



For information on outsourcing these new ACA requirements, including updating your ERISA Summary Plan Description (SPD), contact our office at 410-796-7497.

ERISA & ACA “Play or Pay” Quick Reference Guide

Who must comply?

- Generally, all Applicable Large Employers (ALEs) with on average at least 50 or more FTEs “full-time employees” (including full-time equivalent employees, variable hour, part-time and seasonal) on business days during the preceding calendar year.
- ALEs with 50-99 FTEs received transition relief (from any penalties) until 2016 provided they did not reduce their workforce or eliminate or reduce health coverage between February 9 and December 31, 2014. (Required to certify they meet the transition relief.)
 - o Summary Plan Description (SPD) including any changes in Plan benefits and entitlement to benefits.
Please indicate the date of the SPD and the most recent date and method of distribution.

What is considered a full-time employee?

- A “full-time” employee is any employee who averages at least thirty (30) hours of service per week or 130 hours per calendar month.
 - o **Applicable employers must monitor hours of service to determine which employees meet the definition of full-time employee and thus must be afforded health coverage.**
 - o If these employees meet the definition of full-time employees then an offer of health coverage must be made to them (and their dependents) in order to avoid potential penalties.
 - o An employee is a “variable-hour employee” if, based on the facts and circumstances as of the employee’s start date, it cannot be determined whether the employee is reasonably expected to work on average at least 30 hours per week during the initial measurement period because the employee’s hours are variable or uncertain.

What are the rules of “Play or Pay” (Employer Shared Responsibility)?

- Starting in 2015, to avoid potential penalties under the Play or Pay rules, certain ALEs (employers to which “transition” relief does not apply) must offer their full-time employees (and dependents) health coverage;
 - o that is both “affordable” and “of minimum value.”
- An ALE may be liable for penalties under the Play or Pay rules;
 - o if at least one of its full-time employees receives a government subsidy for coverage purchased under a government Exchange.
 - o **Primary penalty:** failure to provide any coverage results in a \$2,000 penalty multiplied by *all* full-time employees (excluding the first 30 employees) if one **employee receives a subsidy**;
 - o **Secondary penalty:** failure to provide “affordable” coverage (exceeds 9.5% of household income based upon W-2) to 95% (70% relief for 2015) of full-time employees (and dependents) or “minimum value” coverage results in \$3,000 multiplied by **each employee receiving a subsidy**.

Tracking Periods

- The Monthly Method
- The Look-back Measurement Method

Why are Tracking Periods important?

- *The tracking method is an eligibility provision of coverage and therefore must be included in an ERISA SPD!*

The two reporting requirements (Mandates):

1. **Individual Mandate:** IRS Section 6055: regardless of size, requires all health plans, (individual coverage or fully and self-insured group coverage) to annually report to IRS and individuals (enrolled employees) if coverage constitutes “minimum essential coverage.” (All employers with group health plans and individuals with individual policies.)
 - Fully-Insured Plans
 - o 1094-B – Transmittal form (summary page) provided to IRS by the insurance carrier; summarizes coverage and # of 1095-Bs.
 - o 1095-B – Individual employee/group insured forms provided to IRS by carrier along with 1094-B; 1095-B also provided to employees to be filed with individual tax return.
 - Self-Insured plans non-ALE (less than 50 Employees)
 - o 1094-B – Transmittal form (summary page) provided to IRS by Plan Sponsor; summarizes coverage and # of 1095-Bs.
 - o 1095-B – Individual employee/insured forms provided to IRS by Plan Sponsor along with 1094-B; 1095-B also provided to employees to be filed with individual tax return.
 - Self-Insured plans ALE (50+ employees)
 - o 1094-C – Transmittal form (summary page) provided to IRS by Plan Sponsor; summarizes coverage and # of 1095-Cs.
 - o 1095-C – Individual employee/insured forms provided to IRS by Plan Sponsor along with 1094-C; 1095-C also provided to employees to be filed with individual tax return.
2. **Play or Pay Mandate:** IRS Section 6056: requires only ALEs (employers with 50 or more full-time and full-time equivalent employees) to report to the IRS and to full-time employees.
 - Employer Reporting Requirement
 - 1094-C – Transmittal form
 - o 1095-C – Provided by ALE to the IRS and also provided to the employee.
 - o Clarification: For self-insured ALEs the same forms (1094-C and 1095-C) are required for both the Individual Mandate and “Play or Pay “Mandate; however, the ALE is required to produce/ file only one set of these forms to meet both filing requirements [Individual Mandate (6055) & Play or Pay Mandate (6056)].
 - Deadlines for reporting:
 - o All employers:
 - January 31: 1095-B/C statements to employees.
 - o Employers with 250+
 - March 31: W2s (must be filed electronically); 1094-B/C, 1095-B/C.
 - o Employers with fewer than 250 employees: 1094-B/C,1095-B/C
 - February 28: if filing via paper;
 - March 31 if filing electronically.

Make sure your benefits plans pass the test with ERISAEdge

TASC ERISAEdge offers over 40 years of experience in compliance management and services. With DOL audits and employee complaints on the rise, it is more important than ever to rely on an industry expert to ensure your benefits plans “pass the test” and comply with ERISA requirements.

ERISA...It's the Law!

ERISA is a federal law that regulates Group-sponsored benefits (also called “welfare benefit plans”). Besides requiring the provision of specific Plan features and funding information, the law in some cases mandates employers to submit detailed information to the government.

Employers face strict deadlines for disclosing Plan information to all eligible employees and all sponsors who administer ERISA plans must follow a strict fiduciary code of conduct.

You may be at risk and not even know it! Failure to comply with ERISA's requirements can mean costly government penalties, even employee lawsuits. Let ERISAEdge take care of all the necessary documents, forms, and record keeping for you.

Why Choose ERISAEdge?

- Offers 75+ years of combined industry experience and sustainability.
- Offers flexible Plan design – maintains separate ERISA Plans or bundle different benefits into a single Plan.
- Assisted multiple Clients with closing an audit.
- Offers more than just document-generating software; services come with industry experts and in-house legal counsel for assistance in preparing documents accurately.
- Offers **Hold-Harmless Agreement** of up to one million dollars if we make an error that results in a Client being penalized.
- Offers robust services, all performed in-house.
- Offers **free PCORI services** to ERISAEdge clients.
- Maintains excellent track record of outstanding customer support (in-house) and Client access to ERISA professionals.
- Conducts **free monthly Webinars** on ERISA/FMLA/ COBRA compliance, and offers free on-site Seminars to national Brokers and Clients upon request.

ERISAEdge Services

- Document Preparation:
 - Plan Document and Summary Plan Description (SPD) known as a wrap Plan or mega-wrap Plan.
 - Form 5500 and associated Schedule A or C, and provides secure software for employer to upload to DOL.
 - Summary Annual Report (SAR).
 - Summary of Material Modification (SMM), if needed.
- Prepares required ERISA and Healthcare Reform Notices for eligible employees (if elected).
- Monitors the ERISA Plan and the associated employee benefits to ensure timely disclosure of Plan changes to employees.
- Monitors legislative and regulatory changes, ensuring the Plan is up-to-date.
- Provides amendments due to regulatory updates automatically to clients.
- Maintains all required records for the mandated amount of time.
- Provides instruction regarding required on-site record keeping.
- Provides guidelines for disclosing required information to employees.
- Assistance in the event that employee benefit plans are reviewed by the DOL.
- Self-Insured Health Plan Discrimination Testing.

Additional Compliance Service Offerings:

- PCORI Compliance Services
- Form 5500 Preparation
- Non-Discrimination Testing