

BENEFITSCAPE™

ACA COMPLIANCE TY24: GUIDE & VENDOR SCORECARD

A REGTECH GUIDE: for employers on Oracle, ADP, Dayforce,
Workday & all major HCMs/ACA modules.

ACA TY24 ALERTS

AFFORDABILITY

Single coverage cannot exceed 8.39% of household income for 2024.

COMPLIANCE THRESHOLD

ALEs must achieve reported 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

In 2024 the penalty for failure to make an affordable minimum-value offer to a full-time employee is \$4,460 (\$371.67 per month) – per employee. This can add up to millions in fines for non-compliant employers.

HOW TO USE THIS GUIDE

For employers on all HCMs & ACA modules, choosing the right solution for **ACA governance, risk management, and compliance** is critical.

The right ACA process and partner can cut costs, save resources, eliminate IRS penalties, and deliver a **better benefits experience** for the employer and their employees.

This document outlines **KEY CONSIDERATIONS** and provides a **VENDOR SCORECARD** to help you decide on the best approach for your organization.

ACA RISKS TY24

For TY 24 reporting 2025, the IRS requires Applicable Large Employers [ALEs] to provide & report adequate **health coverage for > 95% of ACA eligible employees**.

Hefty penalties are issued by the IRS for non-compliance, including penalties for prior tax years; there is **no statute of limitations on ACA compliance**.

A measure of this risk are the many tens of millions of dollars in **IRS and state penalties** that **BENEFITSCAPE** helps remediate for employers every year thanks to its leading ACA experience and intelligent **Flag & Fix regtech diagnostics**.

BENEFITSCAPE was founded in 2014 to apply data science to employee benefits & is a certified member of the Women' Business Enterprise National Council [WBENC].

BENEFITSCAPE is the leading specialist in ACA reporting & compliance.

ACA TY24 ALERTS

AFFORDABILITY

Single coverage cannot exceed 8.39% of household income for 2024.

COMPLIANCE THRESHOLD

ALEs must achieve reported 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

In 2024 the penalty for failure to make an affordable minimum-value offer to a full-time employee is \$4,460 (\$371.67 per month) – per employee. This can add up to millions in fines for non-compliant employers.

ACA TY23: KEY CONSIDERATIONS

ACA SPECIALIST vs OTHER VENDORS

~~The Patient Protection & Affordable Care Act was the first wholly new tax category in the USA for decades.~~

ACA tax filing & compliance has, accordingly, its own unique set of data and regulatory complexities beyond standard payroll processing and other tax filing. When considering vendors to support your **ACA compliance and reporting**, make sure the vendor can successfully:

- » Identify & verify the full set of ACA data needed, including from external sources
- » Audit & optimize your HCM's ACA data flow
- » Manage eligibility/affordability using the very latest IRS intelligence
- » Track & manage eligibility/affordability month-by-month [ideally] and/or via data look back
- » Pro-actively manage risk, including a full IRS filing simulation
- » Manage data seamlessly across any system or other business changes
- » Make certified filings via IRS ACA Information Returns [IRSAIR]

ACA EXPERTISE

~~The overall demands for ACA compliance will exceed most employers' internal expertise and dedicated resources.~~ **HCM modules** by their nature can only facilitate so much of the full end-to-end data flow, processing, and filing. Even **BENEFITSCAPE** intelligent and market-leading **ACA_REGTECH*** is not a blind plug & play answer, however transformational its impact on the efficiency and accuracy of the ACA process.

So look for a partner with both **dedicated specialists technology & the in-house counsel** to guide and focus how the ACA laws and regulations apply to your organization's specific needs, business rules, and employee populations. One size does not fit all.

* *Any sufficiently advanced technology is indistinguishable from magic.* Arthur C Clarke

ACA TY24 ALERTS

AFFORDABILITY

Single coverage cannot exceed 8.39% of household income for 2024.

COMPLIANCE THRESHOLD

ALEs must achieve reported 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

In 2024 the penalty for failure to make an affordable minimum-value offer to a full-time employee is \$4,460 (\$371.67 per month) – per employee. This can add up to millions in fines for non-compliant employers.

DATA MANAGEMENT & SECURITY

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], Third Party Administrators [TPAs], COBRA vendors, and all other needed sources. When an employer is required to reformat data, considerable **time, cost, and risk** are added to the project.

