Agenda

- Introduction
- What the Healthcare is going on with ACA?
- Recap of the current employer mandate
- What has to be done in 2017?
- Resources
- Q & A

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Integrity Data's leadership in human capital management since 1996

Integrity Data. Your people. Our priority.

- More than 8,000 organizations worldwide use our technology to improve businesses processes
- Engaged by Microsoft to author payroll and human resources upgrades to the ERP system known as Microsoft Dynamics® GP
- We have been immersed in ACA compliance software since 2012
- We helped over 1,250 employers (unique EINs) process 2016 ACA forms

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How did we get here & What is going on with the ACA?

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PPACA or ACA?

Confusion over the law starts with its name

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'AFFORDABLE CARE ACT'

refers to the

PATIENT PROTECTION AND AFFORDABLE CARE ACT

as amended by

Many other federal laws after that!

- December 24, 2009: PPACA passes the Senate with the entire Democratic Caucus voting for it, and all of the Republicans voting against it.
- March 23, 2010: President Obama signed H.R. 3590 into law (PPACA)
- March 30, 2010: President Obama signed H.R. 4872 into law (Health Care and Education Reconciliation Act of 2010)

The ACA's Changes and Delays

70 changes/delays are documented since the enactment:
- 43 by the Obama administration
- 24 that Congress passed (and signed by President Obama)
- 3 by the Supreme Court.

Some say the ACA in its current state is like "Swiss Cheese". It bears very little resemblance to its original text.

Efforts to Repeal the ACA under Obama

- The House voted to repeal ACA some 67 times and the Senate 4 times, and there were numerous votes in both chambers to defund the law.
- Of course, every time that both chambers took actions, President Obama vetoed the repeal measures which - up until 2016 general election - had been largely symbolic and really nothing more that political posturing

Proposals to "Replace" the ACA

- Government for People Again (Donald Trump, when presidential candidate)
- Empowering Patients First Act (Tom Price, when nominee HHS)
- A Better Way Act (Paul Ryan, House Speaker and Congressman)
- Patient CARE Act (Senator Orin Hatch)
- Health Care Choice Act (Senator Ted Cruz)
- Patient Freedom Act of 2017 (Senators Susan Collins and Bill Cassidy)
- American Health Care Reform Act (Representative Phil Roe)
- Expanded and Improved Medicare for All Act (50 House Democrats)
- American Healthcare Act

Recent ACA Changes/Proposed Changes: January Executive Order

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- January 20th – President Trump signs Executive Order to minimize the burden of the ACA "to the maximum extent permitted by law"
  - Individuals
  - Families
  - Healthcare providers
  - Health insurers
  - Patients
  - Recipients of healthcare services
  - Purchasers of health insurance
  - Makers of medical devices, products, or medications

What about employers?

Recent ACA Changes/Proposed Changes: January Executive Order

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- IRS Letters to Congressional Members & Constituents Clarified:
  - Individual Mandates were not waived
  - Employer Mandates were not waived
  - ESRP (Penalty) Relief is not available for non-compliance
- IRS Information Letter 2017-0010
- IRS Information Letter 2017-0013
- IRs Information Letter 2017-0011
- IRS Information Letter 2017-0017
- IRS ACA ESRP FAQs

Recent ACA Changes/Proposed Changes:
HOUSE: The American Healthcare Act
SENATE: Better Care Reconciliation Act of 2017 (Similar to AHCA)
Obamacare Repeal Reconciliation Act of 2017 ("Repeal & Delay")
Healthcare Freedom Act ("Skinny Bill")

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- The American Healthcare Act was first pulled due to insufficient support.
  - A reworked version DID pass the House in early May 2017
- All Senate bills failed in late July
- So what's next?
  - Regulatory changes?
  - Bipartisan Healthcare Reform?

Status NOW?

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- ACA is still the law of the land
- Non enforcement = myth
  - No action by IRS on Executive Order as it pertains to Employer Mandate
  - Many actions that indicate IRS plans to go ahead with enforcement:
    - Non-Filing Letters are being sent out by the IRS
    - ACA Compliance Validation (ACV) System went live in May 2017 (Provides information necessary to enforce penalties)
- Employer ACA Penalties Could Reach $31 Billion

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When do these penalties kick in?

