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It's Groundhog Day – Let's do the ACA again!

*August 16, 2016*

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# Agenda

ACA Measurement

Demo

ACA Reporting

Demo

Q&A

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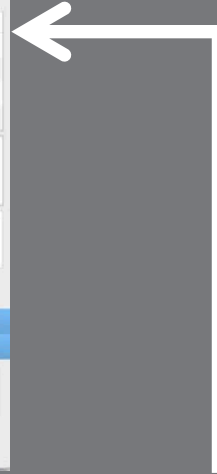
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- ▶ Chat

**Test - Witnessing History**  
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# **Better Technology for a Better Benefits and HR Experience**

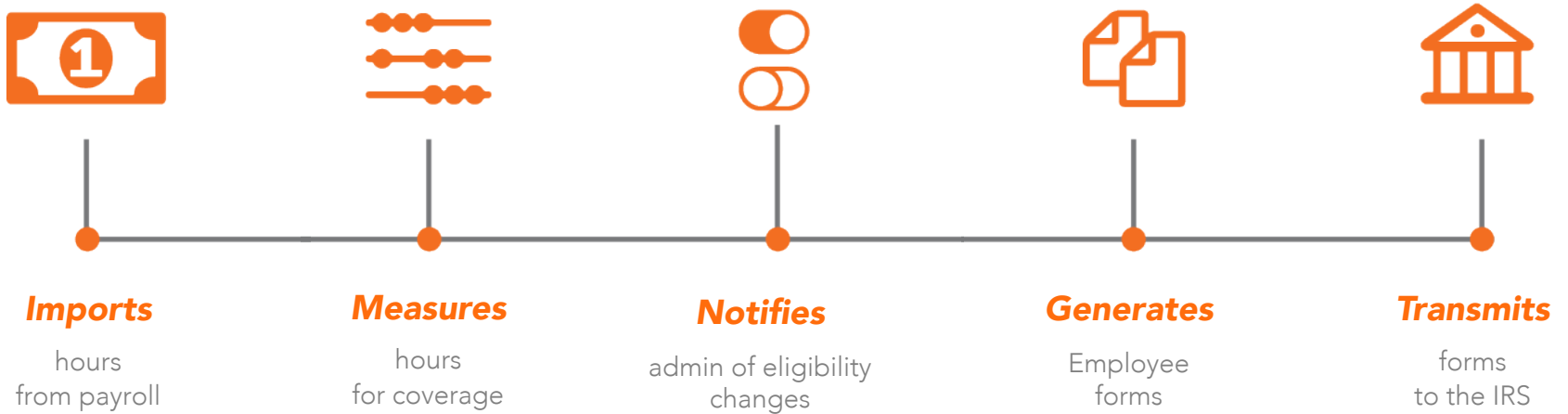
PlanSource is a technology company driven to create a better benefits and HR experience for employers and their employees.

We offer flexible and intuitive software for benefits administration, insurance exchanges and human capital management for nearly 10,000 employers and 3.5 million consumers.





# ACA Measurement and Reporting



# PlanSource ACA By the Numbers

2015 ACA Reporting | As of August 2016

**713**

Employers

**2,075**

FEINs

**~751K**

Measured EEs

**~450K**

1095-Cs  
Transmitted

**1,955**

1094-Cs  
Transmitted

**<4% IRS**

Corrections  
Requested



**Jake Dekelver**  
*ACA Consultant*  
PlanSource



**Danielle Nugent**  
*Solutions Consultant*  
PlanSource

# Agenda

## ACA Measurement

Demo

ACA Reporting

Demo

Q&A

# Importance of ACA Measurement

*Employers must be able to identify their FTEs in advance of coverage periods*

Applicable Large Employers that fail to offer FTEs (Full-Time Employees) minimum essential coverage that is:

- Affordable
- Provides minimum value

May be subject to penalties if an FTE purchases coverage on an exchange and qualifies for a subsidy

Employers with very stable workforces and employees who are always either full-time or part-time may find that this is an easy task. But employers with variable-hour schedules for some or all employees might find it more difficult to identify which employees are considered full-time according to the law.

