



# 2024 ACA Palooza!

**EQUIFAX** | Workforce  
Solutions

**ACA 101: Understanding  
ACA Compliance for  
Employers**

# Thanks for Joining Our Webinar



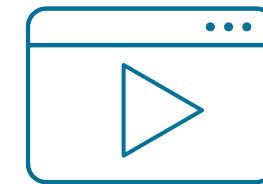
## Welcome!

Thank you for joining our webinar. Stay tuned for more from Equifax Workforce Solutions!



## Questions?





Please enter your questions in the chat box on your screen at any point during the presentation.



## Recording

This webinar is being recorded. You will receive an email with a link to view the recording.

# To Keep Our Lawyers Happy

-  The information provided herein is intended as general guidance and is not intended to convey specific tax or legal advice. For a legal opinion, please consult your lawyer.
-  This presentation is intended for the education and benefit of our customers and potential customers. This webinar cannot be shared with third parties.
-  The views expressed are those of the discussion leader(s) and do not necessarily reflect official positions of Equifax.
-  Copyright © 2024, Equifax Inc., Atlanta, Georgia. All rights reserved. Equifax is a registered trademark of Equifax Inc.

Investor analysts should direct inquiries via the 'Contact Us' box on the Investor Relations section at [Equifax.com](https://www.equifax.com).

# Your ACA Subject Matter Experts Today



**Elizabeth Collins**

Solutions Engineer, ACA  
Equifax Workforce Solutions



**Todd Hurst**

AVP, ACA Business Development  
Equifax Workforce Solutions

# Agenda

- 1 Understanding the Affordable Care Act (ACA)
- 2 The Key ACA Provisions Affecting Employers
- 3 The ACA Employer Shared Responsibility Provisions (ESRP)
- 4 Best Practices for Navigating ACA Compliance

# Understanding the Affordable Care Act (ACA)

# History of the Affordable Care Act (ACA)

The Patient Protection and Affordable Care Act (ACA) is signed into law.  
**March 23, 2010**

Efforts to repeal the ACA stall in the U.S. Congress. By the end of the year, congress reduces the 'Individual Mandate' penalty to \$0.  
**2017**

California and Rhode Island regulations become effective  
**2020**

**January 1, 2015**  
The 'Employer Mandate' becomes effective, requiring large employers to offer affordable health coverage to full-time employees or pay a penalty.

**2019**  
New Jersey and District of Columbia state regulations become effective

**Today**  
Federal and State regulations continue to evolve.

# ACA Legislation



**Employer Mandate**  
often referred to as  
“pay or play  
provisions” went in  
effect in 2015



**Government  
or State exchanges**  
often referred to  
as “the  
marketplace”  
was created



**Premium Tax Credit**  
is a subsidy offered  
to help individuals  
and families afford  
healthcare from a  
state marketplace  
or exchange



# The Key ACA Provisions Affecting Employers

# Employer Mandate: ALEs



ACA requires all **Applicable Large Employers (ALEs)** to offer affordable health insurance to their full-time workers

## What is an Applicable Large Employer (ALE)?

“If an employer **has at least 50** full-time employees, including full-time equivalent employees, on average during the prior year, the employer is an ALE for the current calendar year.”

- If an employee has medical care through the military, including TRICARE or Veterans’ coverage, they are not counted towards the 50-employee threshold.

# What is Minimum Essential Coverage (MEC)?

**Minimum Essential Coverage (MEC)** is also called qualifying healthcare coverage and refers to various types of health coverage, including coverage under an eligible employer-sponsored plan.

It must be offered to **at least 95%** of their **benefit eligible** employees and their dependent children.



- Covers essential health benefits & preventative health services
- Prevents annual/lifetime limits on essential health benefits
- Prohibits pre-existing condition exclusions and discrimination based on health status
- Includes dependent coverage



## What is Minimum Value (MV)?

ALEs must provide coverage meeting Minimum Value (MV).

**“An employer-sponsored plan provides minimum value if it covers at least 60 percent of the total allowed cost of benefits that are expected to be incurred under the plan.”**

# Who is a Benefits-Eligible Employee?

In general, an employee is considered **full-time if they work, on average, 30 hours per week**, 130 hours per month



If the employee or new hire is **reasonably expected** to work 30+ hours per week, then they and their dependents must be offered health coverage by the first day of the 4<sup>th</sup> month to avoid penalty.



