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STATE OF LOUISIANA

## Affordable Care Act

LaGov HCM Paid Agencies

Undersecretary Meeting

May 26, 2015

Andrea P. Hubbard  
Office of State Uniform Payroll

- There is currently an ACA project underway. The purpose is to handle the reporting requirements of the ACA.
- The ACA project team is made up of representatives from OSUP, OGB, OTS, and HR offices
- Since not all required data to be reported is housed in one system, the project team has been reviewing the requirements and determining where the data resides and what data is missing.
- Meeting 2-3 times per week.



## Employer Shared Responsibility Provisions

- Effective January 1, 2015
  - Must offer health coverage to all ACA full-time employees (30+ hours per week)
  - Must provide IRS Forms to employees and the IRS
- LaGov HCM Paid Agencies will be reported under OSUP's Tax ID
- Agency MUST assure accuracy of data
- Agency MUST maintain documentation

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- Effective January 1, 2015, the employer shared responsibility provisions of the ACA went into effect.
- Requires employers to offer health coverage to ACA full time employees and their dependents (this is generally anyone who works an average of 30 hours or more per week.)
- Requires employers to report health coverage information to the employees and the IRS
- LaGov HCM Paid Agencies, collectively, are considered as one employer for ACA purposes, and data will be reported under OSUP's tax ID.
- Each agency will be required to offer coverage to eligible employees, review the data to be reported for accuracy and to maintain documentation of offers of coverage.



## Employer Shared Responsibility Provisions

### ACA Requirements:

- Offer health coverage to all eligible employees and dependents
- For 2015, 70% of all full-time and full-time equivalent employees must have been offered health coverage in order to be compliant
  - OSUP LaGov Paid agencies have met the 70% threshold for 2015
- The threshold increases to 95% for the 2016 plan year
- An IRS employer penalty tax will be assessed for failure to comply
- Agencies MUST keep records of coverage offers for last 6 plan years for audit purposes

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- The employer mandate requires employers to provide health coverage to all eligible employees and dependents beginning January 2015. In order to be compliant with this requirement in 2015 only, employers must have made available health coverage to at least 70% of all full-time and full-time equivalent employees.
- This threshold increases to 95% for 2016 Plan Year. This is when it becomes most important that we assure that agencies are offering coverage to the applicable employees and keeping good records of that information.
- Non-compliance with this provision will result in Employer Penalty Taxes under Internal Revenue Code Section 4980H, which your agency will be responsible to pay.
- We recommend that agencies maintain record of coverage offers for a minimum of 6 plan years or according to your retention schedule, if longer



## Employer Shared Responsibility Provisions

2016: Offer Coverage to 95% of FT EEs & their dependents?

NO

4980H(a) Penalty:  
\$2,000 annual penalty per FT EE if at least one FT EE receives a premium tax credit\*\*

YES

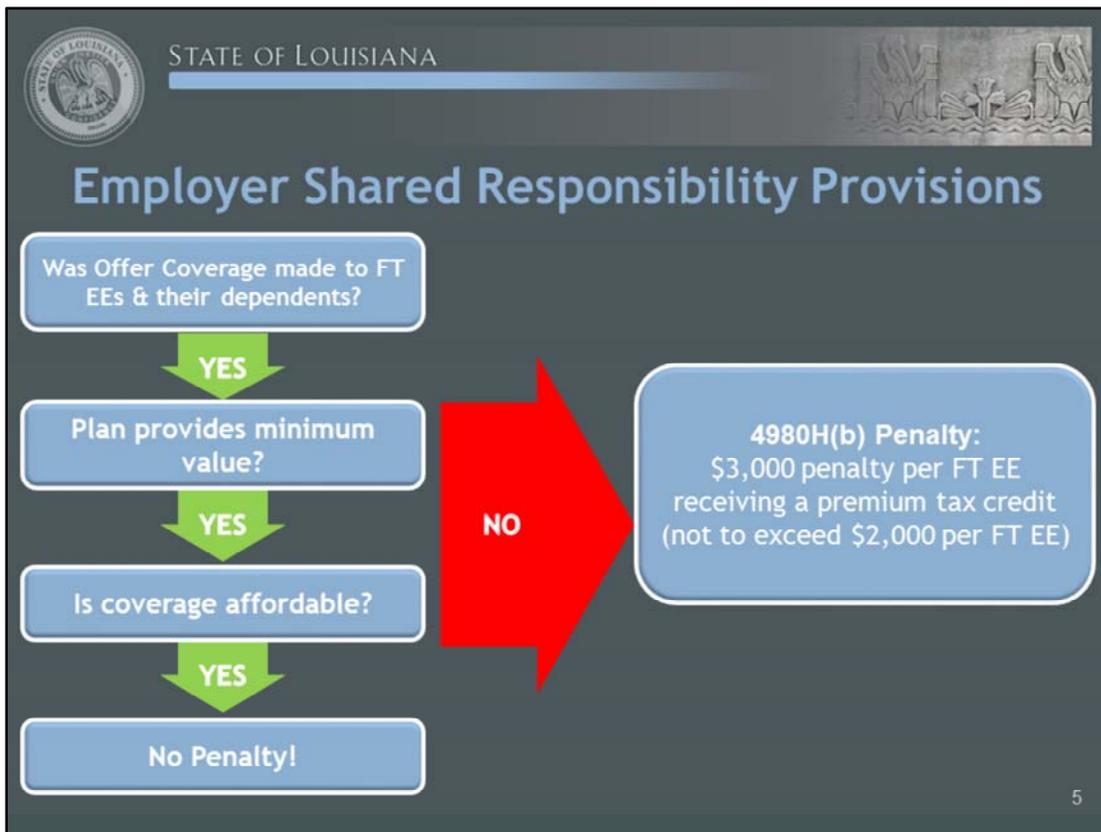
No penalty applies!