# Two Ways to Measure Employees

*To determine full-time status*

## Look-Back Method



Full-time status during stability period based upon hours worked during measurement period

## Monthly Method



130 hours in January



Offer coverage by February 1

# Look-Back Method

*System to determine which EEs qualify as FT in advance of the coverage period*

## *Three Periods*

1. Measurement period  
(look-back period)
2. Administrative period  
(max of 90 days)
3. Stability period

Employee status (full-time or part-time) is based on the measurement period and won't change during the stability period, regardless of the actual hours worked during the stability period.



# Measurement and Stability Periods

*System to determine which employees qualify as full-time*

*Two Types of Measurement:*

1. Measurement for existing employees
2. Measurement for new hires



## The challenge:

Since new hires get their own measurement period and all employees are subject to measurement each year, you're in a constant state of measurement.



# Scenario #1 of 4 - Existing Employees

**2015**

**2016**

Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec

**MEASURE FOR 2016 PLAN YEAR**

**Admin**

**STABILITY FOR 2016 PLAN YEAR**

At least 6 months in length  
At least as long as the measurement period

# Scenario #2 of 4 - A New Hire

*The new hire requires a separate measurement period*

**2015**

**2016**

**2017**

Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec

MEASURE FOR 2016 PLAN YEAR

Admin

STABILITY FOR 2016 PLAN YEAR

MEASURE FOR 4/1/2015 NEW HIRE (12 Months)

Admin

NEW HIRE Stability (12 months)

HIRE DATE

13-month restriction

Cannot be more than 1 month longer than the measurement period

# New Hire Measurement – Expected Full-Time

Employees can be defined as “Expected Full-Time” if they work in a job class where they are expected to work 30+ hours per week upon hire. The system uses this to determine how to measure the employee from the hire date until standard measurement takes over.

- Expected Full-Time employees are measured *monthly* until standard measurement/stability takes over
- Employees who are not Expected Full-Time upon hire are placed into an initial measurement upon hire

# Scenario #3 of 4 – Variable Hour Employee

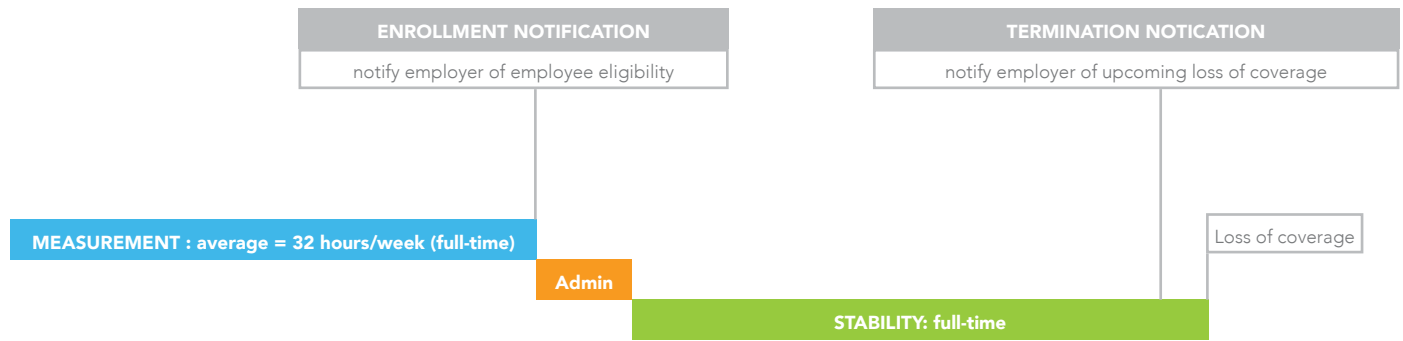
*New hire was eligible and enrolled in coverage. . . .*