Employees in variable-hour, part-time, or seasonal positions must be **measured** to determine when eligibility for health coverage begins.

# Measurement Methods



## Monthly Measurement Method



## Lookback Measurement Method

## What constitutes an hour of service for purposes for the ACA?

Generally, an 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, for a period of time during which no duties are performed due to:

- vacation,
- holiday,
- illness,
- incapacity (incl. disability),
- layoff,
- jury duty,
- military duty,
- or leave of absence.

# Monthly Measurement Method



## Monthly Measurement Method

The Monthly Measurement Method requires an employer to measure hours for a month.

If the employee averages **30 hours per week (or 130 total hours a month)**, they should be offered coverage as of the first day of that **same** month.

This method should not be used to determine future eligibility.

# Lookback Measurement Method



## Lookback Measurement Method

### **Measurement Periods** - between 3 and 12 months

- Initial Measurement Period (IMP)- New hires
- Standard Measurement Period (SMP) - All other employees

### **Admin Period** - no more than 90 days

- New Hire IMP + AP cannot exceed the last day of the month after the employee's one year anniversary.

### **Stability Period** - minimum of 6 months

- Cannot be shorter than measurement period
- Typically aligns with plan year start date (open enrollment)





## What is a Break in Service?

A Break in Service is a period of time during which an employee is **not credited with any hours of service, including Payroll and Leave of Absence.**

If an employee has a qualifying Break in Service (>13 weeks for non-educational organizations or >26 weeks for educational organizations), they may be treated as a new hire, or rehire, upon resumption of service  
– **resetting their benefit eligibility.**

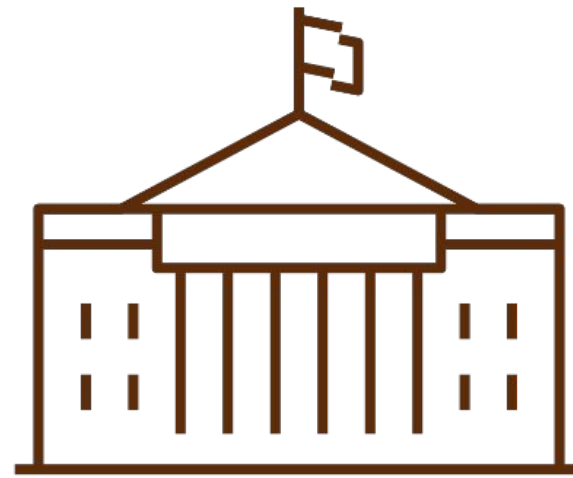
# The ACA Employer Shared Responsibility Provisions (ESRP)

# Employer Mandate: Reporting Requirements



**Employee &  
Dependents:**

Form 1095-C



**IRS:**

Form 1094-C &  
Form 1095-C



Some  
**individual  
states** have  
their own  
requirements

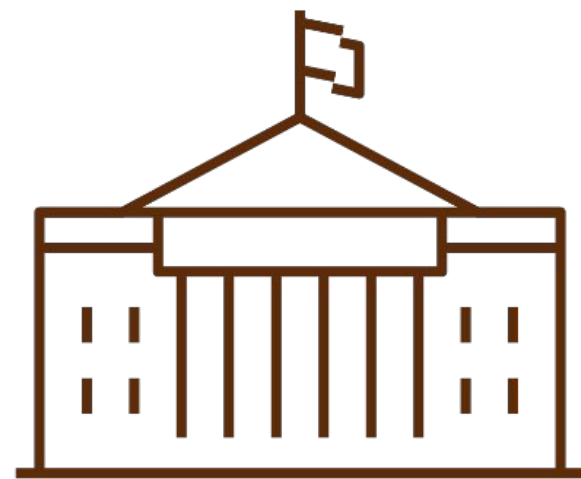
# Reporting Requirements: Employees

Generally, an ALE must provide a Form 1095-C to **each employee who was a full-time employee for any month of the calendar year**, based on either the monthly or look-back measurement methods. **Employers offering self-insured coverage must also provide forms to all enrollees** in the plan, regardless of full-time status.

