

TELERGEE Alliance

2016 Executive & Finance Conference

ACA: Lessons Learned
BerryDunn Employee Benefits Group
May13, 2016



EMPLOYER MANDATE: WHO MUST COMPLY ?

Size Matters. For 2016:

Small Employer 49 OR LESS FT & FTE employees

Applicable Larger Employer (ALE)

~~MID-SIZE 50-99 FT & FTE employees~~

LARGE 50 OR MORE FT & FTE employees

**Controlled Group and Affiliated Service Group member
Employers are Aggregated!**

ACA: CONTROLLED & AFFILIATED GROUPS

Controlled groups

- Watch out for this!
 - The same rules apply as are used with qualified retirement plans

ACA: CONTROLLED & AFFILIATED GROUPS

Controlled groups

- Parent/Subsidiary
- Brother/sister

Affiliated Service Groups

- Very complex analysis
- At least one entity must be as service entity

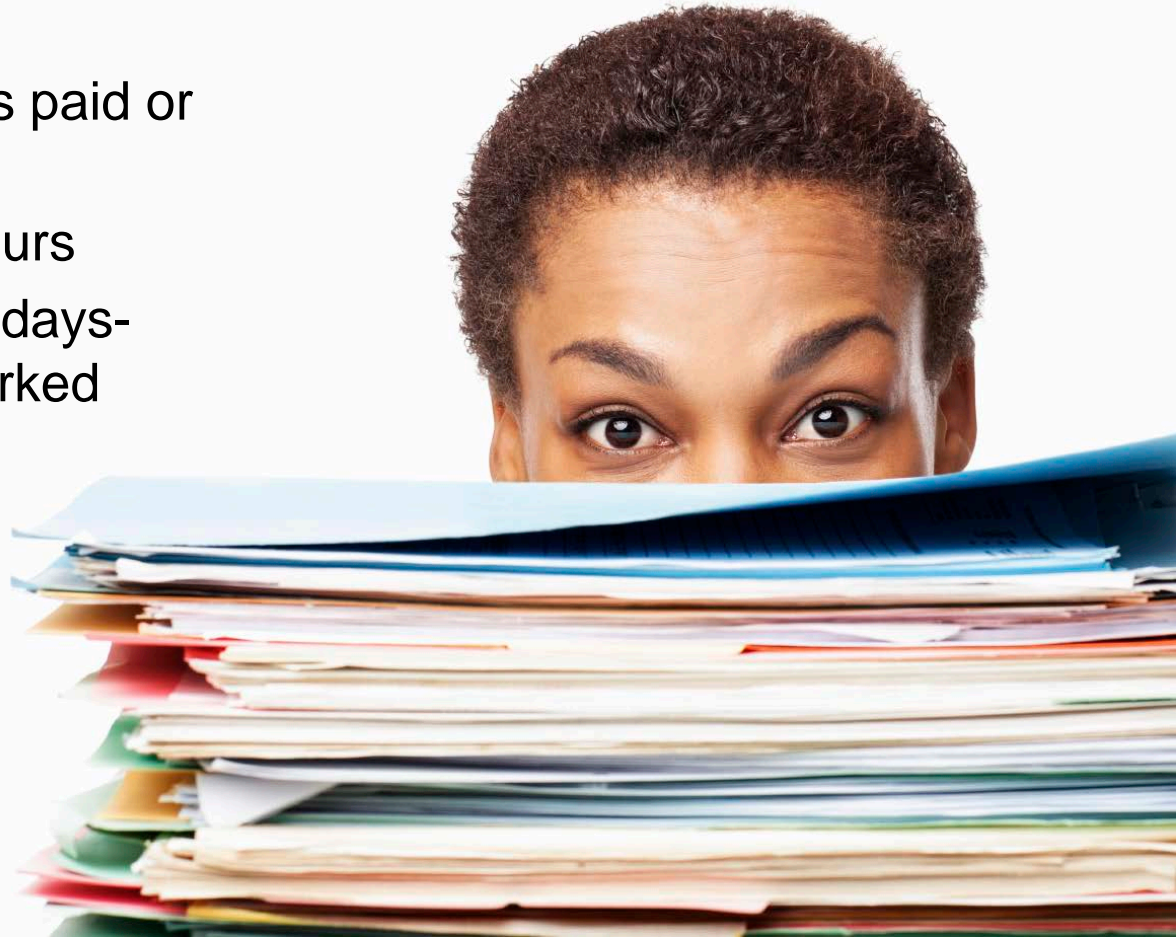
CONTROLLED & AFFILIATED GROUPS

Disaggregation of employers for penalty payments

- Only one 30/80 employee reduction
- Shared ratably based on each group member's FT EEs
- Each member entity owes a penalty, if any, based on its coverage only
- Penalties are assessed individually to group members

FULL TIME EMPLOYEE MEASUREMENT

- Who is full-time is critical!!
- Monthly measurement is ACA default
- Count all hours an EE is paid or entitled to be paid
 1. hourly: use actual hours
 2. salary: use actual or days-worked or weeks-worked equivalencies
- Monthly measurement can get cumbersome!



