



2017 ACA Small Employer Reporting Administration Manual



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This Administration Manual provides guidance to properly manage ACA Small Employer Reporting service. In the meantime, if you have any questions pertaining to ACA Small Employer Reporting, call us toll-free at 1-800-422-4661. While not required, the 12-digit MyTASC ID provided in this welcome kit will help get you to the right contact quickly.

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Welcome

Welcome to TASC ACA Small Employer Reporting.

The First Step

A TASC On-Board Specialist will call to help you get started with TASC ACA Small Employer Reporting. Meanwhile, please review this Manual. The contents will help you make pertinent ACA Determinations so you can move forward with the tracking and reporting requirements.

Commonly Used Acronyms

- ACA – Affordable Care Act.
- ALE – Applicable Large Employer – See “Are you an Applicable Large Employer (ALE)?”
- FTE – Full-time Employee – See Addendum A, “ALE Worksheet.”
- MEC – Minimum Essential Coverage – See “Does your Plan offer Minimum Essential Coverage?”

Visit our TASC news site at www.tasctracker.com and subscribe to receive news updates via email. Must-know information regarding TASC products is posted regularly.

Welcome to TASC ACA Small Employer Reporting!

Introduction

ACA Small Employer Reporting

The Affordable Care Act (ACA) requires small employers who sponsor a self-funded group health plan to report annually on Form 1095-B. This Form is used to report to the IRS and then distributed to your Employees who are covered under your self-funded health plan.

TASC ACA Small Employer Reporting takes the headache and worry out of these requirements. Just think, significant penalties can be imposed on employers who fail to complete these mandated, informational filings.

Congratulations on your wise decision to get TASC on board! You will soon be called by one of our On-Board Specialist, who will help you get started on the right foot.

Information for Filing Penalties

The general penalty for failure to file a required information return is \$260 per return. The cap on the total penalties during a calendar year is \$3,193,000. If a failure is caused by intentional disregard, the penalty is doubled to \$520 for each failure, with no calendar year cap.

Scope of TASC Services

This Product is written for single small employers sponsoring a self-funded group health plan. It is not designed or intended for complex plans such as Multiple Employer Welfare Plans or Voluntary Employee Benefit Associations.

TASC is not a law firm and is not providing legal or tax advice. All written or verbal communications provided are general in nature and not intended to constitute legal or tax advice. ACA Small Employer Reporting may have legal and tax consequences. Any questions regarding Plan Sponsor's particular needs, requirements, circumstances, or the tax consequences of ACA Small Employer Reporting must be directed to the Plan Sponsor's own advisor(s) at the Plan Sponsor's expense.



Stay informed about important news regarding your Plan.
Visit the TASC Client news site at www.tasctracker.com and subscribe to receive news updates via email.

Determining Your Status Under the ACA

Are you a Small Employer?

Per ACA “counting” rules, a Small Employer is one with under 50 full-time employees (FTEs) or a combination of full-time and part-time employees. If you determine that you are a large employer, contact TASC; we have a comprehensive product for large employers (ALEs).

To determine the size of your workforce, use the ACA rules for counting employees. If this method confirms that you are a small employer, your business is not subject to the ACA “Play or Pay” Penalties. You are responsible for filing form 1095-B only if you offer a “self-insured” health plan.

Note: In a “Self-Insured” health plan the claims for basic benefits are paid from the employer’s general assets or a trust which is self-administered or administered by a third-party administrator. Self-insured health plans are commonly referred to as “self-funded” health plans. The employer holds the risk for paying claims.

Appendix A provides an easy to use Worksheet to determine your ALE status. If you are on the cusp be sure to monitor your status and reporting requirements by updating this Worksheet every calendar year.

Does Your Plan Offer Minimum Essential Coverage?

Minimum Essential Coverage (MEC) is defined as accident and health coverage offered under an employer-sponsored group health plan that includes the Essential Health Benefits. MEC does not include excepted benefits (retiree plans and most health FSA plans are excepted), fixed indemnity coverage, dental or vision coverage, or life insurance. The group health plan you sponsor by definition is Minimum Essential Coverage.

