

Populating the ACA Coverage Data in M3

The next step in the ACA process is to set the level of coverage that employees had throughout the reporting period. In most cases, for calendar plan years, employees will have had a constant offer of coverage. The IRS form 1095-C is required for each Full Time employee and has similar filing requirements as form W-2. [Click here](#) to view the IRS Form 1095-C. For more information on the specifics of the IRS Form 1095-C [click here](#) for the form instructions.

Components of the 1095-C:

- Part I: Demographic data already included in the payrolls system.
- Part II: Data that you will need to populate for each full time employee.
- Part III: Only completed if self-insured.

There are three pieces of information that have to be included on the 1095-C *that need to be updated in the payroll system*:

- Offer of Coverage – Did you offer insurance? What kind of insurance did you offer? (Series 1 Codes)
- Employee Share – An employee's monthly cost for the lowest-cost employee only coverage that is offered.
- Employer Relief – Did the employee enroll in insurance? If they did not, was it affordable? (Series 2 Codes)

We strongly advise if you have specific questions related to your insurance plan, that you contact your insurance broker for guidance as HowardSimon does not have access to this information. If you have any questions or would like to walk through the process itself, please do not hesitate to contact us.

Please make sure to update all of your employee data no later than Friday January 8, 2016 for HowardSimon to be able to timely process your forms 1095-C and 1094-C.**

1. Updating the system

There are three methods available to users to populate/maintain the employee level ACA Coverage data that will populate Forms 1095-and 1094-C. They are (in order of ease of use):

1. **Bulk Update** –Bulk update ACA values on groups of employees with the same values
2. **Manual** –Manually set all ACA values on each employee one at a time
3. **Import/Export** – Populate a file exported from the system and return it to us for import. *Note:* If you wish to use this method please contact us.

Using one option does not preclude use of another option (in fact you will most likely need to use a combination). Users may use the Bulk Update function to handle a large percentage of the setup and use Manual to address anyone not matching the Bulk Update options.

2. How to Use The Bulk Update Tool for ACA Coverage

This process will update the EMPLOYEE MAINTENANCE => ACA TAB for each employee on a bulk basis. When the process is completed, you can review the data on each employee, or change it as you see fit. See Employee Maintenance Section Below. You may need to run the update multiple times to accommodate different scenarios.

This process will be different for each employer and will vary based on your specific circumstances. This guide is designed to layout some of the options for expediting data entry for common scenarios. To do this, you will want to start with the “EE Bulk Update” function located in:

Company Maintenance > Company Setup -> EE Bulk Update

This functionality is very similar to what was used for the ACA Status bulk update. Users may update both ACA Status values as well as Coverage Data from this screen. Each employee should have ACA Status and Coverage records for January 1 to December 31 of the reporting year.

- 1) To update Coverage Values, choose “ACA Coverage” from the Drop List of the field called “Item”.

EE Bulk Update	EE User Fields	General Ledger	Insurance	Jobs	Misc	Paycheck Attributes	Payroll Groups	Positions	Work Cc
EE Bulk Update - The Johnny Demo Corporation (ABC)									
Effective Date	<input type="text" value="12/01/2015"/>	Filter1	<input type="text" value="Auto Pay"/>	Item	<input type="text" value="ACA Coverage"/>	Value1	<input type="text" value="ACA Coverage"/>	Value2	<input type="text" value="All Non-terminated"/>
ACA Status	<input type="text" value="Full Time"/>	Filter2	<input type="text" value="Employee Status"/>						

- 2) Enter the effective date. This is the date that coverage was effective. It will be 01/01/2015 for calendar plan years.
- 3) Filters are provided to allow the user to select the group of employees to update. Set the filters to work with the desired group of employees.

Effective Date	<input type="text" value="12/01/2015"/>	Filter1	<input type="text" value="Auto Pay"/>	Value1	<input type="text" value="All"/>
ACA Status	<input type="text" value="Full Time"/>	Filter2	<input type="text" value="Employee Status"/>	Value2	<input type="text" value="All Active"/>

- 4) Once the desired group of employees is displayed on the screen by setting the appropriate filter values, use the “Select All” button on the bottom of the screen to highlight them all. (Employees can also be selected individually by holding the Ctrl key and left-clicking with the mouse).
- 5) Choose “Update Selected”. This will display the ‘Update ACA Coverage for Employees’ Dialog Box.

- a. **Start Date:** This is the date the selected level of coverage will be effective. It is populated from the Effective Date that was set on the Filters section. This will typically be 1/1 of the reporting year. Note: If you have a non-calendar year plan you may need to run the bulk update twice: Once for January until the next plan year ends, and then again for the start of the plan year until the end of the calendar year.
- b. **End Date:** Default is 12/31/2100. You must set this to a valid end of month date. This will typically be 12/31 of reporting year. Note: If you have a non-calendar year plan you may need to run the bulk update twice: Once for January until the next plan year begins, and then again for the start of the plan year until the end of the calendar year.
- c. **Offer of Coverage:** Choose the applicable Series 1 code for this group of employees. Be sure to Scroll Up! Most plans offering MEC (Minimal Essential Coverage) will select:

1E. Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse.

