

Benefits

ACA Compliance Update



Today's Agenda

What is new to ACA for 2020?

2020 Reporting Deadlines

How to audit data early to avoid 1095 form errors

ACA Shared Responsibility Notices - IRS 226J

Future Predictions



Who needs to file?

Are you an ALE (Applicable Large Employer)?

A company with over 50 Full Time equivalents

Multiple Entities

Each is NOT treated separately if there is common ownership

Measurement Period/Lookback Period

Who to cover as Full Time?

Any employee who works on average, 30+ hours per week

1094/1095 B vs 1094/1095 C



What's new for 2020?

Notice 2020-76

The end of “Good-Faith Relief”

The 2020 reporting year will be the final year this type of relief is available. Notice 2020-76 conveys this clearly by stating, “As this good-faith relief was intended to be transitional relief, this is the last year the Treasury Department and the IRS intend to provide this relief.”



What's new in 2020?

- 1L.** Individual coverage health reimbursement arrangement (HRA) offered to an employee with the affordability determined using the employee's primary residence ZIP Code.
- 1M.** Individual coverage HRA offered to an employee and their dependent(s) with the affordability set using the employee's primary residence ZIP Code.
- 1N.** Individual coverage HRA offered to an employee, their spouse and any dependent(s) with affordability determined by the employee's primary residence location ZIP Code.
- 1O.** Individual coverage HRA offered to an employee only using the employee's primary employment site ZIP Code affordability safe harbor.
- 1P.** Individual coverage HRA offered to an employee and their dependents (not spouse) using the employee's primary employment site ZIP Code affordability safe harbor.
- 1Q.** Individual coverage HRA offered to an employee, their spouse and dependent(s) and using the employee's primary employment site ZIP Code affordability safe harbor.
- 1R.** Individual coverage HRA that is NOT affordable offered to an employee; employee and spouse or dependent(s); or employee, spouse, and dependents.
- 1S.** Individual coverage HRA offered to an individual who was not a full-time employee.



Deadlines for 2020 Reporting

DP Deadlines

12/1/2020 – New Clients needing ACA Reporting Services, must let us know by this date

2/2/2021- Employers will need to approve 1094/1095 forms for 2020 in iSolved

IRS Deadlines

3/2/2021- 1095 forms must be provided to employees

3/31/2021- Electronic Filing Deadline with IRS



COVID-19

Furloughed Employees

Things to look out for on forms

Early auditing



COVID-19 Changes

On November 2, 2020, the IRS announced several changes to its collection procedures to assist struggling taxpayers impacted by COVID-19. These changes include:

Taxpayers who qualify for a short-term payment plan option may now have up to 180 days to resolve their tax liabilities instead of 120 days.

Automatic add of certain new tax balances to existing Installment Agreements, for individual and out-of-business taxpayers in lieu of defaulting the agreement.

Flexibility for some taxpayers who are temporarily unable to meet the payment terms of an accepted Offer in Compromise.

Reduction of burden to certain qualified individual taxpayers who owe less than \$250,000 by allowing for Installment Agreements without providing a financial statement or substantiation if their monthly payment proposal is sufficient.

Qualifying some individual taxpayers who only owe for the 2019 tax year and who owe less than \$250,000 to set up an Installment Agreement without a notice of federal tax lien filed by the IRS.

Temporary delay of collection for taxpayers who can show inability to pay until financial condition improves.



How can I start preparing early?

Audit, audit, audit!!!



ACA Forms Approval

Approve

History

Year

*Year:

No Reporting Year available. Please set up a Reporting Year under Client Management>ACA Setup Options>ACA Report Options

Report Type

Report Type for Selected Year: **ACA 1095-C Form Preview**

Preview Report

Preview Report produces a condensed version of the form 1094 and 1095 data and highlights issues that should be addressed prior to approving forms.

Preview Report

Preview Forms

Preview Forms produces a full version of the form 1094 and 1095 data.