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- Coverage penalties kick in when:
  - One employee, who was eligible for insurance but did not get an offer **exactly when** he or she became eligible, then goes to an exchange and gets a subsidy (after 30 exemptions)
  - One employee, who was eligible for insurance but got an offer that **did not** meet ACA standards, goes to the exchange and gets a subsidy for insurance that **does** meet ACA standards
- Filing penalties kick in when:

  IRS forms 1095-C are not provided to full-time employees and/or when copies of 1095-C forms with their IRS Form 1094-C cover sheet are not submitted to the IRS.

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Best advice?

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Best advice?

=> Employers should stay the course and comply
2017 Reporting is expected

! No matter what changes or "repeal" happen, employer reporting requirement will most likely remain – 1095-C's !

- Expertise and automation is needed to reduce the burden
- Late-Filing Penalties vs. Willful Non-Compliance
- Affect of Repeal on Penalties: Likely won't affect filing penalties!

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Recap of the ACA employer mandate

Integrity Data's publications and presentations are designed to make employers aware of IRS reporting requirements under the Affordable Care Act, best practices for compliance with those requirements, and the consequences of noncompliance.

This material is intended to provide accurate information as of the date posted. It is provided with the understanding that neither Integrity Data, nor the authors and presenters, are rendering legal or accounting advice.

With respect to your organization's decision making for Affordable Care Act compliance, review the information presented with legal counsel specializing in employment law.

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ACA CONCEPT Shared responsibility

- Individuals need to get health insurance that meets certain standards – and then prove to the IRS that they have it.
- Employers need to offer health insurance that meets certain standards – and then prove to the IRS that they offered it.

When noncompliant, both face penalties – which are significant and keep increasing.

WHO needs to be ACA compliant?

- Every U.S. employer with 50 or more full-time employees (including equivalents) = **Applicable Large Employer (ALE)**
- Commonly controlled and affiliated companies are treated as one group for determining ALE status. They must combine their head counts.

ACA REDEFINITION "Large employer"

ALE:
APPLICABLE LARGE EMPLOYER

An employer with 50 or more full-time employees, including equivalents, in the previous tax year

- *NOT a once-and-done determination – must be calculated* ***annually***.
- *If a company was not in existence for all of the previous year, it would have to comply if the average head count of the months it was in business was 50 or more full-time employees and equivalents.*

Commonly controlled and affiliated companies are treated as one group when determining ALE status.

➢ They must combine head counts.

ACA REDEFINITIONS "Hours" and "Full-time employee"

"HOURS" means "hours of service"

- In addition to paid hours that are clocked on the job, this includes situations that are not paid but during which the employee is available to the employer.

"FULL-TIME" means

- 130 hours of service in a month – the monthly equivalent of at least 30 hours of service a week

Hours of service – not just paid hours

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TIME TO INCLUDE:

- Jury duty*
- Military deployment*
- FMLA absence*
- Leave of absence
- Vacation
- Holiday
- Illness
- Incapacity
- Layoff

** These are special unpaid leave where you can either not factor the absence in your eligibility calculation or credit the employee with the average hours they worked while not on special unpaid leave.*

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IRS criteria for companies to be commonly controlled or affiliated

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- Do the companies have owners in common?
- Do the companies provide services to one another?
- Jointly, do the companies provide services to others?

'YES' to any of these questions means that companies must meet IRS Controlled Group Rules

If you are have any questions about whether you are part of a controlled or affiliated group, check first with your Chief Financial Officer and then with legal counsel specializing in employment law.

Measuring Hours of Service

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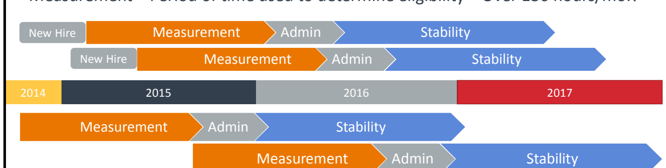
- Stability Period = Time that is reportable to the IRS – Corresponds to Plan Year
- Admin = Open Enrollment Period
- Measurement = Period of time used to determine eligibility – Over 130 hours/mo.?



Which employers are most ACA-vulnerable?

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By workforce	By industry		By state	
Hourly workers	**Hospitality**	**Retail**	Alabama	Oklahoma
Lower-wage workers	Restaurants	**Colleges, universities, schools**	Florida	South Dakota
Part-time workers with varying schedules	Hotels	**Religious organizations**	Georgia	South Carolina
Seasonal hires	Motels	**Municipalities**	Idaho	Tennessee
Frequent turnover	Casinos	**Security services**	Kansas	Texas
	Resorts	**Food processing**	Maine	Utah
	Employment agencies	**Trucking**	Mississippi	Virginia
	Staffing companies	**Construction**	Missouri	Wisconsin
	Temp-help services	**Agribusiness**	North Carolina	Wyoming
	Nursing care	**Nonprofits**	Nebraska	
	Rehabilitation facilities			
	Senior living centers			

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WHAT do you need to do to comply?

