THE ROAD AHEAD

THE AFFORDABLE CARE ACT
ARE YOU READY?

How Ascentis Will Help You Steer the New Legal Landscape So You Won’t Crash and Burn
This eBook is provided “as is” without warranty of any kind. It is not intended to provide legal advice, but a perspective on regulatory issues and trends related to the ACA. Ascentis has taken reasonable steps to ensure that this information is accurate and timely.

Please consult an employment law attorney with questions that pertain to your unique business environment and industry.
There are three categories of employees under the ACA

• Full-time employees: Works more than 30 hours/week, or more than 130 hours/month, and must be offered coverage to begin no later than 90 days from date of hire.

• Part-time employees: Works less than an average of 30 hours/week, or 130 hours/month, and therefore will never qualify for coverage under the law.

• Variable-hour employees: Schedule and utilization will determine whether, over time, they work more or less than an average of 30 hours/week, or 130 hours/month. If they work more than 30 hours, they are full-time employees, and if less than 30 hours, they are part-time.

  *Requires detailed tracking to ensure that an employer does not err in not offering coverage to an employee who qualifies under the law.
Variable-Hour Employees: The Look-Back Period

• The measurement period, also known as the “look-back” period, must be analyzed to determine whether employees worked at least an average of 30 hours/week or 130 hours/month.

• There is a three month administrative period which falls after the look-back period but before the required coverage called the “stability” period. This period may be broken up to allow part of it to begin counting from the employee’s date of hire to the first of the following month.

• Allowable look-back periods: 3 months, 6 months, or 12 months.
Look-Back Period

Under clarifying regulations issued late in 2013, the administrative period can be “split” to ensure that measurement periods align with calendar months, and to accommodate plans under which employees may begin coverage only on the first of a month. In the example on the next page, assume the employee’s hire date is Jan. 10, 2014.

If you are an employer wanting to use the 12 month look-back period and a three month administrative period, use the following page’s as an example of how to calculate these periods.

*Remember that this all flows from the employer mandate, which based on latest postponements, takes effect Jan. 1, 2015 for employers of 100 or more, and Jan. 1, 2016 for employers of 50-99 employees.*
Who is Eligible?

Do you know who is required to be offered coverage?

**Look-Back Period**

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*The period from Jan. 10-31 may be ignored for hours counting purposes, but counts as a “partial” administrative period and uses up or “burns” 21 days of the maximum 3-month administrative period.*

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What You Must Know

In addition to ALL paid hours, employers must track the following classifications of unpaid hours and treat them as eligible hours under the law:

- Jury Duty
- Family and medical leave
- USERRA-qualified military leave

View this on-demand webcast to learn more about how to accurately calculate a look-back period.
Can Your Human Capital Management Solution Manage This?

Ascentis Does

Ascentis delivers an ACA Hours Tracking and Variable Hour Employees Eligibility Analysis as a standard report.

We deliver this report through both Ascentis Payroll or Timekeeper, dependent upon your specific product mix.

These reports are exportable to Microsoft® Excel® for further data manipulation, if desired.

These reports will save you hundreds of hours assembling this information from multiple sources.

Ascentis® Solutions (th)at Work
Is Your Plan Affordable?
Does your plan meet the required affordability test calculations?

Does your plan meet the required affordability test?

- Health plans must meet the affordability test in order to stay within the employer mandate. Under the latest set of announced rule delays, the affordability test must be passed for a minimum of 70% of all eligible employees for employers of 100 or more, effective Jan. 1, 2015. This test does not apply to employers of 50-99 employees until Jan. 1, 2016.

- Under this rule, plans fail to meet the affordability test unless they can prove that NO employee is required to pay more than 9.56% of their household income for self only coverage under the employer’s lowest-cost option that provides minimum value.

- Three safe harbors are available for the definition of household income. Depending on your unique situation, Box 1 of Form W2, one of these three safe harbors, may be advantageous because it includes all forms or pay including overtime, commissions, and bonuses.
Ascentis HR and self-service offer an Affordability Dashboard that allows you to perform this calculation based on which safe-harbor and affordability percentage you choose.
Can Your Human Capital Management Solution Manage This?

The calculation is displayed within self-service as a pie chart broken down by:

- Employees eligible for an affordable plan
- Employees eligible, but plan is not affordable
- Ineligible employees
Self-insured employers need to pay special attention to the new transitional reinsurance fee (TRF) program in place for 2014 through 2016.

• Under this program, fees are assessed for every participant in a major medical plan at the (current) rate of $5.25/month or $63/year.

• For most insurance plans the insurance company has already taken these fees into account when the employer’s renewal rates were determined. The insurer is responsible for making the payments on the employer’s behalf.

• If you are you self-insured, you need to be calculating these fees on a monthly basis, and be ready to remit them on a schedule during 2014.
Are TRF Fees Tripping You Up?

- The fees are determined by total number of plan participants, not just by employee. For instance, a family of four individuals insured for the entire year would generate an annual employer liability of $252, not $63.

- COBRA participants are counted when calculating this fee, even though they might be administered out-of-house.