\*\*Penalty will be applied to the entire LaGov HCM  
Paid Population: 40,000 employees  
Potential \$80,000,000 penalty  
Penalty will be assessed monthly  
Penalty will be passed on to all agencies proportionately.

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### 4980H(a) Penalty:

- Generally, a penalty will be assessed if we do not offer coverage to at least 95% of FT employees (and their dependents) **and** at least one FT employee receives the premium tax credit.
- Approximately 40,000 FT employees in LaGov HCM
- Possible \$80,000,000 penalty for failure to comply
- Penalty will be assessed monthly
- All agencies will be assessed the penalty proportionately.
- We want to assure that this does not happen.



### 4980H(b) Penalty:

- Generally this penalty will be assessed if we do offer coverage to at least 95% of FT employees and their dependents, **but** at least one FT employee receives the premium tax credit **and** for that employee coverage was not offered, was unaffordable, or did not provide minimum value.
- \$3000 per eligible employee who receives a premium tax credit
- If a full time employee, as defined by the ACA, receives a premium tax credit, we will receive a notice from the IRS. We will have to prove that the employee and their dependents were offered coverage, the plan provided minimum value, and the coverage was affordable.
- Employers will have an opportunity to respond to the assessment
- Agencies will pay this penalty

Affordable if employee's share of lowest cost self-only coverage does not exceed 9.5% of household income

- Three employer "safe harbors" - actuaries determined that the Pelican HSA meets the federal poverty level safe harbor.

Minimum value Coverage is considered to provide minimum value if the plan covers at least 60% of the total cost of benefits and covers substantial in-patient hospital and physician services

Explanation for "not to exceed \$2,000 per FT EE": The total payment in this instance cannot exceed the amount the employer would have owed had the employer not offered minimum essential coverage to at least 95 percent of its full-time employees (and their dependents).

Employer-sponsored plans are within the IRS definition of Minimum Essential Coverage (MEC)



# IRS Reporting

OSUP will submit data on behalf of LaGov HCM paid agencies:

- Form 1095-C (provided to employees by January 31)
- Form 1094-C (transmitted to the IRS no later than March 31)

Agencies are responsible for ensuring the information that will be reported on Form 1095-C is correct and complete.

The image shows a Form 1095-C, 'Employee Provided Health Insurance Other than Coverage under an applicable Large Employer Health Plan'. The form is a draft, dated August 28, 2014, and is marked 'DO NOT FILE'. It includes sections for 'Employee Information', 'Employer Information', and 'Employee Offer and Coverage'. The 'Employee Offer and Coverage' section contains a table with columns for 'M. Applicable Large Employer Health Plan', 'M. Applicable Large Employer Health Plan', 'M. Applicable Large Employer Health Plan', and 'M. Applicable Large Employer Health Plan'. The table has 10 rows and 10 columns of checkboxes.