FULL TIME EMPLOYEE MEASUREMENT: LOOK-BACK METHOD

- Useful if many part-time, variable hour and/or seasonal employees
- Someone has to 'mind the store' and track ongoing measurements
- New employees expected to work <30 hours per week (<130 hours per month) do not receive coverage until measured.
- Three important periods:
 - Measurement Period
 - Administrative Period
 - Stability Period

FULL TIME EMPLOYEE MEASUREMENT: LOOK-BACK METHOD

These documents must be updated for look-back measurement period:

Plan document eligibility provisions

Summary Plan Description eligibility language

Employee Handbook descriptions

EMPLOYER PENALTIES: HOW DO YOU KNOW?

When

Section 1411 Certification

~~2015~~ 2016

Right to appeal

- From the Marketplace
- Certifies that EE has qualified for a subsidy – may trigger penalty

IRS Initial Contact

Fall 2016 for 2015

Right to respond

- Written communication to ER
- Will summarize potential penalty

IRS Issues Notice & Demand for Payment

REQUIRED REPORTING: FORM 1095 SERIES

Form 1095

-A	Marketplace Statement	(issued in January for 2014)
-B	Minimum Essential Coverage (MEC) Reporting	2014 Optional 2015 Required
-C	Applicable Large Employer (ALE) Reporting	2014 Optional 2015 Required

Timing: Generally same as Form W-2 (except for 2015)

- Provide to individuals by 1/31
- Generally, provide to IRS by 2/28 (paper) or 3/31 (electronic)

GOOD FAITH STANDARD FOR 2015 PENALTY RELIEF

ACA REPORTING RELIEF

New reporting deadlines for Forms 1095-B and 1095-C and the companion Forms 1094.

	Old Date	New Date
Furnish to individuals	2/01/16	3/31/16
File with IRS – paper	2/29/16	5/31/16
File with IRS – electronic	3/31/16	6/30/16

No further extensions may be applied for.

FORM 1094-C REPORTING

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

If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

- A. Qualifying Offer Method B. Qualifying Offer Method Transition Relief C. Section 4980H Transition Relief D. 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature Title Date

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 61571A

Form **1094-C** (2015)

FORM 1094-C REPORTING

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Form 1094-C (2015)

Part III ALE Member Information – Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Section 4980H Transition Relief Indicator
		Yes	No				
23	All 12 Months	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
24	Jan	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
25	Feb	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	

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Form 1094-C (2015)

Part IV Other ALE Members of Aggregated ALE Group

Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

	Name	EIN		Name	EIN
36			51		
37			52		
38			53		

FORM 1095-C COMMON MISTAKES

1. Providing Form to non-full-time employees
2. Misunderstanding of fiscal plan year transition relief
3. Miss-use of safe harbor codes
4. Inconsistent reporting of limited non-assessment periods

DOCUMENT-DOCUMENT-DOCUMENT!!!

Annually, you should maintain the following documents in an ACA file:

- Supporting documents for Applicable Large Employer Status
- Full-time employees for the calendar year
- Support for offers of coverage to full-time employees
- Support for meeting affordability and minimum value standard
- Controlled group/affiliated service group members

EMPLOYER PAYMENT OF INDIVIDUAL PREMIUMS

Generally not allowed – either pre-tax or post-tax

Health Reimbursement Arrangements

Cafeteria Plans

Bonus arrangements

Extreme penalty for failures of \$100/day per employee affected

OPT-OUT PAYMENTS: AFFORDABILITY

Unconditional opt-out payments will negatively affect affordability for purposes of “b” penalty and Form 1095-C reporting. Proposed regulations coming.

For now – new arrangements adopted after 12/16/2015 must comply immediately.

Existing arrangements adopted on or before 12/16/2015 will not affect affordability until final regulations.

Note: EE may claim that affordability is impacted and potentially get a subsidy!



INTERESTED IN MORE?

Contact Bill Enck, a Senior Manager in BerryDunn's Employee Benefit Consulting Group, to learn more.

benck@berrydunn.com

Phone 207.541.2300

Website berrydunn.com

Blog berrydunn.com/firmfooting





INTERESTED IN MORE?

Contact Roger Prince, a Senior Manager in BerryDunn's Employee Benefit Consulting Group, to learn more.

rprince@berrydunn.com

Phone 207.541.2314

Website berrydunn.com

Blog berrydunn.com/firmfooting