**2015**

**2016**

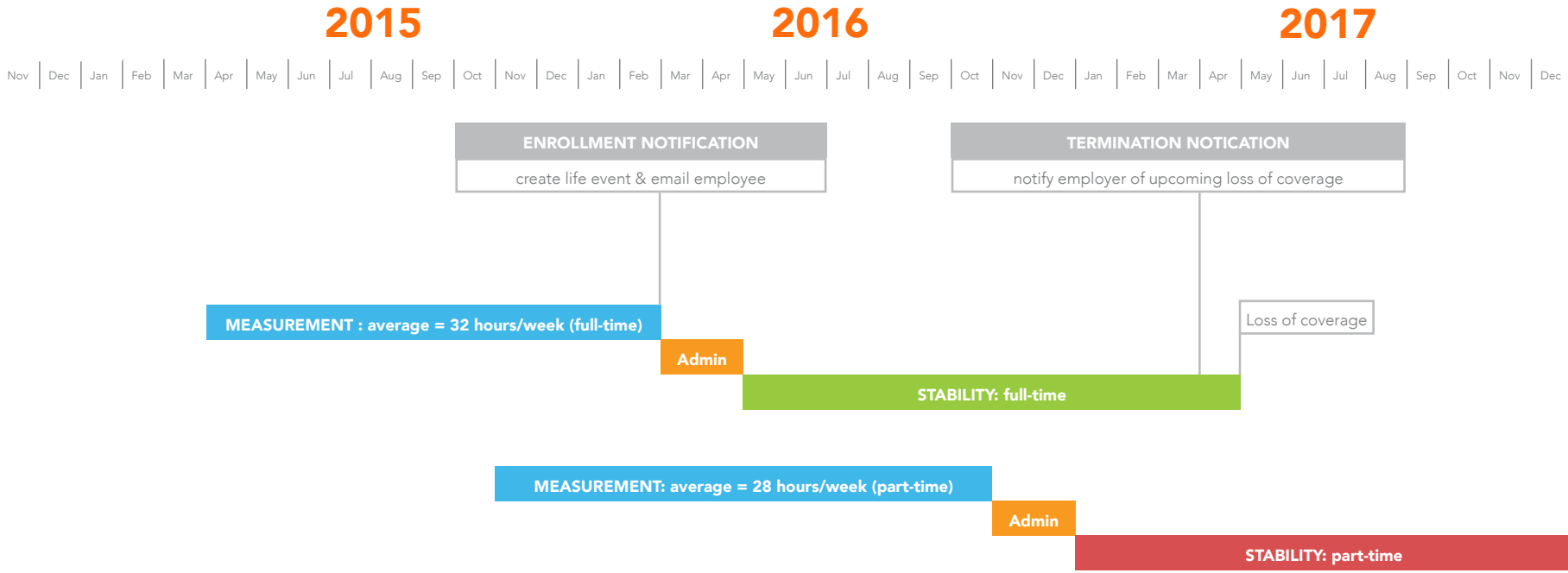
**2017**

Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec



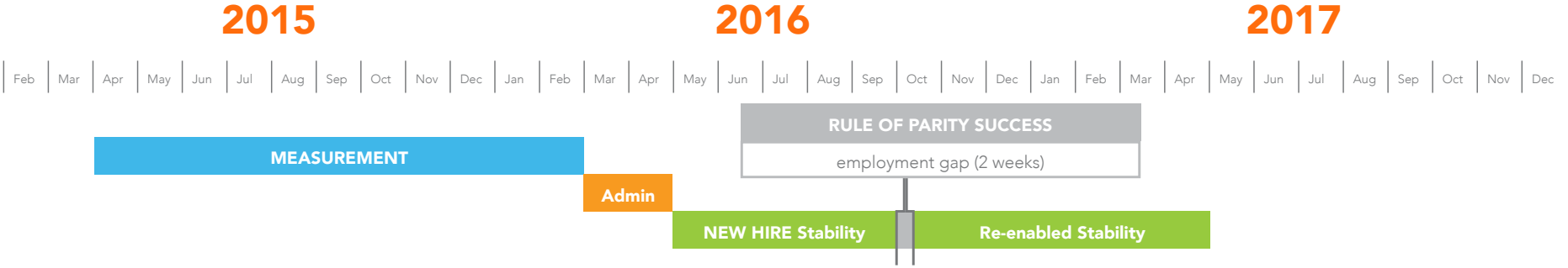
# Scenario #3 of 4 – Variable Hour Employee