Compliance Note: The ACA includes benefits and administrative mandates for all insured and self-funded health plans, referred to as either the Public Health Service Act Mandates (PHSA Mandates) or ACA Market Reforms. The PHSA Mandates include items such as but not limited to providing Essential Health Benefits (a list of basic benefits described under the ACA), dependent coverage to age 26, prohibitions on lifetime maximums and preexisting condition limitations, and coverage for preventive benefits. Your Plan’s compliance with the PHSA Mandates is not a part of this product. Your insurance carrier or third-party administrator will be able to provide you a certification that your Plan meets these requirements. The penalty for failing to satisfy the PHSA Mandates is a \$100/day excise tax per applicable Employee (which is \$36,500 per year, per Employee) under Section 4980D of the Internal Revenue Code, and not covered by the TASC Audit Guarantee.



Minimum Essential Coverage (MEC) is defined as accident and health coverage offered under an employer-sponsored group health plan.

Employer Reporting

When do you Need to File?

Paper forms must be filed with the IRS on or before February 28 (March 31 if filed electronically) of the year following the calendar year of coverage. The employee forms must be sent (postmarked) to the covered Employees no later than January 31.

What Information Does TASC Need?

All information described in this Manual is necessary for reporting and must be provided to TASC prior December 15 so TASC may meet the federal filing dates. If this basic plan information is provided after December 15, TASC will not be responsible for any late filing penalties.

The Data Specifications are enclosed with this Manual. All Data Field Names on data submitted must be exactly the same as presented on the Data Specifications. The data is basic demographics such as employer and employee names and addresses, and names of covered spouse and dependents along with their Social Security Numbers.

Your annual file for the calendar year must be submitted by December 15 so TASC can meet the filing schedule.

New clients can request a call with the TASC Electronic Data Interchange (EDI) Specialist who will help assist you with the formatting of the Annual data file.

Filing the Returns

The IRS Filing(s): TASC will complete the necessary forms, IRS Form 1095-B and IRS Transmittal Form 1094-B, and submit to the IRS using the Plan information you provided on the Group Business Plan Application and your annual data submitted. TASC will electronically submit the required filings to the IRS. If all information is provided to TASC by December 15, then TASC will meet the IRS filing deadline(s). As a registered “Transmitter” TASC is allowed to transmit the data directly to the IRS on your behalf. You will be emailed a copy of the filing for your records.

You may choose to file electronically or by US mail upon request. If you elect to mail your return to the IRS, you will need to request this option during your Welcome Call with TASC. TASC will complete the forms, made available via an emailed link to be sent for review and distribution prior to the January 31 deadline to the Primary Client Contact named on the Group Business Plan Application.

Employee Statements: TASC will send the completed forms required for your employee reporting to you for review and distribution prior to January 31. These Employee Statements must be furnished on paper by mail, unless the employee provides “affirmative consent” to receive the statement in an electronic format.

Except for an employee who provides no affirmative consent, TASC will provide all employee statements via secure email. (TASC assumes that if you provide us an email for an employee, that employee has in fact affirmatively consented to receive his/her statement via email.) Clients and Participants will receive email notification and be required to log in to a secure location to view documents.

Employer Reporting

Your login as a Client is your 12-digit TASC ID. Participants access code is the first 3 letters of the last name (UPPERCASE) and the last 3 digits of SSN.

The TASC email will include all of your employee statements. If you have not submitted an email address for an employee or failed to receive the necessary affirmative consent, you must mail the Notice to said employee. See below for details and a suggested affirmative consent template.

TASC will notify you if the TASC email to any employee is returned as undeliverable. If you are unable to obtain a correct email address from your records or from the recipient, you must mail the employee statement to the employee. This mailed employee statement must be postmarked or hand delivered in person within 30 days after the email is returned.

The following rules are provided to help you determine the best method for delivery to your employees:

Sending employee the statement by mail: If mailed, the statement can be sent via USPS first class mail to the employee's last known permanent address, or if no permanent address is known, to the recipient's last known temporary address. TASC will provide you by email all employee statements so you can mail the statement to your covered employees. You will need to retain records showing the mailing, example a copy of the envelope with the postmark and a copy of the statement. As an alternative you may save a copy of all of the statements with a note that they were mailed on a specific date, signed by the person who mailed the forms.

