

Important ACA Information

- The IRS and U.S. Treasury have issued final regulations for the **Employer Shared Responsibility**.
- Additional ACA Regulations and guidance are available via the Department of Labor [here](#).
- The **Association of Independent Commercial Producers (AICP)** has a plan available for commercial producers that covers non-union production workers and staff. More information is available at www.phbp.org.
- CAPS can provide reports and guidance to assist clients with tracking obligations.
- A **Notice of Exchange (NOE)** must be provided to all new hires (including union, non-union, full-time and part-time) within 14 of hire through the end of 2014.

Beginning in 2015, the notice must be provided on the date of hire.

- [Sample Notice](#) if you **DO** Offer a Medical Plan
- [Sample Notice](#) if you **DO NOT** Offer a Medical Plan

Additional resources regarding Notice of Exchange are available [here](#).

- CAPS has developed the CAPS Insurance Exchange to assist our clients with their responsibilities. Visit the CAPS Insurance Exchange [here](#).
- View the [US Treasury Department ACA Fact Sheet](#)

Frequently Asked Questions

What 2 sections of the health care reform law will become effective in calendar year 2016?

1. **The employer shared responsibility provision (also known as the employer mandate)** requires applicable large employers (ALE's) with 50+ full-time employees (FTE's) to offer health care coverage to substantially all (at least 95%) of their eligible employees and dependents.
 - a. In 2015, this provision only applied to employers with 100+ FTE's and the offer of coverage had to be made to at least 70% of their eligible employees and dependents.
 - b. The offer of health care coverage must meet Minimum Essential Coverage. See question 5 below for more information on meeting MEC.
2. **Informational returns** must be filed with the IRS using either 1094-B & 1095-B or 1094-C and 1095-C and provided to your employees.

Please use this table to understand whether you will need to make an offer of health care coverage and whether you are required to file the informational returns with the IRS in 2016.

Group Type Small = 0-49 FTE's Large = 50+ FTE's	Employer Health Plan	Employer Files Forms 1094-B / 1095-B	Employer Files Forms 1094-C / 1095-C
Small Employer	Fully Insured	No (Insurer files)	No
Small Employer	Self-Insured	Yes (Parts I, III, and IV on Form 1095-B)	No
Small Employer	Multiemployer Plan	Yes (Parts I, III, and IV on Form 1095-B)	No
Large Employer	Fully Insured	No (Insurer files)	Yes (Parts I and II on Form 1095-C)
Large Employer	Self-Insured	No	Yes
Large Employer	Multiemployer Plan	No (Insurer files)	Yes (Parts I and II on Form 1095-C)

How do I know if my company is considered an Applicable Large Employer under the ACA?

If your company has at least 50 full-time and full-time equivalent employees for more than 120 days in the preceding calendar year you are considered an ALE.

CAPS Payroll can provide you with a report tracking your employee's hours to help you assess whether your employees will meet the full-time employee threshold.

Note: Seasonal employees are not included in this calculation if they cause you to go over the threshold.

A full-time employee is defined as an employee who works an average of 30 hours a week (also can be calculated as 130 hours a month). For variable hour employees, an employer can determine full-time status by calculating the number of hours they worked during a pre-determined "look-back" measurement period, which can range in length from 3-12 months.

In addition to counting full-time employees, employers must also take into account the hours that their part-time employees worked in order to determine how many “full-time equivalents” or FTE’s they have. Full-time equivalents are calculated by adding the total number of hours their part-time employees worked for the month and dividing by 120 (e.g. 240 part-time hours worked in January/120 = 2 FTE’s). No single employee can have more than 120 hours of service in each calendar month.

For example, if an employer has 48 full-time employees and determined that they have 4 FTE’s, they are considered an ALE and must offer health care coverage to their eligible employees.

To whom must I offer health care coverage?

The ACA requires that you offer a health care plan with at least a 60% “actuarial value” to full-time eligible employees and their child dependents up to age 26. You do not need to offer coverage to spouses.

When determining whether you should offer health care coverage, you should take the intent upon hire into consideration. For example, if an employee was hired in a full-time position or the employer could reasonably predict full-time status, the same “look-back” measurement period procedure for variable hour employees does not apply. For a full-time employee, you must evaluate their hours within the first 3 months and if you determine that they are eligible, an offer of coverage must be made by the first day of the 4th month.

Will I be penalized if I haven’t offered health care coverage to my employees?

It is possible that your company may be penalized if you meet certain criteria. Only ALE’s with over 100+ employees may be assessed a penalty for calendar year 2015.

If your company is an ALE and you either did not offer a health care plan to substantially all of your employees, if the plan you offered did not cover at least 60% of the costs, or if it was deemed unaffordable you may be penalized if any of your eligible employees purchases a federally subsidized plan in the public marketplace.

What qualifies a plan as meeting minimum essential coverage?

In order for a health care plan to meet requirements under the ACA, the plan must meet MINIMUM ESSENTIAL COVERAGE and must be deemed AFFORDABLE.

1. **Minimum Essential Coverage** means that the health care plan must be designed to pay at least 60% of the covered benefit.
2. **Affordability** means that employee-only coverage cannot be more than 9.5% of the employee’s household income. The IRS has provided employers with three distinct methods to determine whether a plan is affordable. Please visit the IRS webpage by clicking [here](#) to learn more about these safe harbors.

Do I need to offer a health plan to employees who are covered under a collective bargaining agreement?

You do not need to offer a health plan to an employee if they are a member of a collective bargaining unit (union) that provides an employee benefits program compliant with ACA health plan rules.

How do I know if my union employees will be offered an ACA-compliant plan? Ask the union to confirm that they offer compliant coverage if they are contributing to employee coverage.

Can CAPS help me choose a plan if I have to offer health care coverage to my employees?

Absolutely! To find out more about your customized health care solution, please contact

ACA@capspayroll.com.