

ACA Compliance Update



Today's Agenda

What is new to ACA for 2021?

2021 Reporting Deadlines

How to audit your data early to avoid 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 2021?

The end of “Good-Faith Relief”

2021 is the first year that Good-Faith Transition Relief is not available. In 2020, Notice 2020-76 conveyed that “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.”

IRS Cracks Down on Reporting Penalties/Deadlines

2021 also marks the first year that there has not been a filing extension issued. The Treasury Inspector General for Tax Administration (TIGTA) has advised that the IRS do more to identify ACA Non-Compliance and assess more penalties.



Deadlines for 2021 Reporting

January 5, 2022 – Employers must approve forms in iSolved no later than this date

January 31, 2022 – This is the deadline to furnish 1095-C forms to applicable ACA full-time employees as well as Form 1095-B for self-funded employers.
Employers must hand out/postmark Form 1095 to employees

March 31, 2022 – The electronic filing deadline of ACA forms 1094-C and 1095-C for the 2021 tax year. Best practices indicate electronic filing with the IRS due to the extra time it permits, as well as the fail-safes it provides for identifying and correcting ACA reporting issues.



How Can I Start Preparing Early?


Audit, audit, audit!!!

ACA Forms Approval


Report Information

*Reporting Year: 2021


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




Preview Forms




Preview Export with Audit



Run Alerts



Approve Forms



Show History



Preparing Early Step 1

Verify Employment Categories

EMPLOYEE MANAGEMENT

WOTC Certification

Clock Settings

Employment

Employment Status History

Jobs

Organization Supervisor/Manager

Organizations

Labor

Location Distribution

EMPLOYEE ADMIN TOOLS

PAYROLL PROCESSING

REPORTING

CLIENT MANAGEMENT

EMPLOYEE SELF-SERVICE

SYSTEM MANAGEMENT

SECURITY

PRODUCTION UTILITIES

CONVERSION MANAGEMENT

Effective Date	Employment Category	ACA Status	Hours met for ACA FT Status	Status
1/2/2018	Full Time	ACA Full Time		

+ Add New

Edit

Delete

Refresh

Save

Cancel

Employment Category Information

*Effective Date:

1/2/2018

*Employment Category:

Full Time

ACA Employment Status:

ACA Full Time

☐ Hours (e.g., Variable) met for ACA Full-time Status

☐ Statutory Employee

☐ Qualified Pension Plan

☐ Highly Compensated

☐ Corporate Officer

Ownership Percent:

Full Time Equivalent:

Change Reason:



Preparing Early Step 2

Verify Medical Start & Stop Dates

Benefit Plans

Status: Active ▼

Start Date	Benefit
2/1/2021	LTD
2/1/2021	Medical PreTax
2/1/2021	STD
2/1/2021	Vision PreTax

+ Add New ✎ Edit 🗑 Delete 🔄 Refresh 💾 Save ✕ Cancel

Benefit Plan

*Plan: HSA 3500 - HSA 3500 ▼

*Start Date: 2/1/2021 📅

*Coverage: EE Only - Employee Only ▼

Per Pay Amount: 0.00

Stop Date: 📅

Benefit End Reason: ▼

Plan Stop Date: 1/31/2099

Enrollment Submission Date: 12/28/2020 📅

Plan Enrollment Date: 2/1/2021 📅

Eligibility Date: 2/1/2021 📅

Participant Id:



Preparing Early Step 3

Verify Hire, Rehire, & Termination Dates

Employment Status History

isolated UniversityHelp

Effective Date	End Date	Change Reason	Employment Status
1/2/2018			Active

+ Add NewEditRefreshSaveCancel

Employment Status

*Employment Status: Active

*Hire Date: 1/2/2018

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

*Employee Number: 5104

Timeclock ID:

Employee Notes

Notes:

Service

Length of Service: 3 years, 10 months, 1








Preparing Early Extra Step


Verify All Dependents Are In iSolved

Employee Contacts

↕ Contact Person	↕ Relationship Code	↕ Emergency Contact	↕ Dependent	↕
Baby Doe	Child	No	Yes	N
Jane Doe	Spouse	No	Yes	N

+ Add New  Edit  Delete  Refresh  Save  Cancel

Contact Type

*Relationship: Spouse 

☐ Emergency Contact

☒ Dependent

☐ Beneficiary

Other Information

☐ Hide Contact in ESS 

☐ Deceased

Dependent Information

☐ Full-time Student

☐ Disabled

General Information

*First Name: Jane

Middle Name:

*Last Name: Doe

Prefix:


Suffix:


Personal

SSN: 111-22-2222

*Update SSN:

Birth Date: 1/1/1980

*Update Birth Date: 

Gender: Male 



Reminder to approve forms in iSolved by January 5th, 2022

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ACA Forms Approval


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Common Mistakes

Line 16 is blank for 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.





*Recipe
for Success*

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)

Predictions and Penalty Changes

Advancements to the Affordable Care Act

ACA Penalty Changes



Main Takeaways & Deadlines

Review Updated IRS 2021 Instructions

Verify that accurate employee data is in iSolved

Watch for 2021 ACA – Zendesk ticket for updates and reminders

January 5th: Clients must approve 2021 ACA forms in iSolved

January 31st: Clients distribute 1095 forms to employees

March 31st: DP to electronically file 1094 & 1095 forms with IRS





Questions? Contact us!
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