- Many employers will pass these fees as an accrued liability to the GL as part of a payroll/GL interface. Employers may pass this cost on to the employee.
  - If it is deducted in aggregate with the rest of the health premium, then it can be deducted pretax. However, this can present some minor challenges later when calculating affordability.
  - If it is deducted separately on the paycheck, it will be considered an employee reimbursement of an employer expense, and must be deducted post-tax.
Ascentis Does

Ascentis Payroll easily calculates the TRF fee as either an active deduction (pre-tax or post-tax) or as a memo item (employer cost), and passes it through our payroll/GL interface to accrue the liability.

*Does your Payroll system do this?*

If not, it's time to find a solution that automates your ACA compliance.

*We can help.*
Communication is Key

The Affordable Care Act imposes a number of new and ongoing communication requirements on plan sponsors.

- The SBC (Summary of Benefits and Coverage), in a specific format, must be distributed at every enrollment opportunity, including open and new hire enrollment. Where no open enrollment is conducted, it must be provided 30 days prior to the start of a new plan year. Additionally, it must be made available to all participants upon request.

- The Uniform Glossary should be distributed with the SBC

- Advance Notice of Material Modification, for any mid-year material change to benefits, coverage or costs, should be distributed at least 60 days before the change goes into effect.

- The notice of Health Insurance Marketplace for all new hires at time of hire which includes two safe-harbors for employers should also be distributed.
Ascentis Does

Your employees need critical info at work, at home and on the go.

*We can do that for you.*

Ascentis HR and self-service makes it easy for employers to post documents that employees can access from any internet enabled device.

Ascentis® Solutions (th)at Work
Many employers with small group plans (less than 100 employees) have been excluded from EDI (electronic data interchange) carrier connections in the past by arbitrary insurance carrier rules. Those exclusions are about to end. Are you ready?

- Did you know that the ACA (§ 1104) addressed administrative modernization of employer insurance platforms? This little publicized section of the ACA states that all insurers will be required to accept such EDI integrations, for groups of any size, by Jan. 1, 2016.

- Many insurers have begun opening up their EDI platforms for smaller groups in advance of the deadline. If you’ve previously requested that one or more of your insurance carriers support a HIPAA-compliant EDI feed of enrollment changes from your HRIS/benefits system and they said no, now is a good time to check with them again!
Can Your Human Capital Management Solution Manage This?

Ascentis Does

If you’ve been thinking that your current system should deliver enrollment data electronically for you, you’re right. It should.

*We’re not just the experts in carrier connection, we started the revolution.*

Viva la EDI!

Ascentis was the FIRST HR system to deliver enrollment data electronically to carriers.

*We’re Innovators*
Under the ACA, many bases for retroactive plan termination have been outlawed. Are you in compliance with the latest regulations?

• § 2712 of the ACA prohibits group and individual health plans and insurers from rescinding coverage retroactively, except under very specific conditions. This is significant as it sets federal standards for rescinding coverage.

  • Some states may already have similar provisions in place that provide more generous protections; in such cases, the state law will prevail.

  • State laws that do not meet the minimum standards of the federal law are invalidated by the ACA.
Rescission Revisions!

- This provision applied to fully insured and self-insured plans, including grandfathered plans, effective the first day of the plan year beginning on or after Sep. 23, 2010.

- Missed life event communication from employer to carrier (e.g., late employee terminations), which was the most common reason for rescission prior to the law, is now NO LONGER permitted. *This means if you have employees who should no longer be on your plan, and you've paid for coverage erroneously, you will no longer be entitled to a refund.*

- Now, coverage may ONLY be rescinded retroactively in the event of fraud or intentional misrepresentation of a material fact.
Can Your Human Capital Management Solution Manage This?

Ascentis Does

Does your HR solution make your team aware of plan termination dates for each plan in which employees are active, and give them an opportunity to make corrections, if needed?

Ascentis transmits all of your de-enrollments to your insurers, making it almost impossible to continue paying for employees who should no longer be on your plan.

Ascentis' employee termination Wizard will guide you through each termination process, including carrier de-enrollment from each active plan.
Year-end reporting will look VERY different in early 2016. Are you prepared for the changes?

- 6055/6056 reports are required under the ACA. This includes the new reporting requirements to the IRS and to your employees with new tax forms: 1094-C and the 1095-C. These forms must be filed with the IRS and/or given to employees in January 2016, covering the 2015 tax year.
Can Your Human Capital Management Solution Manage This?

Ascentis Does

The new §6056 reporting requirement is just the latest argument supporting the need for a common HRIS and payroll platform using a single data model.

And doesn’t it make sense to get these reporting solutions from the same provider doing the rest of your year-end reporting, rather than a separate TPA or, worse, an attempt at a DIY solution?

Ascentis supports this requirement through Ascentis ACA Reporting
Ascentis is committed to helping businesses understand and comply with the requirements of the Affordable Care Act (ACA). We are dedicated to providing clear guidance and workable solutions that are automatically delivered within our web-based HCM (human capital management) software portfolio. Ascentis provides solutions and support to help companies comply with the new laws while anticipating their potentially disruptive impact on data gathering and reporting requirements.

If you're looking for a HCM solution that will help you manage the speed and curves of ever-changing Affordable Care Act (ACA) legislation, contact Ascentis today!

Click here to schedule a custom demo.
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