



Five Reasons Why You Can't Take a Vacation From the ACA



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Five reasons why you simply can't afford to take a vacation from the ACA

Think you can kick back and relax now that your Affordable Care Act (ACA) annual reporting requirements have been signed, sealed, and delivered?

Probably not.

Reporting is an annual event – but just one of many ACA compliance requirements, issues, and challenges that can pop up on your radar screen quickly and come in fast.



In 2015, the U.S. Supreme Court affirmed basic provisions of the Affordable Care Act.

The ACA is never, never, ever unplugged 1

ACA compliance requirements don't have an "off" switch, especially tasks like tracking and storing accurate data. They're there when you turn the lights on in the morning, when you check email, send tweets, hire, fire, and manage a gazillion other details throughout the day. You have to be prepared for whatever comes your way because of the ACA, every day, every step of the way.

Affordability and eligibility is a moving target 2

ACA demands have become more stringent in 2016. Going forward, employers must offer affordable coverage to **at least 95 percent** of ACA full-time employees – **up from 70 percent** in 2015. There are also changes concerning safe harbor percentages, wellness programs, medical benefit election waivers, and employer contributions.

As these and other changes take place, you have to continue to calculate benefits eligibility and affordability for required employees, validate data – and more. Does your organization really have the expertise and processes to stay abreast of the many changes and take timely and accurate action?

Just **33-45%** of employers feel prepared to deal with Marketplace/Exchange Notices.



The ACA involves more than current employees **3**

Non-active employees and other individuals may need to receive a Form 1095-C or Form 1095-B in certain circumstances. Example? If you are a self-insured employer, you need to do reporting under Internal Revenue Code Section 6055 for anyone enrolled in your coverage including retirees, non-employee directors and COBRA participants. The forms used for this reporting must be filed with the IRS and furnished to individuals to satisfy the individual mandate. Plan sponsors that are employers subject to the employer shared responsibility provisions generally must report the coverage on Form 1095-C.



More ACA changes are on the way in 2016

Employers **must offer affordable coverage to 95%** of ACA full-time employees — **up from 70%.**



Affordability test **increases to 9.66%** of household annual income **from 9.5%.**

Automatic enrollment provision ends.



More Marketplace/Exchange Notices will be sent out to employees in more states this year.



Wellness programs incentives or premiums **may affect affordability.**



Nondiscrimination testing may begin for fully-insured plans.

Exchange Notices are on the way — and are going to keep on coming **4**

If an employee goes to an Insurance Exchange and receives a health care subsidy, this initiates a complex trail of communication and paperwork that requires you, as the employer, to validate key data from employee earnings as well as the status of your health care offering. Staying on top of this monthly can help minimize financial risk to your organization and to any employee who mistakenly applied and received a premium tax credit that they will need to repay.

The next annual reporting season is already on the way **5**

All the ACA recordkeeping you're doing now is essential for the next ACA annual reporting season – which is less than a year away. This includes information that you must provide to the IRS and your employees that demonstrates the health care coverage offered to your employees meets minimum essential and affordability requirements of the ACA.



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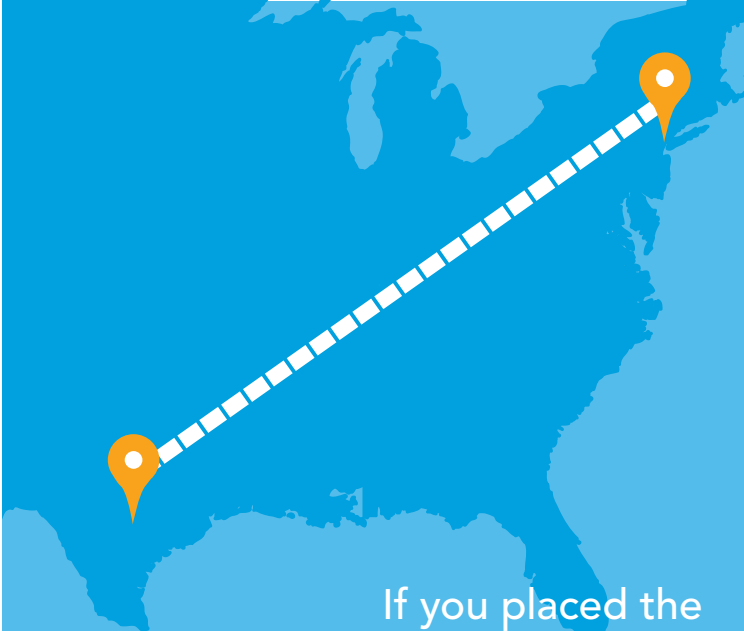
At ADP, we help you manage ACA compliance with best practices, expertise, tools, and service

Last year, ADP issued over 10 million Forms 1095-C for our clients who rely on us for ACA administration – vital documentation that helped them with ACA compliance.

But annual reporting is just part of the total, fully managed approach ADP takes to help our clients manage their ACA compliance risk. We recognize that managing ACA rules, regs, and requirements is a huge, year-round responsibility.

Bottom line? The ACA is complex and this year the rules are more stringent than ever. The good news is ADP can help. But employers need to take the first step and not delay. Benefiting from ADP's comprehensive expertise can help you to look forward to smooth ACA compliance and a great summer.

In fact, you might even consider taking a vacation!



If you placed the
10+ million Forms 1095-C
that ADP issued in 2016,
end-to-end, they would cover
the distance between
**New York City and
Austin, Texas.**

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