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1) Comply with the COVERAGE MANDATE

All year long, on a monthly basis

Be timely in offering health insurance of a certain quality to full-time employees

2) Comply with IRS REPORTING REQUIREMENTS

At year-end, in monthly breakdowns

Prove the right offer was made to the right employee at the right time

- Provide IRS form 1095-C to full-time employees.
- Submit IRS form 1094-C to the IRS.

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ACA REDEFINITION A "qualified" plan

MINIMUM ESSENTIAL COVERAGE (MEC)
A group health plan that meets basic specifications for care to treat and prevent sickness

which also

- has MINIMUM VALUE (MV)
  At least a bronze level of coverage
- and is AFFORDABLE

To check whether a plan meets MEC and MV standards – which have their own intricacies – consult a knowledgeable insurance broker.

Our software shows whether a plan meets affordability tests.

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ACA REDEFINITION | "Affordability"

From the final regulations, with ***highlight*** *from December 2015 clarity:*

- "Coverage for an employee under an eligible employer-sponsored plan is affordable if the employee's required contribution (within the meaning of section 5000A(e)(1)(B)) for self-only coverage does not exceed 9.5 (9.66 for 2016) percent of the taxpayer's household income for the taxable year."

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"Safe harbors" to test affordability

Calculations to use based on what you do know – an employee's compensation:

- W-2 wages safe harbor
- Rate-of-pay safe harbor
- Federal Poverty Line safe harbor

Learn more about each in this blog post:
[1095-C reporting: How to use affordability safe harbors]

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ACA employer penalties

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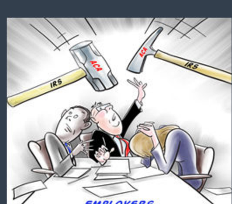
The sledgehammer coverage penalty
for no offer of coverage



The tack hammer coverage penalty
for noncompliant coverage

The non-filing penalty
At least $520 per required return

ACA CONCEPT — "Pay-or-Play" rules

PLAY: Offer health insurance, whether it be a fully compliant plan or not.
Accept risk of the lower penalty.

PAY: Opt to offer no health plan.
Accept risk of the higher penalty.*

Section 4980H of the Internal Revenue Code

** Thereby, contributing to a fund that helps workers find a plan elsewhere.*

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What has to be done in 2017?

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ACA must-dos for Tax Year 2017

[Continuously]

Track every employee's **hours of service**

Click here to download our ACA Checklist!

[Monthly]

Identify which employees are ACA-defined 'full-time' – thus **eligible for health insurance**

Track each employee's self-only cost of the coverage offered

Test that health insurance offered meets ACA **affordability** standards

[Annually]

Determine ALE status

Provide Form 1095-C to all ACA-defined full-time employees

File 1094-C with the IRS

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Continuous to-do

Keep records of every employee's hours of service

Account for:
- Hours that an employee is compensated for or entitled to be compensated for
- Special unpaid leave

TIME TO INCLUDE:
- Jury duty
- Military deployment
- FMLA absence
- Leave of absence
- Vacation
- Holiday
- Illness
- Incapacity
- Layoff

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Monthly to-dos

- **Identify** which employees are ACA-defined as 'full-time' and thus eligible for coverage
- **Review** the list of employees newly eligible for health insurance
- **Test** that the health insurance offered meets ACA affordability standards by tracking the self-only cost of each employee's coverage
- **Keep records** of every calculation and each determination

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Year-end to-dos

- Produce a **1095-C form** for every full-time employee to show whether they were offered health insurance and, if so, at what cost and of what quality
- If you are self-insured, also produce a 1095-C form for everyone you covered
- File copies of these employee forms with the IRS (using a **1094-C** transmittal)

PAY ATTENTION to:
- The requirement for electronic filing when you have 250 or more submissions of Form 1095-C
- Filing rules for controlled and affiliated groups

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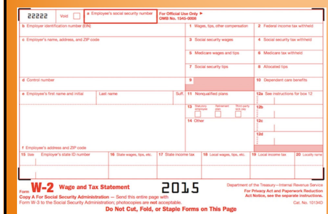
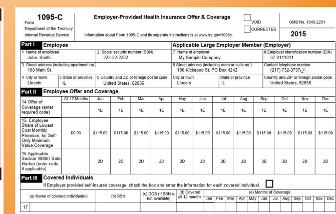
Regulatory reporting: Intensified