The statement on your website: If the statement is furnished on your website, you must notify the employee. This notice may be delivered by mail, electronic mail, or in person. The notice must provide instructions about how to access and print the statement, and must include the following content in capital letters, "IMPORTANT TAX RETURN DOCUMENT AVAILABLE." You must retain a copy of the statement on your website through October 15 of the year following the calendar year to which the statement relates (or the first business day after October 15, if October 15 falls on a Saturday, Sunday, or legal holiday). You must ensure employee access to corrected statements that are posted on the website through October 15 of the year following the calendar year to which the statements relate (or the first business day after October 15, if October 15 falls on a Saturday, Sunday, or legal holiday) or 90 days after the corrected forms are posted, whichever is later.



**TASC will provide all
of the Employee
Statements via
secure email.**

Employer Reporting

Affirmative consent to receive the statement by email or online. Email is the recommended way to receive affirmative consent. (If you receive affirmative consent on paper you must confirm the affirmative consent by email.) The following affirmative consent text can be used for this purpose.

By responding YES to this email, I affirmatively consent to receive the ACA Coverage Reporting Statement from my employer, an IMPORTANT TAX RETURN DOCUMENT, in an electronic format, by email, or on my employer's website.

By responding NO to this email or failing to respond, I do not consent to receive the ACA Coverage Reporting Statement from my employer, an IMPORTANT TAX RETURN DOCUMENT, in an electronic format, by email, or on my employer's website.

I understand that I can withdraw this consent by written notice to my employer, to take effect no later than 60 days after said written notice was received by my employer.

I understand a request for a paper statement will be treated as a withdrawal of my consent to receive the ACA Coverage Reporting Statement from my employer in an electronic format, by email, or on my employer's website.

Form Corrections

Once your IRS Forms 1094-B and 1095-B forms are sent, you can request a correction or corrections as needed. To do so, promptly submit a Request for Correction Form. To access the Request Form and instructions click this link: <https://www.tasconline.com/uploads/KB/ACA/TC-5554-012916%20ACA%20Request%20for%20Correction.pdf>.

Changes are billable at \$35 per corrected Form.

Business Processing Event Time Line

Event Kit	Event Title	Duration*	Responsibility
	1. Submit application with fees.	Varies*	Provider
	2. TASC receives and previews application.	2+ days(if clean)	TASC
	3. TASC enters the new business.	1+ days	TASC
	4. Enter Client information and establish the Client account.	2 days	TASC
Kit One	5. TASC emails Client material including the Client Administrative Manual.	1 day	TASC
	6. Client completes call with TASC Onboarding and file testing with TASC EDI team	Varies*	Client
File Processing	7. TASC reviews files for error and uploading.	5 days	TASC
	8. Error logs are reviewed and communicated to Client.	5 days	TASC
	9. Client provides corrections on any errors.	3 days	Client
Reporting	10. TASC will provide an individual forms file to the Client for non-email distribution.	By 01/15	TASC
	11. TASC will electronically issue the forms to the employees if email is provided.	By 01/15	TASC
	12. TASC files ACA Employer reporting to IRS	By 03/31	TASC

TASC Invoicing Practices

Purpose

TASC's Invoicing Practices aim to foster a clear understanding by communicating expectations to all Clients, ensuring compliance to TASC Plans and services, creating consistency between all of TASC's divisions, and ensuring the continuation of services.

Philosophy

To ensure that TASC operations continue to run smoothly, various actions need to occur in a timely manner, including the payment of TASC administrative fees. Paying in advance demonstrates that the Plan is for the benefit of employees and provides further evidence that the Plan has been established on a pre-thought basis. TASC invoices in advance for two reasons:

1. TASC requires a commitment in advance of the business being processed, and
2. TASC requires a payment history for its Clients, so as to determine the Clients' status of good standing.

Types of Payments for Administrative Fees

- Debit - Clients may pay administrative fees or funding invoices via an electronic ACH Debit transfer.

Client Responsibilities

- Please make your checks payable to TASC Administration. Checks incorrectly payable to ACA Employer Reporting can cause some confusion and may delay the administration of your Plan.
- Mail invoices and payments in the envelope provided (goldenrod color) to:
TASC
2302 International Lane
Madison, WI 53704-7098.
 - All invoice payments must be submitted separately from all other payments and transactions.
 - All invoice payments must be made separately (i.e. one check with one invoice).
- Notify TASC of any disputes or any changes.