.... Then lost eligibility in a subsequent measurement period



# Scenario #4 of 4 – Rehired Employees

## *Non-Educational Employer Example #1*

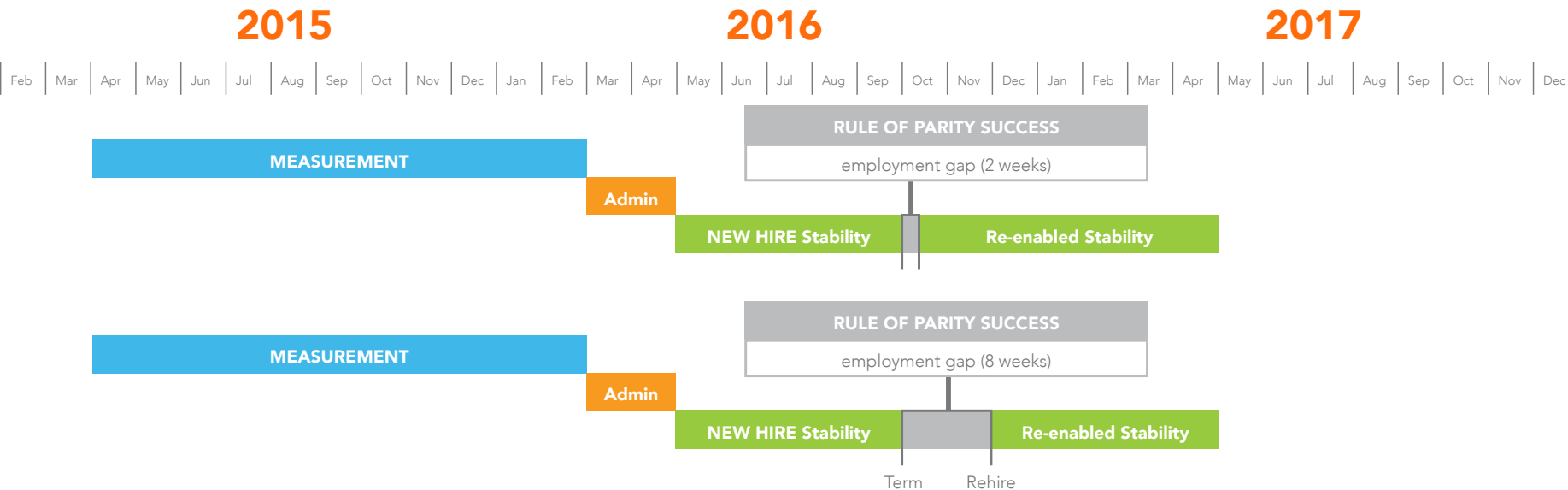


### *Rule of Parity Logic*

- |                   |                        |
|-------------------|------------------------|
| <4 weeks          | Continuing employee    |
| >= 4 & < 13 weeks | Compare employment gap |
| >= 13 weeks       | Treat as new hire      |

# Scenario #4 of 4 – Rehired Employees

## Non-Educational Employer Example #2



### Rule of Parity Logic

- <4 weeks                      Continuing employee
- >= 4 & < 13 weeks        Compare employment gap
- >= 13 weeks                Treat as new hire

