

# The Employer's Guide To ACA Compliance

2019 EDITION



# TABLE OF CONTENTS

<b>Understanding ACA and Changes</b>	page 4
<b>Determining Eligibility</b>	page 5
<b>Important Dates and Deadlines</b>	page 6
<b>ACA Requirements</b>	page 7
<b>Reporting Forms</b>	page 8
<b>Penalties</b>	page 9
<b>How Tech Can Help</b>	page 10
<b>PlanSource ACA Solutions</b>	page 10
<b>About PlanSource</b>	page 12

## INTRODUCTION

Welcome to the PlanSource ACA Guide. Passed in 2010, the Affordable Care Act has managed to dodge several repeal attempts and is still an incredibly important regulation for employers to monitor. Each year presents new challenges for employers and annual legislation changes can be difficult to interpret and even harder to track.

*And that's why we're here.*

Our annual ACA guide will help you determine if your organization falls under the scope of the Affordable Care Act regulations, will inform you of important ACA-related dates and deadlines for the upcoming year and educate you on how to keep your organization compliant.

Let's get started!



## UNDERSTANDING ACA AND 2019 CHANGES

Though 2017 and 2018 offered few, if any, updates to ACA rules and regulations, there are several changes slated for 2019.

The biggest change for 2019 will not directly impact employers - yet. A new tax bill passed in December 2017 has repealed the individual coverage mandate. Effective January 1, 2019, individuals will not be required to have health insurance and will not be fined for not maintaining coverage. However, the new bill did nothing to repeal or update the ACA mandate for employers (50+ full-time employees) to provide insurance for employees.



***Employers are still required to offer health care coverage to applicable employees in 2019.***

One change that will impact employers in 2019\* is the percentage of an employee's income that their health care contribution must not exceed. Previously, this number was 9.56%, meaning the cost of employer-provided health care must not exceed 9.56% of an employee's income. In 2019, that amount will be increased slightly to 9.86%. This amount will determine whether your health care is considered 'affordable', an important requirement for ACA compliance.

\*Note: While this change will go into effect in 2019, it will not impact employer reporting until submissions in 2020.

<b>Plan Calendar Year</b>	<b>Prior Year's Federal Poverty Level</b>	<b>Affordability Percentage</b>	<b>Maximum Monthly Contribution (Self Coverage)</b>
2019	\$12,140	9.86%	\$99.75
2018	\$12,060	9.56%	\$96.08
2017	\$11,880	9.69%	\$95.93
2016	\$11,770	9.66%	\$94.75
2015	\$11,670	9.56%	\$92.97

\*Info via [Society of Human Resources Management](#)

## DETERMINING ACA ELIGIBILITY

If you're wondering whether or not your organization is subject to ACA large employer mandate regulations, we first need to determine your 'ALE' (applicable large employer) status.

Not all organizations are required to offer health insurance benefits to their employees. Determining your ALE status is the first step in establishing your ACA requirements and whether or not your organization is subject to compliance. Whether or not a company is considered an ALE depends on the size of the company during the previous year. So, the health care coverage you must offer in 2019 depends on the size of your organization in 2018.

In order to be considered an ALE, an organization must have employed an average of 50 full-time employees during the previous calendar year. This number must also include full-time equivalent employees, which are employees that averaged at least 30 hours per week or 130 total hours during a calendar month.



### Calculating the average is simple:

$$\frac{\text{Total \# of full-time and equivalent employees from each month}}{12} > 50 = \text{ALE}$$

Divide the total number of full-time employees you had for each month in the year by 12. If this number is 50 or greater, you are considered to be an ALE and your company must offer health insurance to employees. If the number is less than 50, you are not considered an ALE and are not subject to the large employer mandate.

<b>Employee Classifications</b>	
Full-Time Equivalent	Works 30 or more hours per week on average
Part-Time Employees	Works less than 30 hours per week on average
Variable Hour Employees	Can't determine weekly hours in advance because of their schedule changes
Seasonal Employees	Begin work at a certain season every year; does not exceed 6 months

## ACA DATES AND DEADLINES FOR 2018 REPORTING



### Under 50 Employees

#### Key Dates:

If no health insurance is offered, employers are not required to submit any documentation. If an employer offers a fully-insured medical plan, they are not required to submit any documentation. The only scenario in which an employer with under 50 employees would be required to submit documentation would be if the employer offered a self-insured plan. Self-insured plan documentation via the 1095-B form is due by **January 31st, 2019**.

#### What Should I Do?

Individuals are no longer subject to the ACA individual mandate. Remind your employees of this change and inform them that they will not be subject to any fines.

#### Important To Note:

Organizations that are close to the 50 ALE threshold should consider vetting ACA solutions for the upcoming year in case they do exceed 50 employees in the coming year, which would subject them to the laws and penalties of the ACA.

