



THE LEADERS IN ACA REPORTING AND COMPLIANCE

ACA GUIDE & VENDOR SCORECARD

Choosing the right approach and AFFORDABLE CARE ACT [ACA] partner is more important than ever. Here are some critical considerations and a Vendor Scorecard to help you decide.

The IRS has raised its expectations of accurate and timely ACA Compliance. Applicable Large Employers [ALEs] are now required to provide and report adequate health coverage for at least 95% of all their ACA eligible employees. In addition, hefty IRS penalties have already been issued for noncompliance in prior tax years and there is no statute of limitations on ACA compliance.

Choosing the right ACA Compliance partner is critical. Here are some factors to consider when making this important decision.

ACA SPECIALIST VS. OTHER VENDORS

Reporting for ACA Compliance has its own IRS regulatory and coding complexities as well as a specific set of data requirements beyond core employee demographics and standard payroll.

When considering vendors to help you tackle ACA Compliance and Reporting, make sure the vendor can successfully:

- Identify all required data and input from external sources
- Verify, track, and calculate all employee ACA eligibility
- Assign IRS ACA Codes with 100% accuracy

ACA EXPERTISE

The overall demands for ACA Compliance will exceed most employers' internal expertise. Look for a partner with in-house counsel who can guide and focus how the ACA laws and regulations apply to your organization's specific needs and unique situation. One size does not fit all.

DATA MANAGEMENT SECURITY

As noted above, ACA Compliance typically requires data from a variety of sources. Your vendor should be able to accept data in any format from

Payroll, HRIS [Human Resources Information Systems], HCM [Human Capital Management], Benefits Systems, Third Party Administrators [TPAs], COBRA vendors, or other relevant sources.

When an employer is required to reformat data, considerable time, cost, and potential for error are added to the project.

Security with health data is of paramount importance - from data transfers and processing to the archiving of e-Filed submissions. Confirm that your vendor is HIPAA [Health Insurance Portability and Accountability] and SOC2 compliant.

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EMPLOYEE ELIGIBILITY TRACKING

Determining total work force eligibility for health offers is critical to ACA Compliance. You or your vendor must be able to obtain, process, and track, if required, all the data and rules necessary to make this determination.

Given the complexities of part time and variable hour tracking in certain sectors, BenefitScape recommends and often manages this function monthly, allowing for greater accuracy, more timely offers to newly eligible employees, and error mitigation before any risk of penalties is incurred.

ZERO ERROR IRS CODING

ACA Compliance requires that every benefits-eligible employee receives a Form 1095 containing the correct IRS coding related to their monthly offer of coverage and a cost and Safe Harbor code where appropriate. These specific IRS Codes, for Lines 14, 15, 16 of the Form 1095, determine if an employer complies with the IRS ACA regulations.

You must have total confidence that your vendor has the detailed regulatory understanding and data processing technology to assign these IRS Codes with 100% accuracy. We do not recommend that employers take on this coding themselves.

FORM 1095 PRODUCTION & DISTRIBUTION

For most employers, Form 1095s are distributed to employees in a printed format. Seek guarantees from your vendor that all these error free Form 1095s will be printed and distributed before the annual deadline. Also make sure you do not need to supply data for printing in a specific vendor format.

E-FILING TO IRS AIR [IRS ACA Information Returns]

Only IRS certified e-filers with proper credentials can file ACA reports to the IRS ACA Information Returns System. Obtaining a Transmission Control Code [TCC] can be time consuming and difficult. Confirm that your vendor is certified to file because obtaining your own TCC credentials is a lengthy and complicated process.

IRS ERROR CODE ANALYSIS REMEDIATION

This step in the ACA Compliance process is easily overlooked. Once the federal e-filing is complete, the IRS will generate processing ERROR Codes. Your vendor must be able to analyze these codes, promptly reconcile any anomalies, and successfully re-file to the IRS.

STATE MANDATED REPORTING

Once the IRS e-filing is complete, state-mandated reporting must be completed through e-filing via state tax authorities. Filings are currently required in CA, DC, NJ, RI, and VT [and anticipated in CT, HI, MD, MN, and WA]. All project data, including IRS Transmission Receipts and state-mandated filing receipts, should be securely archived.

Additional Considerations

Affordability: Single coverage cannot exceed 9.61% of household income for 2022.

Compliance Threshold: ALEs must be report compliance for at least 95% of eligible employees.

No Automatic Extensions: Employers will be expected to meet strict IRS ACA reporting deadlines.

Penalties Are Increasing: Penalties and fines for noncompliance can cost millions of dollars.

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ACA SCORECARD

Use these questions to rate vendors out of 100

	VENDOR 1	VENDOR 2	BenefitScope
1. ACA EXPERTISE: Are you confident this vendor has sufficient expertise and focus on the demands and complexities of ACA Compliance to avoid the risk of time-consuming corrections or costly penalties?	<input type="checkbox"/>	<input type="checkbox"/>	10
2. TRACK RECORD: Does this vendor have at least 5 years' experience successfully supporting ACA Compliance & Reporting?	<input type="checkbox"/>	<input type="checkbox"/>	10
3. FLEXIBILITY: Has this vendor worked with a variety of different companies and types of employers, including in your industry? And of your size?	<input type="checkbox"/>	<input type="checkbox"/>	10
4. DATA SECURITY: Does this vendor encrypt all data, both in transit and in storage?	<input type="checkbox"/>	<input type="checkbox"/>	10
5. HIPAA COMPLIANCE: Will the vendor sign a Business Associate Agreement, agreeing to adhere to all HIPAA and SOC2 provisions? If No, we recommend you do not proceed with this vendor.	<input type="checkbox"/>	<input type="checkbox"/>	10
6. DATA IN ANY FORMAT: Will this vendor accept all your data, including from external sources, in any existing format or require you to re-format?	<input type="checkbox"/>	<input type="checkbox"/>	10
7. IRS CODING: Does the vendor calculate all necessary IRS Codes? [Coverage Offer, Affordability, and Safe Harbor status on Lines 14, 15, 16 of Form 1095.]	<input type="checkbox"/>	<input type="checkbox"/>	10
8. TCC Code: Does this vendor have a Transmission Control Code [TCC] authorizing it to e-file your submission to the IRS ACA Information Returns [IRSAIR] system?	<input type="checkbox"/>	<input type="checkbox"/>	10
9. Error Codes: After securely e-filing, can this vendor assist you in analyzing and remediation of IRS ERROR Codes?	<input type="checkbox"/>	<input type="checkbox"/>	10
10. State-Mandated Reporting: Does this vendor provide state mandated reporting services? [State mandates currently exist in CA, DC, NJ, RI, and VT and are anticipated in CT, HI, MD, MN, and WA.]	<input type="checkbox"/>	<input type="checkbox"/>	10
VENDOR SCORE TOTAL	<input type="checkbox"/>	<input type="checkbox"/>	100

Successful ACA Compliance & reporting can be most easily achieved with the help of a knowledgeable and experienced partner. **BenefitScope scores 100/100 on the above Scorecard**, and we pride ourselves on the highest levels of flexible customer service.

Contact us at 508-655-3307 or via info@benefitscope.com if you have any further questions.



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