# Scenario #4 of 4 – Rehired Employees

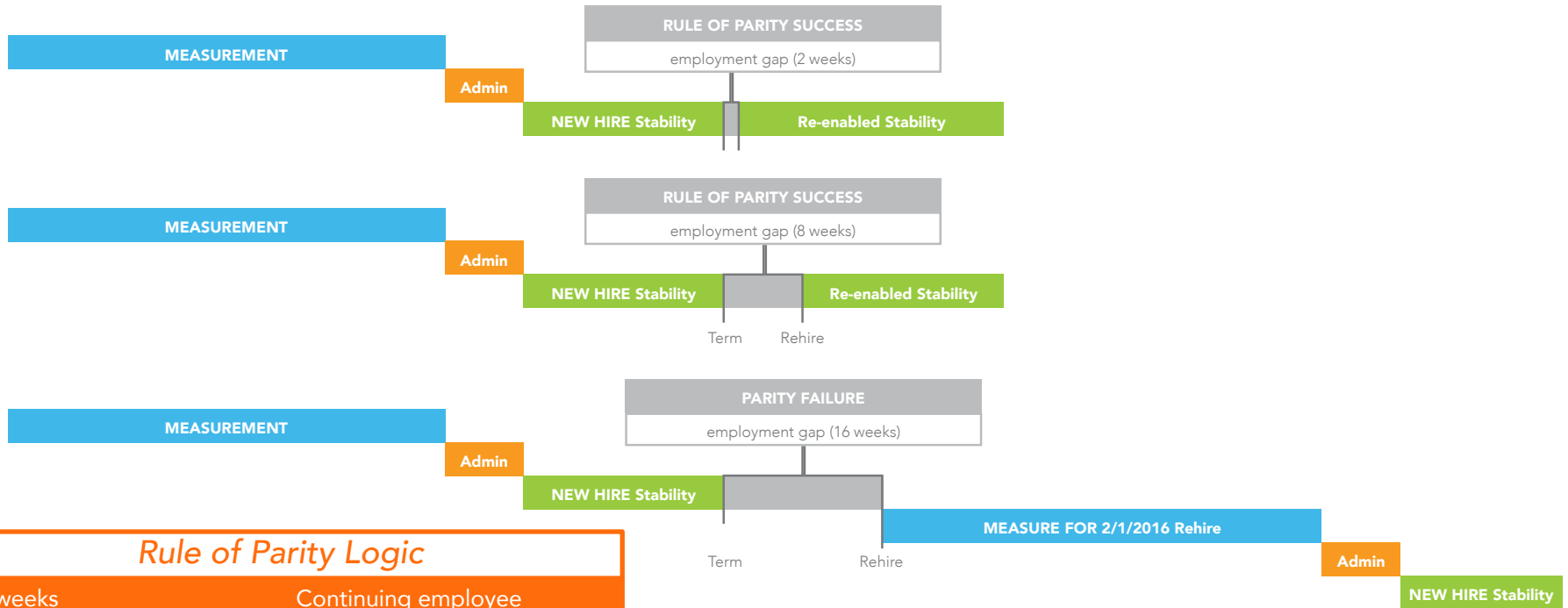
## Non-Educational Employer Example #3

2015

2016

2017

Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec



### Rule of Parity Logic

- < 4 weeks                      Continuing employee
- >= 4 & < 13 weeks        Compare employment gap
- >= 13 weeks                Treat as new hire



# Rule of Parity Summary

*Educational vs. non-educational employers*

## *Rule of Parity Logic*

### **Non-Educational Employer Timeframes**

<4 weeks	Automatically continuing employee
>= 4 & < 13 weeks	Compare employment gap
>= 13 weeks	Automatically new hire

### **Educational Employer Timeframes**

<4 weeks	Automatically continuing employee
>= 4 & < 26 weeks	Compare employment gap
>= 26 weeks	Automatically new hire

# Two Types of Employees

## Group 1



### Full-Time Employee

Receives benefits

Actual hours worked **do not** need to be tracked

## Group 2



### Variable Hour Employee

Does not normally receive benefits

Actual hours worked **must be** tracked and analyzed

Note: You still must comply with the reporting requirements for both groups of employees.

# How do you get the data to measure?

*Use weekly equivalency or import actual hours worked from payroll*

## **Group 1** **Weekly Equivalency**

- System-generated 40-hour work week
- Employees are guaranteed to measure full-time

## **Group 2** **Payroll System Import**

- Spreadsheet upload or manual entry
- Import based on your payroll frequency (weekly, biweekly)

*\*Tip: Importing hours as they occur ensures that your measurement is current so that you can offer coverage timely*

# Weekly Equivalency vs. Expected Full-Time

*What is the difference?*

## ***Weekly Equivalency***

Used to identify employees eligible for automatic hours to be applied

## ***Expected Full-Time***

Used to determine how to measure a new hire

Typically the way a group identifies Expected FT and Weekly Equivalency are identical; however, the system allows the flexibility to define these independently.

# Agenda

ACA Measurement

**Demo**

ACA Reporting

Demo

Q&A

# Agenda

ACA Measurement

Demo

**ACA Reporting**

Demo

Q&A

# Where the ACA Meets the IRS

## The ACA added Sections 6055 and 6056

Applicable Large Employers (ALEs) need to file information returns with the IRS and provide statements to their FTEs about the health insurance coverage that the employer offered

# What Are The Reporting Requirements?

**Insurers and Self-Insured Employers**      **Self-Insured and Fully-Insured Employers**

↓  
**Section 6055**

↓  
**Section 6056**

↓  
**Form 1095-C**    Employee level

Due to Employees  
January 31, 2017

---  
**Form 1094-C**    Organizational level

Electronically due to IRS  
March 31, 2017



# What to Report to the IRS

## Form 1095-C Overview

### Form 1095-C: Employer-Provided Health Insurance Offer and Coverage

PlanSource will populate all parts of Form 1095-C and present it electronically to employees who can opt out of receiving a paper version (employers have access to a master PDF document to print and mail to employees).