Preview Forms

Approve Forms 1094/1095

Once you select Approve Forms, the system will commit the forms to the Year End Batch Print for Service Bureau printing and filing.

Approve Forms

Search the menu

EMPLOYEE MANAGEMENT

Employee Maintenance <

General

Personal

Employer I-9 Verification

WOTC Certification

Clock Settings

Employment

Employment Status History

Jobs

Organization Manager/Supervi...

Organizations

Employment

Employment:

Employed From 2/1/2017 to Current

Filter

Effective Date	Employment Category	ACA Status	Hours met for ACA FT Status
7/1/2017	Part Time	ACA Variable	
2/1/2017	Full Time	ACA Full Time	

+ Add New

Edit

Delete

Refresh

Save

Cancel

Employment Category Information

* Effective Date:

7/1/2017

* Employment Category:

Part Time

Preparing Early Step 1

✓ VERIFY EMPLOYMENT CATEGORIES



Search the menu

EMPLOYEE MANAGEMENT

Percent Distribution

Misc Data Sets

Misc Fields

Override Address

Employee Pay >

Employee Benefits <

Benefit Plans

Leave Accruals

Group Term Life

Accrual Balance History

Accrual History Updates

PAYROLL PROCESSING

REPORTING

CLIENT MANAGEMENT

EMPLOYEE SELF-SERVICE

Benefit Plans

Status: All

Start Date	Benefit	Benefit Plan
9/1/2017	Medical Pre-Tax 125	Anthem BCBS Silver

+ Add New

Edit

Delete

Refresh

Save

Cancel

Benefit Plan

* Plan: Anthem BCBS Silver - Anthem BCBS Silver Class 1 Execs

* Start Date: 9/1/2017

* Coverage: EE + Spouse - Employee plus Spo

Per Pay Amount: 125.00

Stop Date:

Benefit End Reason:

Preparing Early Step 2

✓ VERIFY MEDICAL START & STOP DATES



Search the menu

EMPLOYEE MANAGEMENT

Employment

Employment Status History

Jobs

Organization Manager/Supervi...

Organizations

Labor

Location Distribution

Percent Distribution

Misc Data Sets

Misc Fields

Override Address

PAYROLL PROCESSING

REPORTING

CLIENT MANAGEMENT

Employment Status History

Effective Date	End Date	Change Reason	Employment Status
1/1/2014	11/14/2015		Active
11/15/2015	12/15/2017		Inactive
12/16/2017			Active

+ Add New

Refresh

Save

Cancel

Employment Status

* Employment Status:

Active

* Effective Date:

12/16/2017

NOTE: To terminate or activate an employee, use the Employee General Screen.

Preparing Early Step 3

✓ VERIFY HIRE, REHIRE, & TERMINATION DATES



Search the menu

EMPLOYEE MANAGEMENT

- ACA Report Overrides
- Human Resources <
- Employee Contacts**
- Prior Employment
- Certification
- Education
- Skills
- Training
- Awards
- Disciplinary Actions

PAYROLL PROCESSING

REPORTING

CLIENT MANAGEMENT

EMPLOYEE SELF SERVICE

SYSTEM MANAGEMENT

SECURITY

PRODUCTION UTILITIES

CONVERSION MANAGEMENT

Employee Contacts

Contact Person	Relationship Code
Baby Doe	Child
Jane Doe	Spouse

+ Add New Edit Delete Refresh Save Cancel

Contact Name

* First Name: Baby

Middle Name:

* Last Name: Doe

Prefix:

Suffix:

Contact Info

* Relationship: Child

Call Order:

☐ Emergency Contact

☒ Dependent

☒ Beneficiary

☐ Hide Contact in ESS

Personal Information

SSN: 123-45-6789

Update SSN:

Birth Date: 3/1/2017

* Update Birth Date:

