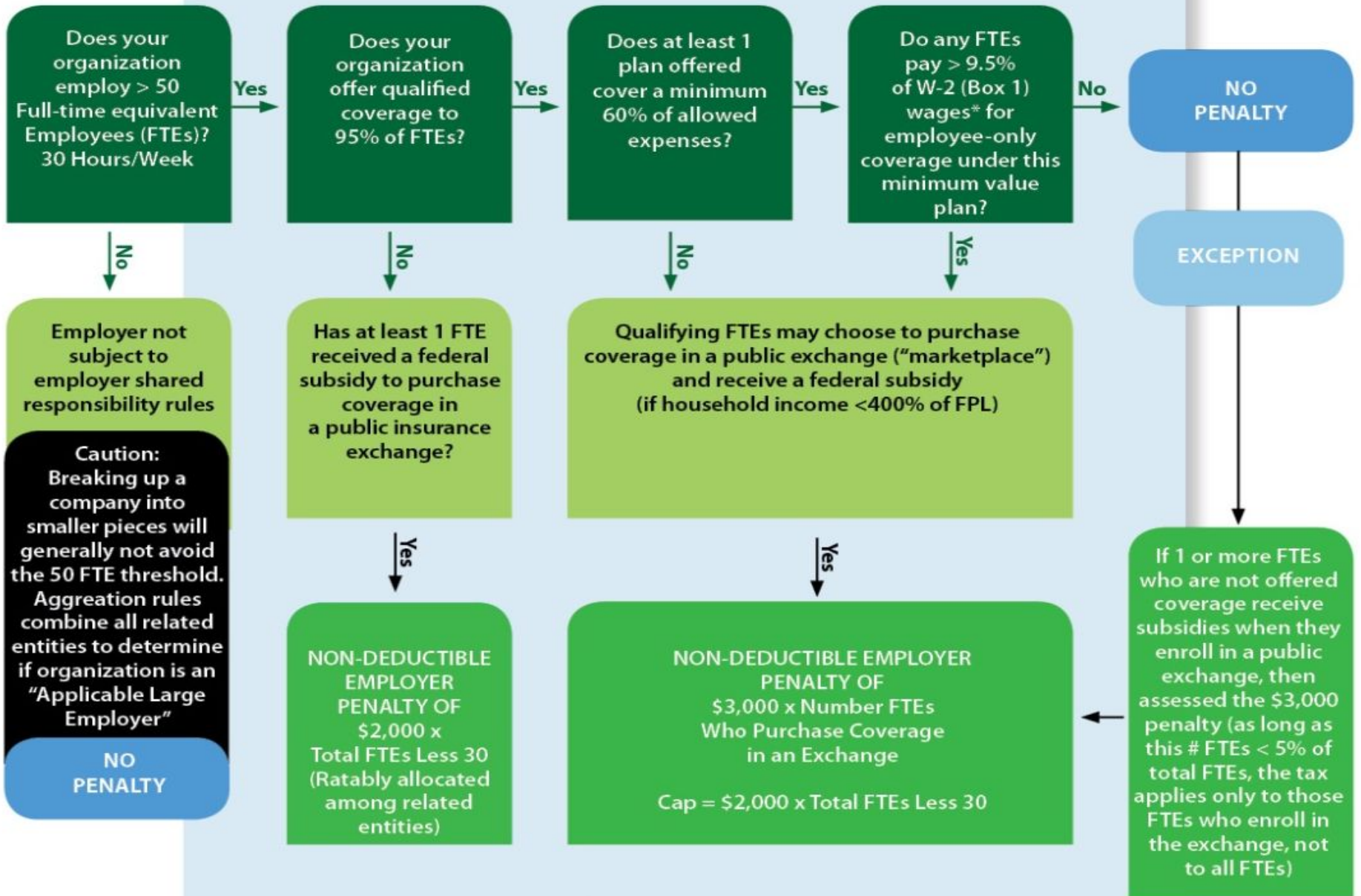


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Shumaker, Loop & Kendrick, LLP

ACA Reporting Overview



* 2 other Safe Harbors for affordable coverage: 9.5% x Rate of Pay x 130 hours or 9.5% x Individual Federal Poverty Level (\$11,490 in 2013)

Threshold Question: Am I an Applicable Large Employer?

