

AFFORDABLE CARE ACT **SUBSIDY TOOLKIT** FOR EMPLOYERS

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The Affordable Care Act (ACA) requires employers with 50 or more full-time employees to offer health care coverage to employees who work an average of 30 or more hours per week. The coverage must be Minimum Essential Coverage (MEC) that meets both the affordability and minimum value requirements outlined by the law. If an employer does not offer coverage to eligible employees, the employer may have to pay a fine. Eligible employees who are not offered coverage may be able to receive a subsidy, or Advance Premium Tax Credit, to help pay for health care when they sign up for a plan through a Health Insurance Marketplace, also called an Exchange.

What is a subsidy?

Subsidies, also referred to as Advance Premium Tax Credits, are available to help pay for coverage through a Health Insurance Marketplace (Exchange). When you sign up for coverage through an Exchange, you will provide information about your household income and size, employment, and current health plan to help determine if you are eligible for a subsidy.*

What is considered “minimum value” coverage?

“Minimum value” typically refers to plans that cover at least 60% of the total allowed cost of benefits that are expected to be incurred under the plan. Visit HealthCare.gov to learn more.

How do I know if I qualify for a subsidy?

When you enroll in coverage through an Exchange, the Exchange will use the information you provide to determine your eligibility for a subsidy. Generally, you must meet all of the following requirements to be eligible for a subsidy*:

- The plan for which you receive a subsidy must be purchased through an Exchange.
- You do not have access to affordable, minimum value coverage through your employer or a government-sponsored program such as Medicare or Medicaid.
- Your household income is between 100% and 400% of the federal poverty line for your family size.
- You cannot be claimed as a dependent by another person.
- If you are married, you and your spouse file a joint tax return.

Note: Subsidy eligibility is based on your household income and family size. So while your employer may offer affordable coverage based on your pay, you may still be eligible for a subsidy due to your household income.

ACA Subsidy FAQs

for Employees



What is considered “affordable” coverage?

“Affordable” coverage under the ACA means that the amount that you pay for a self-only plan (meaning the cost to purchase coverage for just you, not the cost for dependents) does not exceed 9.69% of your household income*. Because your employer is not likely to know your household income, they will calculate the affordability of the self-only plan based on what you are paid using one of three methods:

- W-2 Wages: The amount of wages reported in Box 1 of your Form W-2
- Rate of Pay: In general, your rate of pay at the beginning of the coverage period*
- Federal Poverty Line: Your contribution to the plan per month cannot exceed 9.69% of the Federal Poverty Line divided by 12*

How does my subsidy impact my employer?

When you apply for a subsidy, you will provide information about your employment and the health benefits offered to you. If you receive a subsidy, your employer will get a notification in the mail. If your employer was supposed to offer health benefits to you and did not, the notification lets them know that they may be fined. However, if your employer did offer you qualifying coverage and you receive a subsidy, they may choose to appeal your subsidy to avoid any unnecessary fines.

Why would my employer appeal my subsidy?

Your employer may decide to appeal your subsidy if they offered you Minimum Essential Coverage (MEC) that meets the affordability and minimum value requirements. Because they offered qualifying coverage, the appeal can help protect them from a fine. **Important: if your employer appeals your subsidy, it does not mean that you will lose it.** If your household income and size allow you to qualify for the subsidy, it will not be taken away. However, if you received a subsidy when you weren't supposed to, you will have to pay some (if not all) of the subsidy amount back when you complete your taxes.

What happens if my subsidy is appealed?

Your employer will complete an Employer Appeal Request Form and submit it to the Exchange. The Exchange will notify you and your employer that they received the appeal and may request more information from both parties. The Exchange will review the case and make a decision, and notify you and your employer of the decision. In most instances, if you disagree with the Exchange's decision, you will have an opportunity to appeal the Exchange's decision with the Department of Health and Human Services (HHS).

Note: A subsidy appeal can help protect you from having to repay the subsidy amount and can help protect your employer from an unnecessary fine.