### 50+ Employees

#### Key Dates:

**January 1, 2019:** Employers must begin reporting on employees and coverage

**March 31, 2019:** Final deadline for all 1095 form submissions for ACA reporting.

#### What Should I Do?

Consider investing in an automated ACA solution to assist with ACA-specific tracking and reporting.

#### Important To Note:

Employers that do not meet the deadlines for ACA reporting or that do not meet the requirements for ACA compliance will be subject to non-compliance penalties.

\*Paper filing only permitted for filing under 250 forms.

## ACA REQUIREMENTS - 'AFFORDABLE' AND 'MINIMUM VALUE'

The ACA was enacted in an effort to provide 'affordable health care options that cover a minimum value of services'. If that sounds confusing, don't worry. The ACA clearly outlines exactly what criteria must be met to qualify for compliance.

### *Is Your Coverage Affordable?*

**9.86\*** - the percentage of an employee's annual household income that coverage cost must not exceed

If an employee's portion of the premium exceeds **9.86%** of the employee's annual household income, it is not considered affordable.

### *Does Your Coverage Offer Minimum Value?*

**60%** - the percentage of an employee's medical expenses that must be covered

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

\*New for 2019; the % was raised from 9.56% in previous years ([Info via Society of Human Resources Management](#))



## REQUIRED FORMS

There are several specific forms that need to be completed and submitted to meet ACA compliance requirements. Keep in mind that solutions exist to expedite this process - more on that later.

### 1094-C

This form provides information to the IRS about the employer/FEIN the associated 1095-C forms are filed under. Think of the 1094-C as a cover sheet for the 1095-C forms that accompany it to the IRS.

*Important 1094-C form details to note include:*

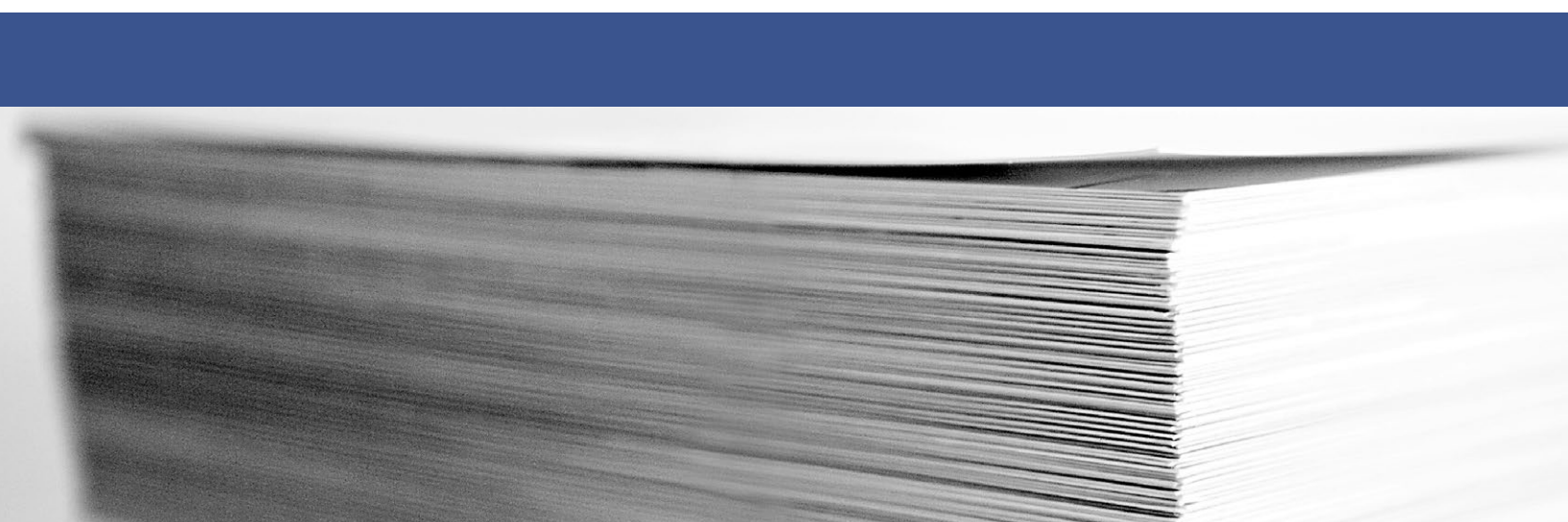
- Number of full-time and total number of employees by month
- Whether minimum essential coverage was offered to at least 95% of your applicable employees by month
- Whether a 4980H safe harbor was used each month
- IRS must receive this form by February 28, 2019 if you file manually, or March 31, 2019 if you file electronically.

### 1095-C

This form serves as a 'proof of insurance' sheet that must be provided to each employee that is eligible to receive health insurance under the ACA definition of an eligible employee and any individual that enrolled in a self-funded medical plan. This form provides information about the coverage offered to employees, the lowest-cost premium available to employees and the months of the year when the coverage was available. This form is also reported to the IRS.