Form <b>1095-C</b> Department of the Treasury Internal Revenue Service		<b>Employer-Provided Health Insurance Offer and Coverage</b>						<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-2251 <b>2015</b>					
<b>Part I Employee</b>		<b>Applicable Large Employer Member (Employer)</b>													
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					
<b>Part II Employee Offer and Coverage</b>															
14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec		
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)															
<b>Part III Covered Individuals</b>															
If Employer provided self-insured coverage, check the box and enter the information for each covered individual. <input type="checkbox"/>															
(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			<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"/>
18			<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"/>
19			<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"/>
20			<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"/>
21			<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"/>
22			<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"/>
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.										Cat. No. 60705M		Form <b>1095-C</b>			

# What to Report to the IRS

## Form 1094-C Overview

Form **1094-C** Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns  CORRECTED 120115  
OMB No. 1545-2251

Department of the Treasury Internal Revenue Service **2015**

► Information about Form 1094-C and its separate instructions is at [www.irs.gov/1094c](http://www.irs.gov/1094c).

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

1 Name of ALE Member (Employer)		2 Employer identification number (EIN)	
3 Street address (including room or suite no.)			
4 City or town		5 State or province	6 Country and ZIP or foreign postal code
7 Name of person to contact		8 Contact telephone number	
9 Name of Designated Government Entity (only if applicable)		10 Employer identification number (EIN)	
11 Street address (including room or suite no.)			
12 City or town		13 State or province	14 Country and ZIP or foreign postal code
15 Name of person to contact		16 Contact telephone number	

**For Official Use Only**

17 Reserved

18 Total number of Forms 1095-C submitted with this transmittal

**Part II ALE Member Information**

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions

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**

## Form 1094-C: Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

PlanSource will populate all parts of Form 1094-C and transmit to the IRS (along with the 1095-C Forms) on behalf of the organization.

# What are the Reporting Timelines (for 2016)?

January						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

March						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**January 31**, 2017 - Form 1095-C to Employees

**February 28**, 2017 - Form 1094-C Manual Filing Deadline

**March 31**, 2017 - Form 1094-C Electronic Filing Deadline

# What Are the Penalties for Non-Compliance?

**\$250 per**

return or statement

**\$3.0M**

is the maximum penalty

in a calendar year

**Note:** If a failure is caused by **intentional disregard**, the \$250 penalty noted above is doubled to \$500 for each failure, and there is no maximum for the calendar year.

# Agenda

ACA Measurement

Demo

ACA Reporting

**Demo**

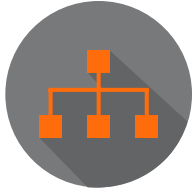
Q&A

# What Triggers a Form to be Created?

Any employee measured as FT and with a FT stability period any day of the year

Anyone covered under a self-insured medical plan for even one day of the year

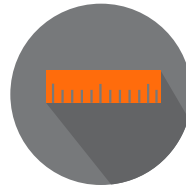
# A Complete ACA Solution



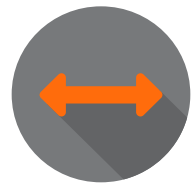
Multiple FEINs



Payroll Import



Measurement



Rule of Parity



Workflow



Employer Reporting



Employee Reporting



W-2 Reporting

# Q&A



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[www.plansource.com/demo](http://www.plansource.com/demo)



# Safe Harbor Calculation

*The PlanSource System translates each into a monthly rate as follows*

W2  
Box 1

- Uses the employee's annual salary from Box 1 of their W2
- $((W2 \text{ box } 1 * (365/\text{days of employment}))/12 = \text{Monthly Wage}$

Pay Rate

- The PlanSource system requires that you convert this safe harbor to an hourly rate of pay
- $\text{Hourly Rate} * 130 = \text{Monthly Wage}$

Poverty

- Uses the Federal Poverty Level and is based on a one person household
- $\text{Annualized one person Poverty rate}/12 = \text{Monthly Wage}$

This monthly rate is then used to determine the affordability