Form W-2: Summary data for a year



Form 1095-C: A year's worth of monthly breakdowns

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ACA form deadlines for Tax Year 2017

January 31, 2018
Provide Form 1095-C to all ACA-defined full-time employees

February 28, 2018
Mail its transmittal, Form 1094-C, to the IRS

March 31, 2018
E-file Form 1094-C with the IRS

https://www.irs.gov/pub/irs-drop/n-16-70.pdf

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What are challenges you could face?

- Complete 2016 filing
- Unable to track eligibility for 2017
- Calculating and Complying with Affordability Rules
- Need to determine 1095-C codes for the whole year
- Have tracked the codes but need to produce forms
- Keeping up with ACA changes!

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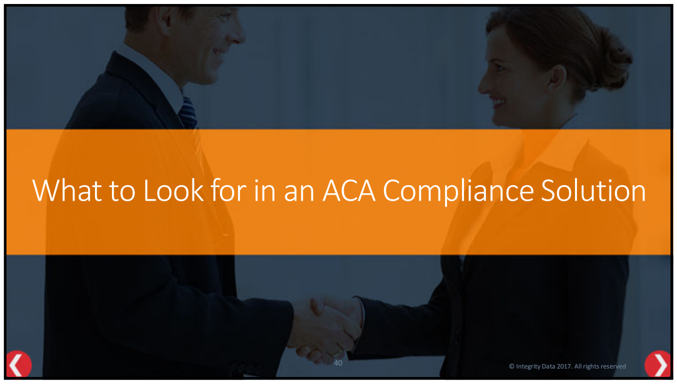

Easy

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- Quick on-boarding
- Business Intelligence at-a-glance
- Automated 1095-C Coding
- Easy, step-through year-end process
- Smooth hand-off of year-end IRS forms
- No worries about software updates

"A great tool for our consulting firm… The ACA Compliance Solution does everything you need to make compliance somewhat simple (if that is truly possible with this legislation)."

Rob Craddock, CEBS Summit Consulting, LLC
A certified Employee Benefit Specialist in Missouri

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Comprehensive

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"We had over 700 employees and this ACA Compliance Solution will allow us to easily submit all data and required governmental forms needed to meet the ACA rules.

"Support is extremely knowledgeable and assisted our company to get up and running in the least amount of time."

Jerry Resnick, Director of IT
James Square Health & Rehabilitation Centre
A skilled nursing care facility in Syracuse, NY

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Affordable

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- Automation = significantly less in-house work
- Access to expertise
- Helps avoid penalties for non compliance – which can be steep
- No long term contracts

"Invaluable to this process was the support I received from the staff at Integrity Data. They were all willing to help, extremely knowledgeable, kind, PATIENT and responsive – besides being a pleasure to talk to!"

Kelly Harris, CEBS Benefit Information Specialist with ENI (Employee Network Inc.)

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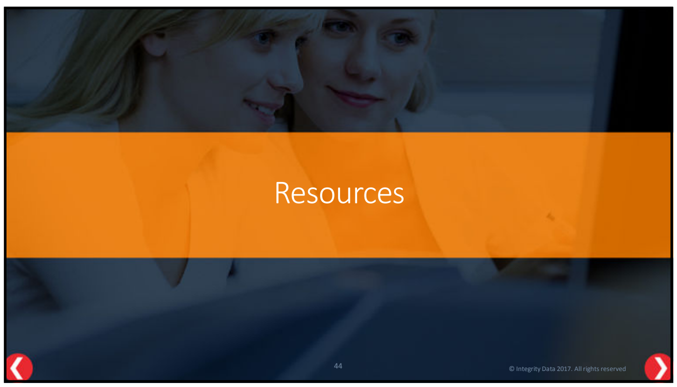

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Education on ACA Reporting

Download eBook
Download the e-book "Affordable Care Act: Employer Essentials for IRS Reporting"

Download infographic
Download our ACA checklist

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Questions – Fire away!

Security Advocate - Courtesy Reminder

- Be vigilant to protect your employee personally identifiable information
- Phishing Schemes Lead the IRS "Dirty Dozen" List of Tax Scams for 2017; Remain Tax-Time Threat
- Report Phishing and Online Scams
- Tax Scams / Consumer Alerts

Thank you

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