*Important 1095-C form details to note include:*

- The employee's share of the lowest cost monthly premium
- Whether a 4980H safe harbor was used each month
- Any self-insured covered individuals
- Employees must receive their copy by January 31, 2019





## PENALTIES

Failure to comply with ACA deadlines and requirements could result in steep fines. There are two different penalty categories - penalty 'A' and penalty 'B'. Employers will not be subject to more than one penalty per year. Here's what you need to know about ACA penalties:

### Penalty A

Penalty A applies to employers that are subject to the employer mandate but fail to meet the health care coverage requirements. Organizations must provide minimum eligible coverage (MEC) to at least 95% of full-time employees. Failure to comply will result in a fine of \$2,320 per each full-time employee (excluding the first 30) that do not receive coverage. The fine is calculated monthly but paid annually.

Employer Information	Trigger	Penalty
250 full-time employees No health plan offered	A full-time employee acquires coverage through the state exchange and receives a federal premium subsidy	\$2,320 per full-time employee, minus first 30 full-time employees. $250 - 30 = 220$ $\$2,320 \times 220 = \$510,400$

### Penalty B

Penalty B ensures that the health plans being offered to employees meet ACA requirements for being 'affordable' and offering 'minimum value'. Organizations that do not meet the outlined requirements will be fined \$3,480 per employee receiving a subsidy OR \$2,320 per full-time employee (minus the first 30). The lesser of the two fines will be applied.

Employer Information	Trigger	Penalty
500 full-time employees A health plan is offered but the plan cost exceeds requirements for 'affordability'	150 full-time employees acquire coverage through the state exchange and receive a federal subsidy	\$2,320 per full-time employee, minus the first 30 full-time employees. $500 - 30 = 470$ $\$2,320 \times 220 = \$1,090,400$ OR \$3,480 per full-time employee receiving a federal premium subsidy. $\$3,480 \times 150 = \$522,000$  The lesser penalty of \$522,000 would apply.

Additionally, organizations will be fined \$270 for each missing statement or document that is not provided to the IRS by the corresponding deadline. That's a lot of potential fines! Avoid these unnecessary and costly fees by investing in the appropriate resources to manage and audit your ACA requirements and compliance.

\*ACA penalty information provided by Cigna

## HOW TECH CAN HELP

Investing in an ACA solution will not only save your HR team valuable time but also ensure accuracy across all forms and reporting.

ACA is complicated, with several intricate reporting requirements and hard deadlines that must be met to avoid fines. A good ACA tech solution will integrate with multiple HR data streams, resolve any data discrepancies or errors and compile all of the necessary information into a single source.

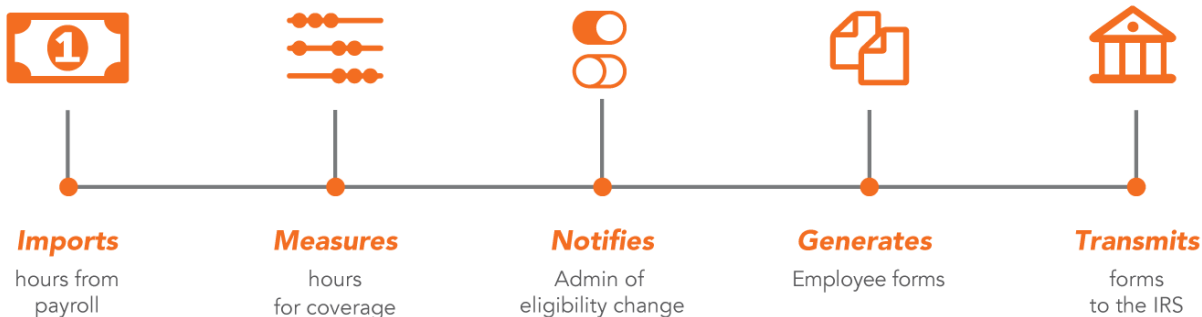
By unifying all of your data into one place and automating your ACA reporting, you will save countless hours of manual work and guarantee that your employee data is 100% accurate and formatted in an IRS-friendly manner for effortless submission.

## PLANSOURCE ACA SOLUTIONS

Employee benefits are our area of expertise, making PlanSource a natural choice for measuring and reporting ACA compliance. We offer several ACA services to meet the individual needs of organizations of any size across any industry.

### *ACA and Benefits Solution*

The complete PlanSource ACA solution offers an end-to-end platform that handles the entire process from start to finish. This option is ideal for clients already using the PlanSource platform.