- ALE is one that employs at least 50 full-time equivalent employees (100 employees for 2015)
 - Average of prior year, determined monthly
 - 2015 Transition Relief – six-month period
- Employers in a control group are aggregated
- If you are not an ALE, you do not need to report!

ALE by Aggregation

- What is a control group?
 - Entities under common ownership
 - Common ownership between 2 or more entities
 - Generally 80% of economic interest or voting power
 - Any common ownership should be examined
 - Entities are called ALE Member

ACA Employer Reporting

- The reporting requirements inform the IRS about:
 - Who received an offer of Minimum Essential Coverage;
 - Which employees are eligible for assistance towards their premiums; and
 - Which employers owe an employer shared responsibility payment.

ACA Employer Reporting

- Minimum Essential Coverage:
 - Health plans offered in the individual market
 - Grandfathered health plans
 - Government-sponsored programs
 - Employer-sponsored plans
- Offer of coverage
- Full-Time Employee
 - 30 hours/week, 130 hours/month

ACA Employer Reporting

- Employer Shared Responsibility Penalty #1
 - Failure to offer MEC to at least 95% of full-time employees (FTE) and dependents (not spouses)
 - 2015 transition rule – 70% of FTE
 - Safe Harbor – 95% coverage can be strategic
 - Penalty for Not Offering MEC
 - \$2,000 x Actual Number of FTE minus 30 x 1/12 for each month
 - 2015 transition rule – minus 80
 - Penalty **ONLY** applies if FTE receives premium subsidy

ACA Employer Reporting

- Coverage must be:
 - Affordable
 - Costs less than 9.5% of W-2 income
 - Costs less than (9.5% x Rate of Pay x 130 hours)
 - Costs less than 9.5% of the poverty line
 - Provide Minimum Value
 - Covers “60% of allowed expenses”
 - HHS MV calculator
 - HHS Safe-Harbor Plan
 - Actuarial Certification

ACA Employer Reporting

- Employer Shared Responsibility Penalty #2
 - Failure to offer affordable coverage
 - \$3,000 x Actual Number of FTE who receive federal premium subsidy x 1/12 for each month
 - Safe harbors on previous slide
 - Employers must offer at least 1 affordable plan
 - Allows offer of higher-price, higher benefit plan choice
- Avoidance of Penalty 1 by paying Penalty 2

Section 6055/6056 in Theory

- Sections require filing forms 1094 and 1095
- Think of them similarly to W-2/W-3 reporting
 - Each employee must receive form 1095
 - Employer also files copies of all 1095s with a transmittal summary form 1094 with the IRS

IRC Section 6055 Reporting

- Minimum Essential Coverage (MEC)
 - Demonstrates offer to FTEs
 - Individual Mandate
- Insurers, self-funded plans, government plans
- Reported on the “B” Series
- Must provide a copy of the Form 1095-B to all plan participants by January 31st
- Must provide a Form 1094-B with a copy of all 1095-B’s to the IRS by February 28/March 31

IRC Section 6056 Reporting

- Employer Shared Responsibility (ESR)
 - Whether employers owe a penalty
- Applicable Large Employers (ALE)
- Reported on the “C” Series
- Must provide a copy of the Form 1095-C to all plan participants by January 31st
- Must provide a Form 1094-C with a copy of all 1095-B’s to the IRS by February 28/March 31

ALE Member Responsibilities

- Member/Authoritative transmittal
 - Each ALE Member is responsible for 1095-C's for its own employees
 - One ALE Member must file Authoritative Transmittal for 1094-C, which aggregates all data from all ALE Members

Multiemployer/Union Plans

- Multiemployer exception
 - Form 1095-C, Line 16
 - If required by CBA to contribute to multiemployer plan, deemed offer of affordable, min. value MEC
- Plan responsibilities
 - Do not have to share any data with employers
- Employer responsibilities
 - Can report they made the offer.

Other Transition Relief

- ALE Status – six-month period chosen by employer
- MEC for pay periods in January 2015