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

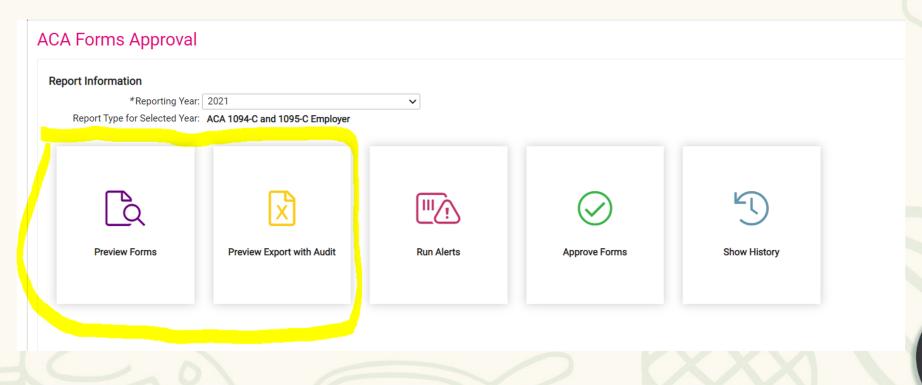
March 31, 2022 – The electronic filing deadline of ACA forms 1094-C and 1095-C for the 2021 tax year. Best practices indicate electronic filing with the IRS due to the extra time it permits, as well as the fail-safes it provides for identifying and correcting ACA reporting issues.





How Can I Start Preparing Early?

Audit, audit, audit!!!