Confidentially Speaking Reporting Program

Program Demonstrates Commitment to Excellence

The Confidentially Speaking program guarantees that TASC employees, customers, and vendors can safely and anonymously communicate with management regarding sensitive information.

Why did TASC Implement this Program?

A renewed interest in corporate governance, spurred by the Sarbanes-Oxley Act, has motivated many organizations to implement an anonymous reporting hotline. Because TASC's Confidentially Speaking system helps employees, customers, and vendors voice their opinions and concerns, we're able to gain valuable feedback that otherwise might not be forthcoming. Finally, besides helping our efforts to mitigate risk, this information helps us maintain an ethical environment within TASC.

As part of our organization's core values and best practices, we expect TASC to conduct business in a legal and ethical manner. We do not condone any illegal or unethical behavior. All members of our TASC team are asked to let us know immediately if they become aware of unacceptable activity occurring within the organization. TASC management in turn takes steps to appropriately address the issue.

How Does it Work?

If you have knowledge about the occurrence of unethical activity, promptly report the situation to a Confidentially Speaking representative via website or phone. You may remain 100% anonymous, no matter the method of reporting.

Reporting via Website: www.tasc.alertline.com

The user-friendly website makes reporting easy. It walks you through each step of the reporting process, which includes answering a few questions required as part of the feedback collection process. You may also upload supporting documents to the website.

If you wish to receive follow-up information, you may do so in two ways. You may create a custom website password to allow you to check the case status and communicate anonymously. Or, you may provide an email address to receive follow-up information anonymously.

Confidentially Speaking is administered by Navex Global, and independent organization that is contractually forbidden to disclose your personal information to TASC.

Reporting via phone: 877-874-8416

If you would rather call, a highly trained representative will thoroughly interview you about the issue. It is advantageous to be as upfront as possible with the interviewer. Once the report/call is complete, you will receive a unique code related to your report which will allow you to check the case status and/or to follow-up on the matter.

After Reporting

The issue will be investigated and escalated as necessary and appropriate. Besides helping our efforts to mitigate risk, this information helps us maintain an ethical environment within TASC. Comments and feedback are taken seriously and may directly affect the success and culture of our organization.



Possible Categories of Unacceptable Activities and Unethical Behavior

Accounting, Auditing, and Financial Concerns

Conflict of Interest Falsification of Information

Release of Proprietary Information Fraud, Deceit, and Embezzlement

Securities Violations

Theft, Safety Concerns, Company Policy Violations

Applicable Large Employer 'ALE' Worksheet Instructions

The ALE Worksheet provides a tool with which to determine and document your ACA reporting status. It is easy to use and requires you to perform some basic calculations as described below. If you determine per the Worksheet that your business is on the cusp, be sure to monitor your status and reporting requirements. To do so, simply update this Worksheet every calendar year.

It is important that you become familiar with the following terms that apply to your workforce.

Full-Time Employees (FTEs): The statute defines a full-time employee as one whom, with respect to any month, works at least 30 hours per week. (Note: 130 hours of service in a calendar month is considered the monthly equivalent of at least 30 hours of service per week).

An “employee” is defined under the common-law standard, the same standard used to determine whether someone is a consultant.

The employer-employee relationship exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work, but also regarding the details and means by which that result is accomplished. That is, an employee is subject to the will and control of the employer not only regarding what services shall be performed, but also how it shall be performed. In this connection, the employer need not actually direct or control the manner in which the services are performed; it is sufficient if s/he has the right to do so. The right to discharge is also an important factor indicating that the person possessing that right is an employer. Other factors characteristic of an employer, but not necessarily present in every case, are the furnishing of tools and the furnishing of a place to work to the individual who performs the services. In general, individuals are not employees if they are subject to the control or direction of another merely as to the result to be accomplished by the work and not as to the means and methods for accomplishing the result.

Some examples of persons not considered employees: leased employee, a sole proprietor, a partner in a partnership, and a 2% S corporation shareholder. Employees who work outside the U.S. are excluded. Typically, all persons who receive a W-2 are employees.

