

ACA Newsletter



The Latest ACA News

The IRS is continuing to issue notices to Applicable Large Employers (ALEs) to disclose whether or not they complied with the ACA reporting obligations. The letter notifies the recipient that it may have been an Applicable Large Employer (ALE) in 2016 with ACA reporting obligations and the IRS has not yet received Forms 1095-C for 2015.



IRS Letter 5699: Have You Got Mail?

Large employer ACA reporting was required for 2015 and 2016 (even if transition relief was applied for in 2015). Penalties can be up to \$500 per each 2015 Form 1095-C statement (\$250 for not providing the form to the employee and \$250 for not filing with the IRS) and up to \$3 million total for an annual penalty liability.

These IRS notices, referred to as "Request for Employer Reporting of Offers of Health Insurance Coverage (Forms 1094-C and 1095-C)" (aka Letter 5699), are being distributed to employers that failed to provide Form 1095-C and file copies with Form 1094-C regarding reporting for 2015 or 2016. Employers that receive this will have only 30 days to complete and return the form, which contains the following options:

- Employer already complied with reporting duties;
- Employer did not comply, but enclosed required forms with return letter;
- Employer will comply with reporting duties within 90 days (or later if further explained in the form);
- Employer was not an Applicable Large Employer for the year in question; or
- Other (requiring a statement explaining why required returns were not filed and any actions planned to be taken).

The letter also outlines "if you are required to file information returns under IRC Section 6056, failure to comply may result in the assessment of a penalty under IRC Section 6721 for a failure to file information returns."

The IRS offers good faith relief from filing penalties for timely filed forms if they are incomplete or incorrect for 2015 or 2016. The relief is only available upon showing "reasonable cause," which can often be narrowly interpreted.

What to do if You Receive a Letter 5699 Form:

Employers that receive a Letter 5699 Form should respond immediately due to the short 30 day response deadline. In some instances, it may be necessary to request an extension if an employer was unaware of its reporting obligations prior to receipt of the IRS notice. In those instances, employers may need to prepare statements to be enclosed with their responses.



ACA Management: Moving from Reactive to Proactive

Quarterly Review: A Practical Strategy for a Proactive Approach

The Selerix ACA Summary Report is a condensed, easy-to-view excel report that provides HR professionals with a streamlined method to review 1094 & 1095 form data. The report's tabular nature facilitates easy review of:

- Individual employee data identified under Lines 14-16; and
- Dependent information for groups with self-insured medical plans.

This report allows groups to review the data within the report, specifically focusing on the data found under Lines 14-16, which represent Part II of the 1095-C form provided

to employees. The file will contain a "key", which will assist you in determining if the codes reflected under Lines 14-16 are accurate based on the information for each employee within the system.



By providing the report regularly throughout the calendar year, employers:

- Have more control over data through frequent review;
- Are able to capture any errors; and
- Make employment record updates/changes during the year vs. at year end.

The ACA Summary Report helps to maintain ACA knowledge through a "use it or lose it" approach. Employers who only review data annually have found that they have a learning curve because of the gap in time between one filing year to the next.

Take Control of Your Data

The ACA Summary Report empowers employers through a streamlined method for quarterly review, proactively ensuring accurate data well in advance of the reporting deadline. This review strategy aims to help employers:

- Become familiar with the individual components of the 1094-C & 1095-C forms;
- Verify employee data populated on the finalized 1095-C form to avoid IRS transmission errors;
- Promote an understanding of Lines 14-16 of codes found on 1095-C forms; and

- Identify/review special administrative situations that potentially occurred within the calendar reporting year (i.e. employment status changes, mid-year employment categories, unique waiting period exceptions, and transfers across multiple EINS).



ACA reporting continues to require a team effort and as your partner in the ACA process, we are committed to empowering employers in the review process through our employer resources such as the ACA Summary Report, On-Demand tutorials and one-on-one assistance.



Questions? Contact: acasupport@selerix.com

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