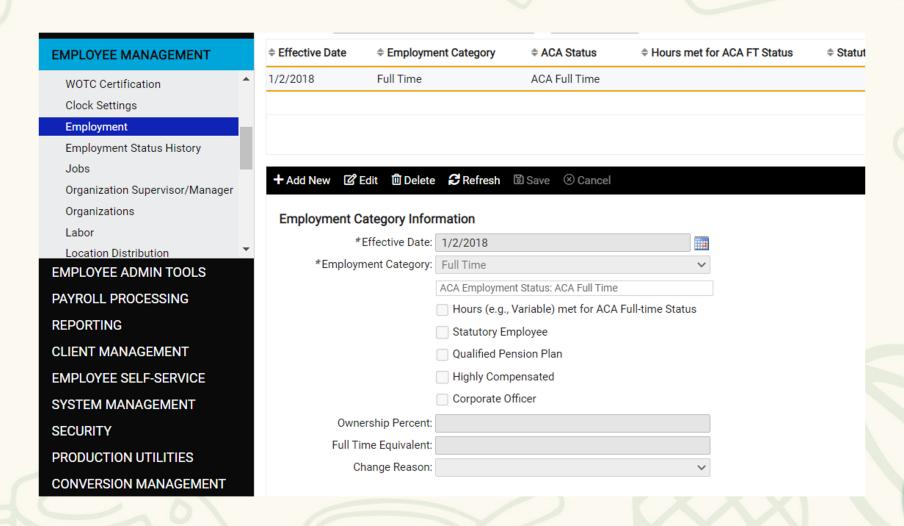






Preparing Early Step 1

Verify Employment Categories

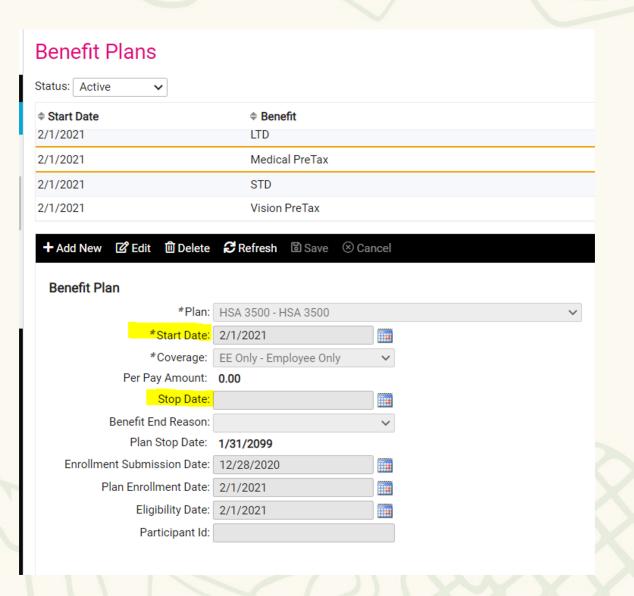






Preparing Early Step 2

Verify Medical Start & Stop Dates

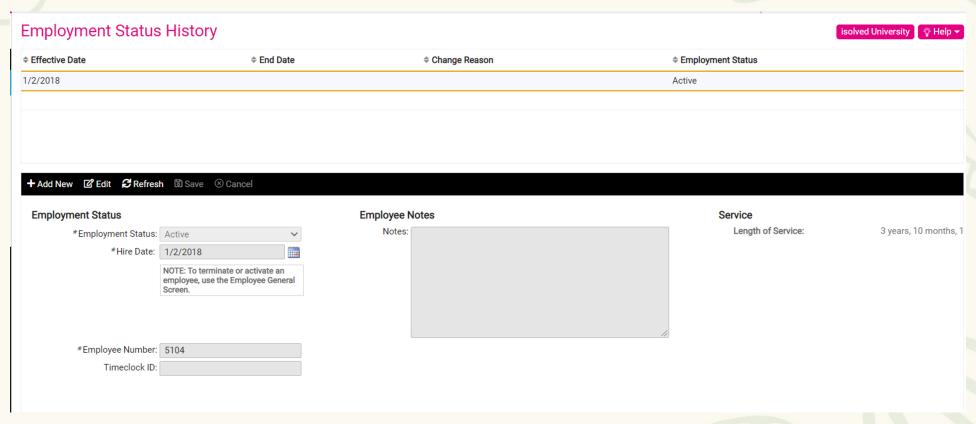






Preparing Early Step 3

Verify Hire, Rehire, & Termination Dates







Preparing Early Extra Step

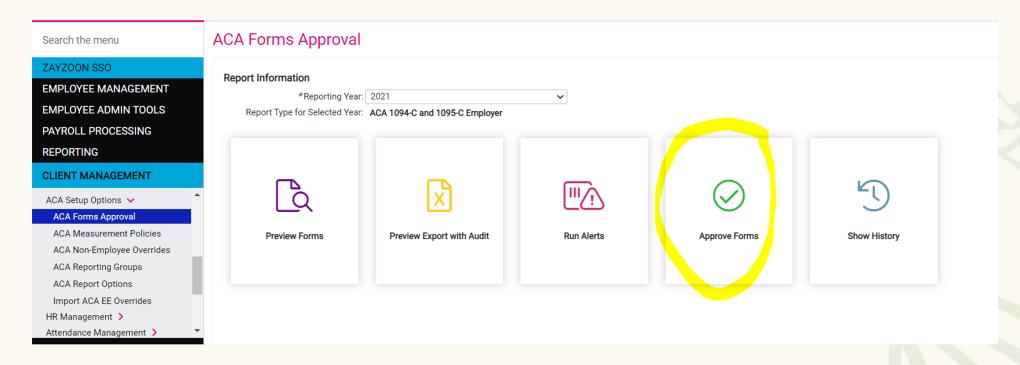
Verify All Dependents Are In iSolved

Contact Person	Relationship Code	Emergency Contact	Dependent	
by Doe	Child	No	Yes	
ne Doe	Spouse	No	Yes	
- Add New	elete & Refresh 🖺 Save	⊗ Cancel		
Contact Type		General Information		
*Relationship:	Spouse	✓ 1 *First Name	Jane	
	Emergency Contact	Middle Name		
	Dependent	*Last Name	Doe	
	Beneficiary	Prefix		
	Beneficiary	Prefix Suffix		
Other Information	_	Suffix		
Other Information	□ Beneficiary□ Hide Contact in ESS 1			
Other Information	_	Suffix		
	☐ Hide Contact in ESS 1 ☐ Deceased	Suffix	111-22-2222	
	☐ Hide Contact in ESS 1 ☐ Deceased	Personal SSN: *Update SSN:	111-22-2222	
Other Information Dependent Information	☐ Hide Contact in ESS 1 ☐ Deceased	Personal SSN: *Update SSN:	111-22-2222	





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







Common Mistakes

Line 16 is blank for one single month

A known FT EE is not generating a form

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.

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

Line 15 has a number on it

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

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





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 make sure you review these employees.

Part I Emp								Applicable I	Large Emp	loyer Meml	
1 Name of employe	90			2 Soci	al security numb	er (SSN)	7 Name of e	mployer			8
3 Street address (including apartment no.)				-	9 8			9 Street address (including room or suite no.)			
4 City or town		5 State or province		6 Coun	6 Country and ZIP or foreign postal code		11 City or town		12 State or province		1:
Part II Emp	loyee Off	er and Cov	verage Feb	Mar	Apr	May	June	July	Aug	Sept	Oc
14 Offer of Coverage (enter equired code)											
5 Employee Share of Lowest Cost Monthly Premium,											
or Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code,											
f applicable)				4	(C)						



Recipe jor 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

(d)

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



Questions? Contact us! benefits@dominionpayroll.com