Full-Time Equivalent Employees: FTE-equivalents are included. Include and count part-time employees as a fraction of an FTE with the number of hours regularly scheduled to work over 30, or if monthly the number of hours over 120 scheduled in a month. These part-time employees are added together and become your FTE-equivalents. (Seasonal and Variable Hour employees, if applicable to your workforce, are counted as part-time employees for this calculation.)

Example: This employer is an ALE with 50 FTEs: 40 employees are regularly scheduled to work 30 or more hours per week and 20 employees are regularly scheduled to work 15 hours per week or 60 hours per calendar month. Each of the 40 employees is counted once and each of the 20 part-time employees is counted as a one-half employee, $15/30$ or $1/2$. This calculation adds 10 FTE-equivalents. $40 \text{ FTEs} + 10 \text{ FTE-equivalents} = 50 \text{ total FTEs}$.

Appendix A

Example: This employer is **NOT** an ALE with 50 FTEs: 40 employees are regularly scheduled to work 130 or more hours per calendar month and 15 employees are regularly scheduled to work 60 hours per calendar month. Each of the 40 employees is counted once and each of the 15 part-time employees is counted as a one-half employee, 60/120 or ½. This calculation adds 7.5 FTE-equivalents. 40 FTEs + 7.5 FTE-equivalents = 47 total FTEs. (Note: Because the result is not a whole number, it is rounded to the next lowest whole number, so 47 is the result.)

Hour of Service: The term hour of service means each hour for which an employee is paid, or entitled to payment, for the performance of duties for the employer; and each hour for which an employee is paid, or entitled to payment by the employer for a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence.

Special Unpaid Leave. The time your FTE is on special unpaid leave is counted towards hours worked. Special Unpaid Leave means the following:

- 1) Unpaid leave that is subject to the Family & Medical Leave Act of 1993 (FMLA), Public Law 103-3, 29 U.S.C. 2601 et seq.;
- 2) Unpaid leave that is subject to the Uniformed Services Employment & Reemployment Rights Act of 1994 (USERRA), Public Law 103-353, 38 U.S.C. 4301 et seq.; or
- 3) Unpaid leave on account of jury duty.

During Special Unpaid Leave the hours of service are added at the rate equal to the average of the prior months during the same calendar year. There is no limit to the number of Hours of Service that can be credited with respect to Special Unpaid Leave.

Educational Organizations Break In Service: For an FTE's Break in Service that is not a part of a Special Unpaid Leave, count the months on leave as months worked. For instance, count staff as FTEs during the summer break with the average hour credited. No more than 501 hours of service are required to be credited.

For both Special Unpaid Leave and Educational Organizations Break in Service purposes, you may use any reasonable method to credit hours if applied consistently. If an employee's average rate is being computed for a measurement period that is shorter than six months, use the six-month period ending with the close of the measurement period to compute the average hours of service.

Seasonal Workers: The term Seasonal Worker is more technical than Seasonal Employee in regards to tracking ACA hours. A Seasonal Worker is one who performs labor or services on a seasonal basis. Seasonal Employees can be full-time or part-time employees.

Use the following factors to determine whether an employee is a Seasonal Worker:

- 1) The employment pertains to or is of the kind exclusively performed at certain seasons or periods of the year and which, from its nature, may not be continuous or carried on throughout the year. Workers who move from one seasonal activity to another, while employed in agriculture or performing agricultural labor, are employed on a seasonal basis even though they may continue to be employed during a major portion of the year.

Appendix A

- 2) A worker is employed for a limited time only, or his performance is contemplated for a particular piece of work, usually of short duration. Generally, employment which is contemplated to continue indefinitely, is not seasonal.

Seasonal Worker does not include the following:

- 1) The employment of any foreman or other supervisory employee who is employed by a specific agricultural employer or agricultural association essentially on a year round basis.
- 2) The employment of any worker who lives at his/her permanent place of residence on the employer's land, when that worker is employed by a specific agricultural employer or agricultural association on essentially a year round basis to perform a variety of tasks for the employer and is not primarily employed to do field work.