Security with health data is of paramount importance - from data transfers & processing to the archiving of submissions. Confirm your vendor is **HIPAA & SOC2 compliant**.

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, track [as required] & process all variable data, rules & calculations to make this determination.

Given the complexities of part time and variable hour tracking in certain sectors, BENEFITSCAPE recommends this function is **managed 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 receive **IRS Forms 1095-B & C** containing correct **IRS coding** related to their monthly cover offer plus a cost and Safe Harbor code where appropriate. These codes [Lines 14, 15, 16 of the Forms 1095] determine if an employer is ACA compliant.

You must have total confidence that your vendor has the **most current detailed regulatory intelligence** and data processing to assign these IRS codes with 100% accuracy.

We do not recommend that employers take on this coding themselves.

ACA TY23 ALERTS

AFFORDABILITY

Single coverage cannot exceed 8.39% of household income for 2023.

COMPLIANCE THRESHOLD

ALEs must 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 for non-compliance can cost millions of dollars.

FORMs 1095 GENERATION & DISTRIBUTION

For most employers, **Forms 1095-B & C** are distributed electronically to employees. Your vendor needs to be experienced at executing secure employee communications.

If a **printed format** is required, seek guarantees from your vendor that all forms will be printed error-free, ideally in-house for security, 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 can file ACA reports to the **IRS ACA Information Returns System [IRSAIR]**. Obtaining a **Transmitter 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.

STATE MANDATED REPORTING

In parallel with IRS e-filing, state-mandated reporting must be completed through e-filing via state tax authorities. Filings are currently required in **CA, DC, CT, HI, MA, MD, MN, NJ, RI, VT & WA**. Contact **BENEFITSCAPE** for a state-by-state list of required forms and TY24 filing 2025 deadlines.

ARCHIVING & POST-FILING SUPPORT

All project data, including **IRS Transmission Receipts** and state-mandated filing receipts, should be securely archived. Ideally, your vendor should provide a service equivalent to **BENEFITSCAPE's** digital and encrypted **ACA Audit-in-a-Box** after filing. In the event of any future IRS questions or requirements, your vendor should be able to provide **forensic support to confirm 100% ACA compliance**.

ACA TY24: **VENDOR SCORECARD**

VENDOR 1

VENDOR 2

BENEFITSCAPE

10 QUESTIONS TO RATE VENDORS OUT OF 100. **YES = 10 NO = 0**

EXPERTISE: Are you confident this vendor has specialist ACA understanding, including the most current regulatory intelligence and specialist technology?

TECH & TRACK RECORD: Does this vendor have > 5 years experience of delivering ACA compliance across your current as well as other possible HCMs within your organization?

FLEXIBILITY: Has this vendor worked with a wide variety of employers and employee populations? Across different geographies and sectors, including yours? Also including companies of your size? And for self-insured as well as fully-insured plans, depending on your company's provisions?

DATA SECURITY: Does this vendor have SOC2 accreditation and encrypt all data in transit and storage?

HIPAA COMPLIANCE: Will this vendor sign a Business Associate Agreement to adhere to HIPAA & SOC2 provisions?
If No, we recommend not to proceed with this vendor.

DATA ANY FORMAT: Will this vendor accept all data, whatever HCM and including external sources, in native formats? Or will you need to take time and resources re-formatting?

IRS CODING: Does this vendor calculate all necessary IRS Codes? Coverage Offer, Affordability, and Safe Harbor status on Lines 14, 15, 16 of Forms 1095.

TCC CODE: Does this vendor have a Transmitter Control Code for e-filing to the IRSAIR system?

ERROR CODES: After e-filing, can this vendor process any error responses received from the IRS?

STATE-MANDATED REPORTING: Does this vendor provide state-mandated reporting? For CA, DC, CT, HI, MA, MD, MN, NJ, RI, VT & WA.

VENDOR TOTAL SCORE

BENEFITSCAPE



IF YOU HAVE QUESTIONS ABOUT ANY ASPECT
OF ACA COMPLIANCE, CONTACT BENEFITSCAPE
THE LEADING ACA SPECIALIST:

- » [+1-508-655-3307](tel:+15086553307)
 - » info@benefitscape.com
- BENEFITSCAPE.com