The original January 31 deadline to provide forms to employees has been permanently extended by 30 days (**generally March 2nd**, unless it is a leap year or the deadline falls on a weekend or holiday).








# Reporting Requirements: IRS



ALEs are required to send a form **1094-C** to the IRS. The 1094-C form serves as a cover letter and summary when reporting the offered coverage to employees.

- Employers also send and attach employee's 1095-C forms
- Electronic filing is due by March 31st each year, February 28th if filing on paper; check IRS website for more information

# Reporting Requirements: States

 <p><b>CALIFORNIA</b></p> <p><b>Furnishment:</b> January 31</p> <p><b>Filing:</b> March 31</p> <p><i>Note: no penalty issued if filed by extended deadline of 5/31</i></p>	 <p><b>MASSACHUSETTS</b></p> <p><b>Furnishment:</b> January 31</p> <p><b>Filing:</b> January 31</p>	 <p><b>RHODE ISLAND</b></p> <p><b>Furnishment:</b> March 4</p> <p><b>Filing:</b> April 1</p>	 <p><b>NEW JERSEY</b></p> <p><b>Furnishment:</b> March 1</p> <p><b>Filing:</b> April 2</p>	 <p><b>DISTRICT OF COLUMBIA</b></p> <p><b>Furnishment:</b> March 1</p> <p><b>Filing:</b> April 30</p>
---	---	---	---	--

## IMPORTANT REMINDERS:

- State healthcare reporting requirements are based on where employees LIVE, or with the District of Columbia (D.C.) where they live OR work.
- Both full and partial year residents of each state must be included in state healthcare reporting.

# Understanding ACA Penalties

## 2024 updated penalty amounts:

Penalty A: \$247.50 per month per full-time employee (\$2,970 per year)

Penalty B: \$371.67 per month per full-time employee (\$4,460 per year)

## 2024 updated affordability threshold:

**8.39%**

## August 2023:

First IRS 226-J Penalty letters from the 2021 tax year

## What could this mean?

- Increased penalty risks for non-compliance
- No 'Good Faith' leniency for inaccurate data in IRS 226-J letter responses
- Significant decrease in the affordability threshold = increased risks of Penalty B assessments - **plan ahead during Open Enrollment!**
- Sample 2024 penalty assessments:
  - Penalty A: for a company with 10,000 full-time employees, this could cost up to **\$2.47M\* per month**
  - Penalty B: for a company with 10,000 full-time employees, estimating a 2% non-compliance rate, this could cost up to **\$75,000\* per month**

*\*Estimated. Depending on FTE counts and ACA regulations, penalty assessments may vary*

# Penalties for Inaccurate or Late Forms

## FEDERAL PENALTIES:

Failure to distribute accurate forms to employees on time (§6722):

- Between 1-30 days late: **\$60 per form**
- Between 31 days late - Aug. 1: **\$120 per form**
- After Aug. 1: **\$310 per form**
- If due to “intentional disregard”: **\$630 per form**

## FEDERAL PENALTIES:

Failure to file accurate forms to the IRS on time (§6721):

- Between 1-30 days late: **\$60 per form**
- Between 31 days late - Aug. 1: **\$120 per form**
- After Aug. 1: **\$310 per form**
- If due to “intentional disregard”: **\$630 per form**

## STATE PENALTIES:

- **California:** \$50 per covered individual not filed on time to the state’s Franchise Tax Board
- **Massachusetts:** \$50 per form up to a maximum of \$50,000 for forms not distributed on time to employees or filed on time to the state’s Department of Revenue
- **New Jersey:** \$50 per form
- **Rhode Island:** Reviewed on a case-by-case basis and addressed as facts & circumstances warrant



