deductible (enter date, if applicable)	17	18	19	20	21	22						
14	15	16	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
\$	\$													

Part III Covered Individuals

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

17 Name of covered individual	18 SSN	19 Date of birth (MM/DD)	20 Covered at 12 months	21 Months of Coverage											
17	18	19	20	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			<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"/>
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For Primary Act and Paperwork Reduction Act Notice, see separate instructions. OMB No. 1545-0045 Form 1095-C 2015



Reporting Forms

- **Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns**
 - Provides a summary to the IRS of aggregate employer-level data.



Electronic Filing Requirements

- ▶ Large employers should be aware that regulations require electronic filing with the IRS for employers filing 250 forms or more.
- ▶ This requirement applies to Forms 1094-B, 1094-C, 1095-B, or 1095-C



AIR Program

- ▶ Electronic filing of ACA required forms will be done through the AIR Program.
 - ▶ Any employer who plans to file their Forms 1094-C and 1095-C directly with the IRS must complete the ACA Information Return Transmitter Control Code (TCC) Application and receive a TCC in the mail prior to electronically filing their ACA returns.
 - ▶ The AIR Program is scheduled to begin assurance testing in July 2015, and is expected to be in full production in the fall of 2015.



Resources from the IRS

- Questions and Answers on Information Reporting by Health Coverage Providers for Section 6055
- Questions and Answers on Reporting Offers of Health Insurance Coverage by Employers for Section 6056.
- Questions and Answers on Employer Shared Responsibility Provisions Under the Employer Shared Responsibility Provisions (4980H)



<http://cs3technology.com/aca.html>