Gender: Female

Benefit Data

☐ Full-time Student

☐ Disabled

☐ Tobacco Use

☐ Deceased

Preparing Early Extra Step

✓ VERIFY ALL DEPENDENTS ARE IN ISOLVED



Reminder Approve forms “push button” by February 2, 2021

Search the menu

EMPLOYEE MANAGEMENT

PAYROLL PROCESSING

REPORTING

CLIENT MANAGEMENT

Job >

ACA Setup Options <

ACA Reporting Groups

ACA Report Options

ACA Measurement Policies

ACA Non-Employee Overrides

ACA Forms Approval

Import ACA EE Overrides

HR Management >

Attendance Management >

Time Management >

Workflow Setup >

New Hire Onboarding >

Client Utilities >

Company ACH Files

ACH On-Demand Utility

COBRA Link

ACA Forms Approval

Year

* Year: 2017

Report Type

Report Type for Selected Year: ACA 1094-C and 1095-C Employer

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Approve Forms

Last Approved

Approver: asulldemo

Date Approved: 10/17/2017 10:31 AM



Common Mistakes

Line 16 is blank for just one single month



The benefit plan for this employee did not start on the 1st of the month or did not end on the last day of the month.

A known FT EE is not generating a form

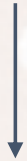


Double check on the employment status of the EE!



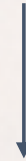
Common Mistakes

Code 1E is showing on line 14, but no codes show up on line 16



You offered MEC and MV coverage, but it was NOT affordable.

Line 15 has a number on it



Only populates if lowest cost monthly amount offered is above a certain percentage of the Federal Poverty Line (FPL) as established by the IRS.



Form **1095-C**Department of the Treasury
Internal Revenue Service**Employer-Provided Health Insurance Offer and Coverage**► Information about Form 1095-C and its separate instructions is at www.irs.gov/ff1095c.☐ VOID☐ CORRECTED**Part I Employee**

1 Name of employee	2 Social security number (SSN)	7 Name of employer	8 E
3 Street address (including apartment no.)	9 Street address (including room or suite no.)	10 C	
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 C

Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
14 Offer of Coverage (enter required code)											
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)											

Part III Covered IndividualsIf Employer provided self-insured coverage, check the box and enter the information for each covered individual. ☐

PLEASE NOTE: If you have an employee who is inactive at any point in the year, you MUST go review their forms. iSolved may pull the wrong codes depending on how you handled the enrollments while they were inactive. Please be sure to review these employees.



Penalties!



How will employers be notified if they are responsible for paying a penalty?

This will be done through a letter called “Letter 226J” which will include all of the details about what penalties you will be responsible for paying.



What will be included in the IRS letter?

These letters will also include a Form 14765 which will outline in detail the months that employees received tax credits for reduced health premiums from the exchange and will therefore mean the employer is subject to a shared responsibility payment/penalty



Employers will have 30 days to respond with Form 14764- ESRP Response and should setup internal / external resources for a timely review and response

Consult with your benefits broker and tax, legal support resources. (you may request a 30 day extension to prepare your response)



Potential ACA Changes

Americans should anticipate a number of advancements to the Affordable Care Act under the Biden Administration. Some possibilities include:

- Reinstating the federal Individual Mandate penalty
- Rolling back association health plan rules, or even completely remove them

An area of the ACA that will likely remain unchanged, regardless of any election results are the Employer Shared Responsibility Provisions, commonly referred to as the Employer Mandate.



Main Takeaways

✓ Deadlines

- By December 1st: New clients notify DP that they need ACA Reporting
- By February 2nd: Clients must approve 2020 ACA forms in iSolved
- By March 2nd: Clients distribute 1095 forms to employees
- By March 31st: DP to electronically file 1094 & 1095 forms with IRS

✓ Review Updated IRS 2020 Instructions

✓ Verify that accurate employee data is in iSolved

✓ Watch for 2020 ACA – Zendesk ticket for updates and reminders





Questions? Contact us!
benefits@dominionpayroll.com