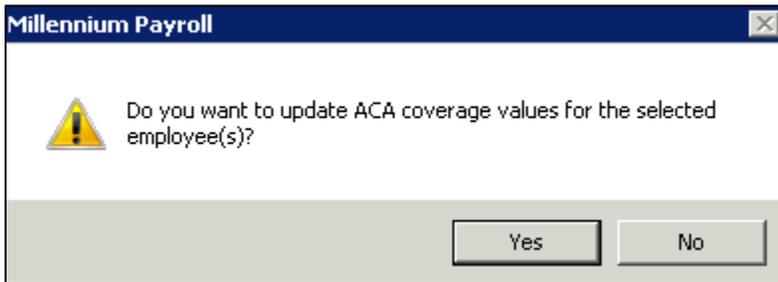
A full description of all of the codes can be found in the [IRS instructions on page 10](#). **If you are unsure about the Coverage Details of the plan you have offered, please contact your insurance broker, as HowardSimon will not have your plan details.**

- d. **Employee Share:** Enter an employee's monthly cost for the lowest-cost employee only coverage that is offered. Enter 0 if the company pays the entire premium. From the IRS: *The lowest-cost monthly premium for self-only minimum essential coverage providing minimum value that is offered to the employee. This amount may not be the amount the employee is paying for the coverage, for example, if the employee chose to enroll in more expensive coverage such as family coverage.*
- e. **Employee Relief:** Enter the type of relief. A full description of all of the codes can be found in the [IRS instructions on page 10](#). If you are unsure about the affordability of the plan you have

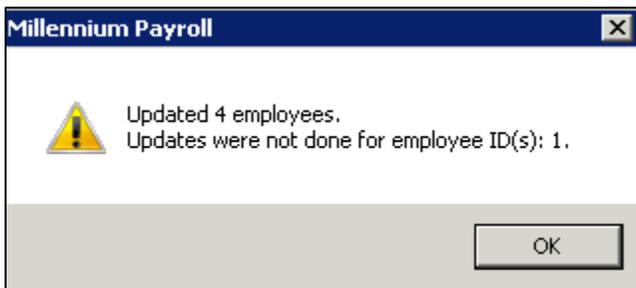
offered, please contact us or your insurance broker to assist you with this analysis. The three affordability safe harbors are (1) the Form W-2 wages safe harbor, (2) the rate of pay safe harbor, and (3) the federal poverty line safe harbor. For all safe harbor tests, the employee portion of the lowest cost plan must be less than 9.5% of :

- i. Form W-2: Safe harbor generally is based on the amount of wages paid to the employee that are reported in Box 1 of that employee's Form W-2.
 - ii. Rate of Pay: Safe harbor generally is based on the employee's rate of pay at the beginning of the coverage period.
 - iii. Federal Poverty Line: Safe harbor generally treats coverage as affordable if the employee contribution for the year does not exceed 9.5% of the federal poverty line for a single individual for the applicable calendar year.
- f. **Enrolled in Self Insurance Plan:** Set to **No** or **Yes** as appropriate. Do not leave as "Value Not Set".
- g. **Period's mm/dd/yyyy through mm/dd/yyyy where employees were not employed section:** These will default to all being checked and will be the case for most scenarios. If any of the Add 'Not Employed' boxes are checked - a "not employed" coverage code for the months of unemployment will be added.

- 6) After selections are completed, click OK. The following Message is displayed



- 7) Click Yes. A results dialogue will be presented. Any issues reported should be reviewed



NOTE: For Self-Insured Plans: There is an additional requirement to list covered dependents. Covered Dependent data must be updated on each individual employee using the methods described in the "Manual Setup of an employee for ACA Reporting" section.

3. Practical Example

Take for example a company offering an affordable, MEC plan to all its full time employees. The process will be as follows:

1. Bulk Update all employees that received an offer of Insurance and choose the affordability (per your plan). For Example:

Update ACA Coverage for Employees

Start Date: 01/01/2015

End Date: 12/31/2015

Offer of Coverage: 1E - Plan with MEC providing min value offered to ee, dependent, ar

Do not change employees who already have an offer of coverage value set

Employee Share: Automatic - Based on insurance setup

24.50

Do not change employees who already have an employee share amount set

Employee Relief: 2F - Section 4980H affordability Form W-2 safe harbor

Do not change employees who already have a safe harbor value set

Enrolled in Self Insurance Plan: No - Employee not enrolled in self-insurance

Do not change employees who already have a self-insurance value set

Periods during 01/01/2015 thru 12/31/2015 where employee was not employed:

Add 'Not Employed' records for periods prior to hire/rehire dates

Add 'Not Employed' records for periods after the term date

Add 'Not Employed' records for periods between term and hire dates

OK Cancel

- Repeat the process for all employees that accepted the offer of insurance, changing Employee Relief to 2C:

Update ACA Coverage for Employees

Start Date: 01/01/2015

End Date: 12/31/2015

Offer of Coverage: 1E - Plan with MEC providing min value offered to ee, dependent, ar

Do not change employees who already have an offer of coverage value set

Employee Share: Automatic - Based on insurance setup

24.50

Do not change employees who already have an employee share amount set

Employee Relief: 2C - Employee enrolled in coverage offered

Do not change employees who already have a safe harbor value set

Enrolled in Self Insurance Plan: No - Employee not enrolled in self-insurance

Do not change employees who already have a self-insurance value set

Periods during 01/01/2015 thru 12/31/2015 where employee was not employed:

Add 'Not Employed' records for periods prior to hire/rehire dates

Add 'Not Employed' records for periods after the term date

Add 'Not Employed' records for periods between term and hire dates

OK Cancel

4. Manual Setup of an Employee for ACA Reporting

Users can manually setup data for ACA reporting for each employee. You may use the same process, but select only a single employee. Multiple records should exist if the employee was hired during the current reporting year. Multiple records should exist if the employee's status or coverage changed during the reporting year. Start Date values should be on the first day of a month. End Dates should be the last day of the month.

5. ACA Coverage Maintenance and Visibility By Employees

1. Go to Employee Maintenance → [Select Employee] → ACA Tab. Choose the Coverage option from the Drop Down List. From here you can view the Status or the Coverage options that are configured.
2. The Coverage Option is where users set/view the values that will populate Boxes 14, 15 and 16 of Form 1095-C. This section is also used when entering Covered Dependents *if self-insured*.
3. Clicking the New  button will create a new ACA record. The Start Date will be set to the month of the Check Date of the current payroll. The End Date will default to December of 2100. Change these dates to the desired time period.
4. On the Coverage Sub-Tab set the values. The descriptions can be found in the Bulk Update section above
Note: Each field defaults to a value of "Not Set". Instructions for each field are as follows:

Start Date	End Date	Offer of Coverage	Employee Share	Employer Relief	Self-Insurance
09/01/2015	Forever	1D	257.63	2C	** not set **

Coverage		View Data	
Effective	September	2015	to December 2100
Offer of Coverage	1D - Plan with MEC providing min value offered to ee and spouse		
Employee Share	<input type="radio"/> Not Set - ** Value Not Set ** <input type="radio"/> Automatic - Based on Insurance Setup <input checked="" type="radio"/> 257.63		
Employer Relief	2C - Employee enrolled in coverage offered		
Self Insurance	Not Set - ** Value Not Set **		

5. View Data Function: At any time during the process of entering Coverage information, users can select the "View Data" sub tab to see a display, by month, of how the data for Boxes 14, 15 and 16 will be displayed on Form 1095-C. The Self Insurance indicator will also be displayed. The Year drop list can be used to view data for both prior and future years. The grid will display (in RED) any month where data is omitted or inaccurate.

Coverage **View Data**

Year:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Coverage									1D	1D	1D	1D
EE Share									257.63	257.63	257.63	257.63
Relief									2C	2C	2C	2C
Self-Ins									Yes	Yes	Yes	Yes

Jan - Employee has either zero or multiple coverage record for the month.
 Feb - Employee has either zero or multiple coverage record for the month.
 Mar - Employee has either zero or multiple coverage record for the month.

Correct the data until the warnings are resolved.

Coverage **View Data**

Year:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Coverage	1H	1D	1D	1D	1D							
EE Share									257.63	257.63	257.63	257.63
Relief	2A	2C	2C	2C	2C							
Self-Ins	No	Yes	Yes	Yes	Yes							

6. Setting up for Self-Insurance Reporting

If the employee is part of a Self-Insured situation, information about individuals covered by self-insurance is required on Form 1095-C. For these employees, set the Self Insurance field to "Yes – Employee enrolled in self-insurance".

Self Insurance

After saving the Coverage record, an additional option called "Covered Dependents" is available in the Drop List on the Employee > ACA tab.

ACA - Smith, Steve (1)

Use the New  button to add a new Covered Dependent. This will display a list of the entries on the Employee > Dependents tab.

- 1 - Dependent, Child
- 2 - Dependent, Spouse



Choose the dependent record you wish to add. A new record will be created. The Start date will be set to the month of the Check date of the current payroll. The End date will default to December of 2100. Each dependent must have a Social Security Number and/or a birthdate on file. A warning message is displayed if this requirement is not met.



Warning - Dependent missing both SSN and Date of Birth. One of these needs to be provided in order to complete ACA year end reporting.

7. Alternative Methods

Insurance Tab

If you utilize the insurance tab, some of this information can be updated by the system. Please contact us for details.

Import/Export

We can import and export via spreadsheets. Please contact us for details.