This includes workers employed exclusively during holiday seasons. Employers may apply a reasonable, good faith interpretation of the term Seasonal Worker.

Seasonal Workers Relief: If your FTE count remains under 50 except for a 120-day period (can be counted as four calendar months) in which you employ over 50 individuals as Seasonal Workers, then you are not an ALE. This rule allows you to avoid ALE status when your non-seasonal workforce (including FTEs) is 50 or fewer employees. This exception does not apply if you employ more than 50 individuals for more than four calendar months. The 120 day period (4 month period) does not have to be consecutive.

Volunteers and Work Study: Do not count a “Bona fide volunteer” or someone participating in a “Work Study Program.”

Bona Fide Volunteer: An employee of a government entity or an organization described in Section 501(c) who is exempt from taxation under Section 501(a) whose only compensation from that entity or organization is in the form of—(i) Reimbursement for (or reasonable allowance for) reasonable expenses incurred in the performance of services by volunteers, or (ii) Reasonable benefits (including length of service awards), and nominal fees, customarily paid by similar entities in connection with the performance of services by volunteers.

Work Study Program: Do not count any hours for services performed as part of a program that provides part-time employment to students at institutions of higher education.

ALE Worksheet Calculations

To complete the Worksheet, some basic calculations and sorting functions are necessary. You will need to sort the page for FTEs, part-timers, and seasonal employees, and must add fractions for any part-time employees to determine FTEs.

As mentioned earlier, if you determine per the Worksheet that your business is on the cusp, be sure to monitor your status and reporting requirements. To do so, simply update this Worksheet every calendar year. No matter your determination, we recommend that you complete the Worksheet every calendar year.

Entering Data

- Columns A and B: Enter a line for each employee. Include all classes of employees defined above. The ID field is optional for your use in sorting or locating data.
- Column C: Enter the hours regularly scheduled to work during the month. Do not enter reductions for Special Unpaid Leaves defined above, approved leaves, vacations, or overtime.
- Column D: Enter the status – FTE, Part-Time.
- Column E: Enter Yes or No for Seasonal Employee status.

Appendix A

Calculations

- 1) Sort each monthly spreadsheet by the status.
- 2) Count each FTE once. Seasonal employees who are considered FTEs are counted here. Enter the number of FTEs for each month on the first tab, Line 6, "Count."
- 3) Add Part-Time Employee hours together for each month; enter total PTE hours for each month on the first tab, Line 12, "Hours." Line 13 will automatically divide the number of PTS hours by 120 to give you the number of FTE-equivalent employees.
- 4) Line 18, first tab: automatically adds Line 6, your count of FTEs, and Line 13, your FTE-equivalent employees.
- 5) Line 18, Column O, under "Average" will provide you with your average FTE count for ACA reporting purposes.

Seasonal Relief Rule – if applicable.

- 1) Sort each month by Column E, "Seasonal Employees."
- 2) Remove the Seasonal Employees from the FTE count and enter the number of remaining Non-Seasonal FTEs on Line 26 on the first tab.
- 3) Recalculate the part-time hours by removing seasonal employees. Add non-seasonal part-time hours for each month, and enter them on the first tab for each month, line 32.
- 4) You are not an ALE if your average on line 38, column O is under 50.
- 5) You are not an ALE if there are four months in which the FTE count on Line 38 is under 50. The four month period does not have to be consecutive.

ACA Veterans

Specifically, an employee is not taken into account for the ALE determination for any month that he or she has medical coverage provided by any of the uniformed services (including TRICARE) or under certain Veterans' Affairs (VA) health care programs. The exemption applies for months beginning after December 31, 2013.

Exemption for Health Coverage Under Tricare or the Veterans Administration: Solely for purposes of determining whether an employer is an applicable large employer under this paragraph for any month, an individual shall not be taken into account as an employee for such month if such individual has medical coverage for such month under:

- (i) chapter 55 of title 10, United States Code, including coverage under the TRICARE program, or
- (ii) under a health care program under chapter 17 or 18 of title 38, United States Code, as determined by the Secretary of Veterans Affairs, in coordination with the Secretary of Health and Human Services and the Secretary.

COBRA
HRA
FlexSystem (FSA)
ERISA
FMLA
PayPath (Payroll)
HSA