Important Information

Affordable Care Act Subsidies



Subsidies, also referred to as Advance Premium Tax Credits, are available to help pay for coverage through a Health Insurance Marketplace (Exchange). When you sign up for coverage through an Exchange, you will provide information to help determine if you are eligible for a subsidy.

1 How do I know if I qualify for a subsidy?

The Exchange will look at your household income and size, employment, and current health plan to help determine if you are eligible for a subsidy.

Note: Subsidy eligibility is based on your household income and family size. So while your employer may offer affordable coverage based on your pay, you may still be eligible for a subsidy due to your household income.

2 How does my subsidy impact my employer?

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3 Why would my employer appeal my subsidy?

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Important: If your employer appeals your subsidy, it does not mean that you will lose it. If your household income and size allow you to qualify for the subsidy, it will not be taken away. However, if you received a subsidy when you weren't supposed to, you may have to pay some (if not all) of the subsidy amount back when you complete your taxes. Your employer's appeal helps you know sooner rather than later that you shouldn't be receiving a subsidy, which may reduce your repayment to the IRS.

4 What happens if my subsidy is appealed?

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Best Practices

for Handling ACA Subsidy Notifications & Appeals



The subsidy appeal process can be confusing and stressful for both employees and employers. Follow these best practices to be more efficient and help put employees at ease.



1. Educate, Communicate, and Train

Help employees and field HR staff understand key pieces of information about the subsidy process. Provide helpful resources — similar to those provided in this toolkit — to answer these basic questions about how the subsidy process works:

- What is considered “affordable” health care by the law,
- Why you may appeal a subsidy, and
- What to expect if an employee’s subsidy is appealed.

Train your HR staff on:

- What they should do if a subsidy notification is received,
- Where they should send the notification, and
- Whom they can contact with questions.



2. Re-educate, Re-communicate, and Re-train

Providing information once is never enough. Make sure you’re providing consistent educational content across different communication channels or formats. Include information in new employee and open enrollment packets, send out email reminders, and/or hang posters with subsidy FAQs in high-traffic areas.



3. Understand the Process

Be sure you know what’s required of your organization and what the deadlines are to submit documentation. There are no deadline extensions or second chances! Decide how your organization will address subsidy notifications in a timely manner and how that process will work.

Best Practices

for Handling ACA Subsidy Notifications & Appeals



4. Appeal for the Right Reason

Avoid “always” or “never” when considering your appeal strategy – there are often intricacies and complexities that may require a case-by-case determination. It pays off to do the research upfront, make an informed decision on the appeal, and then take action.



5. Understand the Outcome

You and your team should be prepared for the impact an appealed subsidy may have. This could mean a worried or angry employee, plus potential fines or bad press for your organization.



6. When You Do Appeal, Be Proactive

Reach out to your employee and be sure they understand why you appealed, what may happen, and what they can do. Remember, this can be a sensitive conversation to have with an employee, and appealing may be in the employee’s best interest.