### *ACA Reporting and e-Filing*

Seeking an ACA expert partner? Our standalone ACA reporting tool is ideal for employers that don't currently use PlanSource and are seeking a 'hands off' solution. We'll create your 1094-C and 1095-C forms, calculate line 14 and 16 codes and handle IRS transmission. And, we will print and mail your 1095-C forms for your employees. How's that for stress-free?

### *1095-C Printing and Distributing*

PlanSource's ACA fulfillment service makes it easy to print and mail 1095-C forms directly to employees. Our service identifies which of your employees need to receive a 1095-C form, so no manual input is required. Our team pulls your approved and populated forms, giving you a hands-free and secure way to distribute your 1095-C forms. And you? You stay compliant, reduce administrative costs, and know the job is done right. This service is automatically included with both ACA solutions.

## ACA TESTIMONIALS



“At Central Freight Lines, we manage over 1,700 employees. We learned about the PlanSource ACA solutions through our benefits provider as an option to automate our processes. Compliance-wise, it definitely helps with ACA. That was really the biggest reason our broker initially brought PlanSource to our attention. They really felt it could help us with ACA compliance and the automation of the 1095 and 1094 forms. With a company of our size, it would be next to impossible to be fully compliant with the ACA via paper tracking and manual submissions.”

**Scott Spray**, Director of HR, Central Freight Lines

**CNRG Uses PlanSource Benefits and HCM Technology to Boost Efficiency, End Noncompliance and Banish Paper**

Case Study: Central Network Retail Group  
Location: Memphis, TN | Industry: Retail | Employees: 1,577 | Website: www.cnrgrts.com

**PLANSOURCE**  
The Group You Benefit

**CNRG**  
Central Network Retail Group, LLC (CNRG) is a multi-format, multi-brand company operating more than 80 hardware stores, home centers and lumberyards, with 970 full time and 567 part time employees. Founded in 2011, CNRG's vision is to bring together the best businesses in the home improvement industry to take advantage of collective strengths, particularly through supply chain relationships and shared administrative expenses.

**STRATEGIC BENEFITS DESIGN**  
Strategic Benefits Design is an industry-leading benefits design, consulting, and communication company that offers web-based insurance information with proven products and services to individuals, families and companies. The Strategic Benefits Design team works with leading technology companies such as PlanSource to provide businesses with competitive benefits packages that enable companies to recruit, reward and retain employees.

CHALLENGE	SOLUTION	RESULTS
Central Network Retail Group is a combination of 80 hardware stores, home centers and lumberyards with 15 distinct brands. When it was founded in 2011, it used separate benefits administration and human resources systems. Employees signed up for benefits on paper forms and payroll was handled separately. Using separate systems throughout the company led to inefficiencies and noncompliance issues.	In 2013, under the guidance of its broker partner, Strategic Benefits Design, CNRG implemented PlanSource for benefits administration. This took CNRG off paper for benefits, but its other HR systems were still incompatible with each other. In 2015, CNRG chose PlanSource to run all its remaining HR systems, including payroll, time and attendance, applicant tracking, onboarding and ACA compliance.	As a result of having all of CNRG's systems fully integrated and automated, dozens of paper forms have been eliminated; they have a 360 degree view of their employees; payroll is fully integrated with other systems; overtime has decreased by 50%; compliance issues have been removed and, with the help of Strategic Benefits Design's unique benefit packaging offerings, CNRG has cut their medical loss ratio almost in half.

**Summary**

- 1,500+ Employees Enrolled
- 50% less overtime in first 3 months
- 360° view of employee interactions

Find out more at [www.plansource.com/cnrg](http://www.plansource.com/cnrg)

“I knew the timeline was incredibly ambitious, but there were so many advantages to having benefits linked to payroll and the various other systems, as well as the ACA compliance hurdles we had in front of us that we needed to have the system up and ready for our August open enrollment. I had the utmost confidence in our team and PlanSource’s implementation team so I knew we could make our six-week deadline. I can’t say enough good things about the PlanSource support and implementation team. With their help and the help of our incredible HR team, we got the system up and running with no hiccups.”

**Elizabeth Colvin**, VP of Human Resources, CNRG

## ABOUT PLANSOURCE

At PlanSource, we are devoted to creating the best benefits experience available.

Helping people get the coverage they need is immensely important. Benefits give people peace of mind, access to invaluable health care, and can even save them from financial ruin. It's a responsibility we take seriously. That's why we are honored to partner with thousands of organizations on custom benefits programs, services and human capital management tools that help millions of employees and their families when they need it most.

PlanSource provides a cloud-based solution for benefits administration and human capital management that is affordable, intuitive and highly configurable to support any benefits strategy. Combined with a range of complementary benefit services, PlanSource is an employer's single and complete source for human resources software.

To see how PlanSource can help you provide a better benefits experience for your benefits administrators and your employees, schedule a complimentary, no-strings-attached consultation below. We'll discuss your ACA reporting pain points and explore how one of the PlanSource services can help ease your ACA woes.