- IRS requires employers to file an information return to report the health coverage data.
- Information is used to 1)administer the employer shared responsibility provisions and 2)to determine an employee’s eligibility for the premium tax credit.
- OSUP will submit data on full time equivalents and covered individuals on these IRS forms on behalf of LaGov HCM paid agencies:
  - Form 1095-C
  - Form 1094-C Transmittal
- As with W-2 reporting, OSUP will provide the Form 1095-C to the employees by January 31. The data will be transmitted to the IRS by OSUP no later than March 31.
- The IRS is the enforcement agency and can audit multiple years. It is recommended to keep records for the last 6 plan years or according to your retention schedule if longer.



## IRS Reporting

- Data required to populate Form 1095-C:
  - Employee's/plan member's name, SSN, address
  - Employer Information
  - Months Minimum Essential Coverage (MEC) was offered that provided minimum value
  - Employee share of lowest cost monthly premium for self-only minimum value coverage
  - Employer safe harbor and transition relief code(s)
  - Covered individuals and months covered

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### Data required for Form 1095-C:

- Employee's/plan member's name, SSN, address
- Employer Information
- Months during the year that Minimum Essential Coverage (MEC) was offered that provided minimum value
- Employee share of lowest cost monthly premium for self-only coverage available to employee (Pelican HSA)
- Employer safe harbor and transition relief code
- Listing of covered individuals and the months they were covered



## IRS Reporting

OGB will provide data on covered individuals\* and their dependents

- Data provided by OGB will include:
  - Plan member's name, SSN, address
  - Months of the year the individual was covered
  - Lowest cost monthly premium for self-only coverage
  - Listing of covered individuals and the months they were covered

*\*Covered Individuals includes active employees, retirees, COBRA participants, and survivors*

*Reporting data resides in multiple systems*

Since not all data resides in one system, we will rely on OGB to provide some of the information.



## IRS Reporting

It is anticipated that the LaGov HCM system will be enhanced to capture additional data required for these forms including:

- “Offer of Coverage Code” - Type of coverage that was offered.
- “Coverage Code” - Whether the plan member was covered or the reason that they were not covered.

*OSUP will provide a list of codes and explanations to the agency Human Resources offices.*

- Some of the data needed to populate the forms resides in LaGov.
- There are some missing data elements that we will have to capture.
- At this time, we are looking at capturing this in LaGov.
- HR offices will need to enter this data for some employees.
- It will be important to review those employees who do not have health insurance. We will be able to make some assumptions on employees who do have coverage and populate the fields. Agency HR offices would have the information to populate the fields on employees who do not have coverage.



## IRS Reporting: Roles & Responsibilities

### Office of Group Benefits (OGB)

- Provide a data file on covered individuals and their dependents

### Office of State Uniform Payroll (OSUP)

- Design report(s) that will be made available in LaGov HCM to include the OGB data and missing required data
- Print and mail IRS forms to all full-time employees and covered individuals
- Transmit data to the IRS

### Agency (LaGov HCM Paid)

- Review report(s) in LaGov HCM and update LaGov HCM and/or eEnrollment with missing data
- Maintain offer of coverage documentation



## Next Steps

### ACA Project Team:

- Finalize Policies and Procedures
- Train Agency Human Resources Staff

### Agency:

- Manage Liabilities
  - Determine full-time employees
  - Offer Coverage
  - Document offers
  - Manage hours of part-time employees

- The project team will provide in depth training for LaGov HCM Paid Agencies.
- Express the importance of managing the hours; major liabilities: documenting offers, managing hours
- Change Management regarding hours for part time employees (students, WAEs). Where you didn't have to offer them coverage before, you will have to offer it now if they meet the ACA definition of FT EE.
- Dual Employment
- On Call Hours



## Resources

- [IRS.gov](http://IRS.gov)
  - [IRS.gov/aca](http://IRS.gov/aca) - Affordable Care Act (ACA) Tax Provisions
    - Employers Resource page
    - Q&A section
    - Legal guidance
- Other Health Care Information
  - HHS website: [HealthCare.gov](http://HealthCare.gov)
  - DOL website: [DOL.gov/ebsa/healthreform](http://DOL.gov/ebsa/healthreform)
- Office of State Uniform Payroll - 225-342-0713

OSUP will be creating an ACA page on our website.  
OGB will also be creating an ACA page