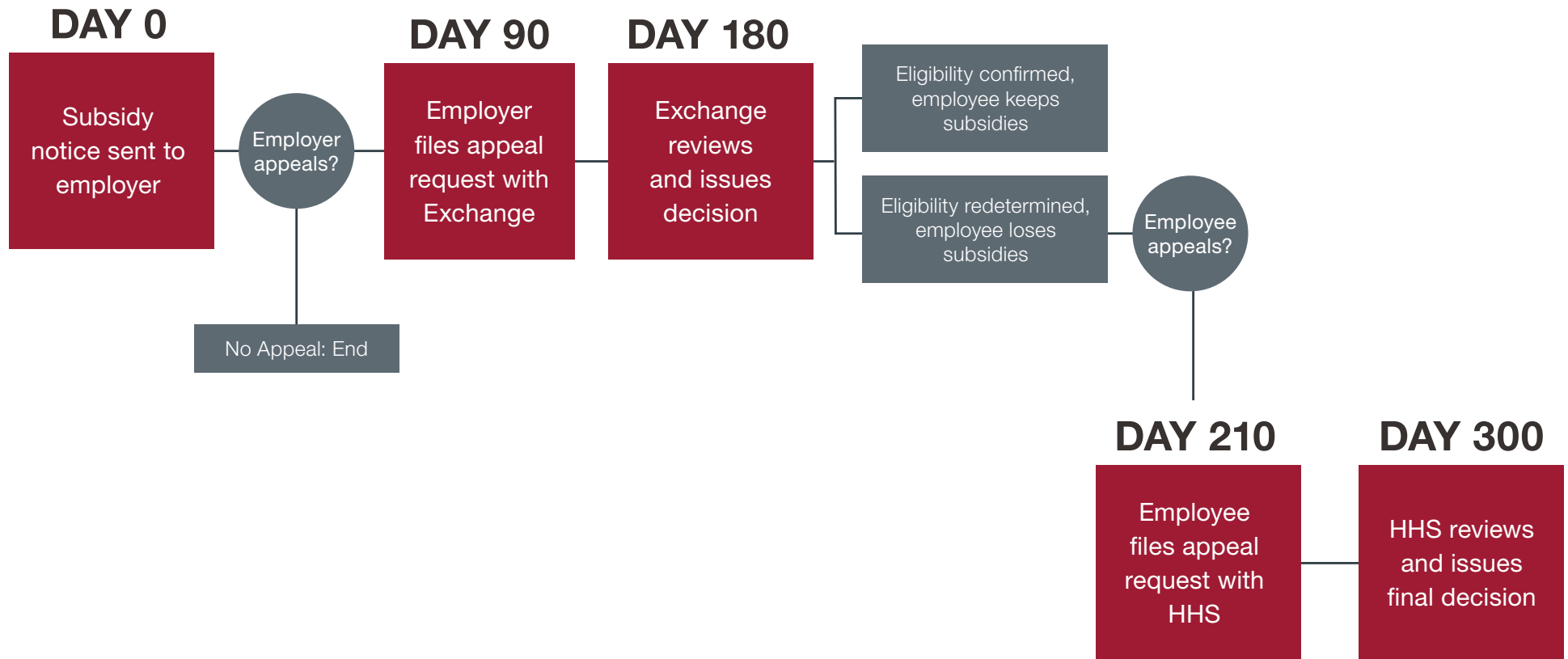
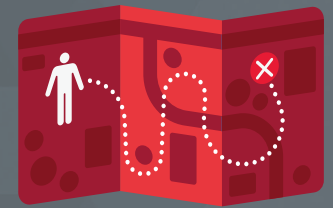
7. Prepare for Paperwork and Phone Calls

Filing subsidy appeal paperwork can take 4+ hours of your time to process and 30+ pages of documentation, and that's per appeal*. Be sure to have staff available to focus on these important steps.

Important: You can expect the person who is listed as the contact on the appeal form to receive calls from the Exchange about each individual appeal. Make sure the correct contact information is provided and that the person who is taking the calls is able to handle the sensitive employment and pay information required for a subsidy appeal.

Your employees may also want to call a representative from your organization regarding subsidy appeals, so having a designated contact to answer questions is always helpful. Again, it’s important that the person handling the calls is able to access the sensitive data required to help answer subsidy questions.

ACA Subsidy Process



More Information

ABOUT EQUIFAX

As a leading provider of HR, tax, payroll, and compliance-related services, Equifax Workforce Solutions is perfectly positioned to help employers manage ACA. Our award-winning technology has managed ACA compliance for over 41 million employees.

Contact us to learn how we can help you simplify ACA by:

- Managing subsidy notifications and appeals
- Measuring and tracking eligibility for all employee types
- Populating, preparing, and distributing forms 1094/1095
- Reducing compliance risks with automated alerts



CONTACT US TODAY

For more information, please contact:
ACAcompliance@equifax.com
800-846-9200
www.equifax.com/aca