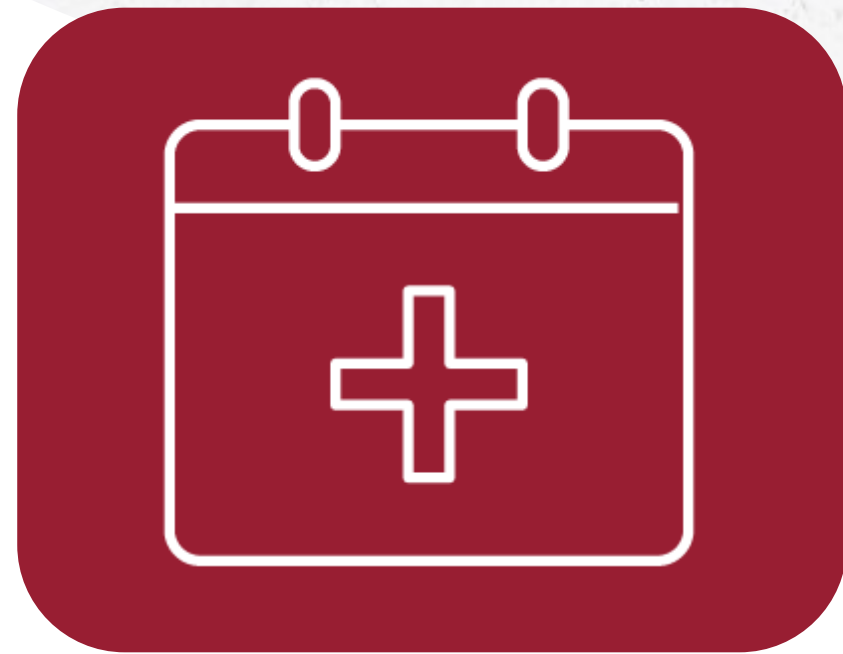
# Best Practices for Navigating ACA Compliance

# Proactive Monthly Activities



- Eligibility monitoring
- Penalties A & B risk analysis
- Data quality reviews  
(HR, payroll, benefits, LOA)

# Annual Open Enrollment Season



- **Eligibility monitoring**
- **Affordability strategies for new benefits plan year**
- **Annual required notices to employees**

(example: Summaries of Benefits & Coverage, etc.)

# Year-End Reporting Season



- **Calculate & validate accurate Forms 1094-C & 1095-C**  
*NOTE: Pay close attention to Lines 14 & 16 codes for possible exposure to A & B penalty risks!*
- **Distribute forms to employees on time**
- **File to the IRS on time**
- **File to the state agencies on time**
- **Correct form errors / resolve any filing rejections**

# Ongoing



- **Have a strategy for staying up to date on compliance & regulatory changes**
- **Subscribe to our newsletter for updates: [workforce.equifax.com/insights](https://workforce.equifax.com/insights)**
- **Partner with a vendor to take the burden of managing and monitoring ACA regulations**
- **Need to inspect past year filings? We can help.**

# Potential Penalty Calculator

With increasing penalty risks and IRS scrutiny, plan ahead for your organization's potential Penalty A and B exposure

[workforce.equifax.com/aca-calculator](https://workforce.equifax.com/aca-calculator)

## ACA Potential Penalty Calculator

Help stay on top of the ACA with best-in-class technology, ACA focused expertise and personalized support. Our team is here to assist you with your ACA reporting and help you reduce your exposure to penalties

[Calculate ACA Potential Penalty Risk](#)

[Home](#) / [ACA Calculator](#)

### ACA POTENTIAL PENALTY CALCULATOR

Help determine an estimate of your potential **2022 ACA Penalty Risk** for not offering health insurance coverage, or offering coverage that is not affordable or minimum value, to your ACA full time employees

How many ACA full time employees do you have?

5000

How many ACA full time employees did you offer minimum essential coverage to?

4500

How many of those offers of coverage were not affordable and/or met minimum value?

0

**\$13,667,500**

The following is your potential ACA penalty risk, should you not be offering medical coverage to 95% of your FTE employees:

**90%**

Calculated 'Minimum Essential Coverage' Percentage\*

[Calculate 2023](#)

\*Potential penalties are only an estimate, and this estimate does not guarantee that this amount or any amount of ACA penalties will actually be incurred.

# Q&A

# Next Steps



## 1 SURVEY

Complete the survey through the webinar console



Activity ID:  
**24-2434C**



## 2 CONTACT

Want to talk to someone about your ACA processes? Click on the “Want to Get In Touch” button on your webinar console or contact us at:

[workforce.equifax.com/contact](https://workforce.equifax.com/contact)



## 3 CONNECT

Subscribe to Let’s Talk HR for updates:  
[workforce.equifax.com/insights](https://workforce.equifax.com/insights)