

The Latest ACA News

ACA Reporting Success: Looking Back, Planning Forward to Move Ahead

There are several times during the year that can cause "business as usual" to practically shut down in the HR department: open enrollments and the ACA reporting periods. Managers may find that it's taking longer to onboard staff, hiring is at a standstill, and the impact is felt at all levels of the organization. The good news is that it is possible to **reduce the impact** on this important team by taking proactive steps over time.

Managing the ACA process successfully means quality data management throughout the year and begins with a few proactive steps:

1. Regular management of demographic data and transactional activity (i.e. new hires, terminations & job classification changes).
2. Quarterly ACA data review through the use of the Selerix ACA Summary Report.
3. Active review & analysis of PT variable hour employees using the Lookback Report.

ACA reporting is not a snapshot of a single point in time, but rather a series of data points each month that require review and calculation.

Under the ACA, affordability calculations must be performed to ensure offers of medical coverage are in line with the employer mandate. Frequent review of the ACA data will help ensure that you are meeting these reporting requirements to avoid IRS notices or fines.

Providing the ACA Summary report(s) during the calendar year allows employers to have more control over their data by reviewing the information more frequently. This process is aimed at accomplishing the following objectives:

- Identify any errors and/or make any employee record updates/changes during the calendar year vs at year-end.
- Verify employee data is populating the IRS codes as anticipated.
- 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 exception & transfers across multiple EINS).

Quality Data Management

In managing your workforce (HR) data, raw input matters. Data fields such as census information, time & attendance, employment type, wage & rate information, and contribution structure must be accurately tracked in order to comply with the ACA. For employers who also use paper files, unstructured HR data is another factor to consider. The quality of the analytical data outputs are only as good as the raw data inputs feeding the calculations required to meet ACA regulations and avoid IRS penalties.

The IRS is becoming more proficient at identifying and assessing penalties against those employers who are not complying with the ACA. A proactive ACA compliance strategy will have you better prepared to address any potential penalty assessments issued to your organization or, better yet, avoid receiving them.

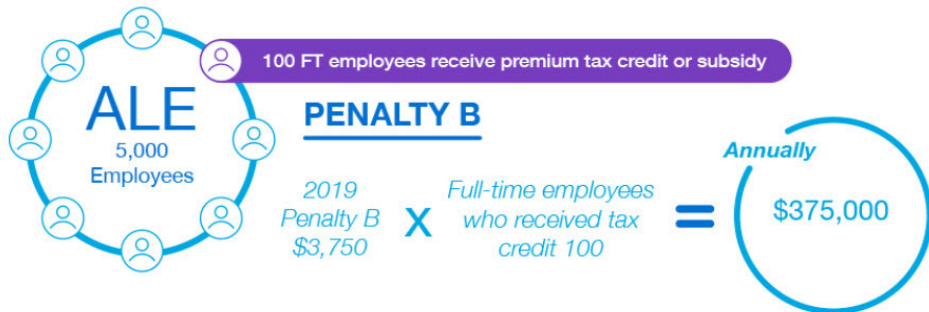
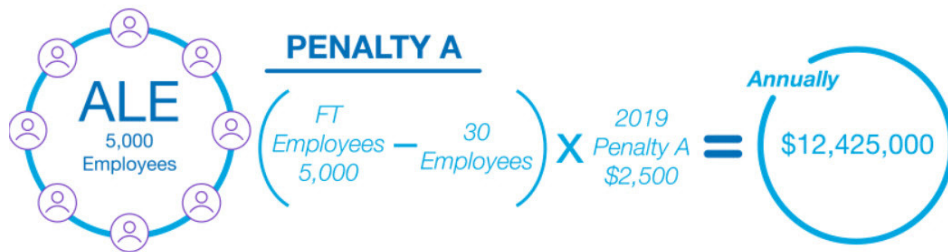




Avoiding the IRS Penalty Sting

As the IRS continues to roll out new rounds of ACA penalty notices, we can't stress enough how important it is to assess your compliance during the course of the calendar year. Reviewing your ACA compliance once a year is simply not going to offer your organization the leg up it needs. Issues must be resolved in a proactive, time-efficient manner to help quickly remedy situations that could lead to potential penalties. If you haven't already committed to actively reviewing your data on a quarterly basis, doing so could significantly benefit your organization by avoiding IRS notices and potential penalty assessments.

The most common IRS notice is the Letter 226-J which calculates penalty amounts on a monthly basis under IRS 4980H. The total penalty assessment in this notice is based off the sum of those monthly figures. The agency also identifies which employees received a Premium Tax Credit (PTC) and for which months they were received, which can impact the type and size of a 4980H penalty.



EXAMPLE LETTER 226J

FOR REFERENCE ONLY

Department of Treasury
Internal Revenue Service
1545 Rockledge Drive, Department
IRS, Ogden, UT 84401

PROPOSED ESRP PENALTY

THE SPECIFIC ISSUES AND EMPLOYEES AFFECTED WILL BE LISTED ON THE 14765 INCLUDED WITH THIS LETTER.

IRS CONTACT INFORMATION

THIS IS THE DATE THAT STARTS THE 30-DAY COUNTDOWN FOR A RESPONSE.

THIS IS THE DEADLINE FOR THE RESPONSE.



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