

NAVIGATING THROUGH THE AFFORDABLE CARE ACT REGULATIONS

Understanding terms and their definitions and penalties

Headcount

A headcount consists of all full-time and full-time equivalent employees (FTE). There are several different types of employee classifications:

- A full-time employee is an employee who, for a calendar month, is employed an average of at least 30 hours of service per week.
- Part-time employees are employees who work less than 30 hours of service per week. The hours worked by part-time employees are counted to determine the number of FTEs. Take the total number of monthly hours worked by part-time employees and divide by 120 to get the number of FTEs. Add this total to the number of full-time employees for the total headcount.
- Seasonal employees are employees who work for fewer than 120 days during the calendar year and are not counted in the headcount.

Minimum Essential Coverage

Group health insurance offered to at least 95% of all FTEs and their dependents.

- Dependent means child and step/adopted/foster child up to age 26, not a spouse or partner.
- Penalty for noncompliance: \$2,000 per FTE (less the first 80 employees)

Affordable

The price charged to FTEs for self-only coverage cannot exceed 9.5% of the employee's household income.

- Household income determined by W-2, box 1 wage; rate of pay or federal poverty level.
- Penalty for noncompliance: \$3,000 for each FTE who receives tax subsidized exchange coverage.



Minimum Value

Plan must cover at least 60% of the total allowed medical costs.

- Penalty for noncompliance: \$3,000 for each FTE who receives tax subsidized exchange coverage.

Required Forms, Filing Dates, and Penalties

There is a \$250 fee per return not filed. Below are the forms that need to be completed along with their corresponding deadlines. Please contact a WebsterRogers Healthcare advisor for additional information, or see the reference links at the end of the document.

- 1095-C or 1095-B due by February 1, 2016
- 1094-C or 1094-B due by February 29, 2016 (March 31, 2016 if filing electronically)
- Combined ownership groups exist when each organization is a member of either a parent-subsidary or brother-sister group and at least one corporation is the common parent of a parent-subsidary and a member of a brother-sister group.

Control Group

The ACA requires a count of all the employees of “controlled groups” to be combined to determine total headcount. If a business is divided up into smaller companies, each one does not stand alone for headcount. Instead, they must be added together as if they are one organization.

- Parent-subsidiary group exists when one or more chains of corporations are connected through stock ownership with a common parent corporation with 80% ownership. Examples: a franchise with more than one location.
- Brother-sister group is a group of two or more corporations, in which five or fewer common owners own directly or indirectly a controlling interest of each group. Example: an individual, a trust, or an estate.

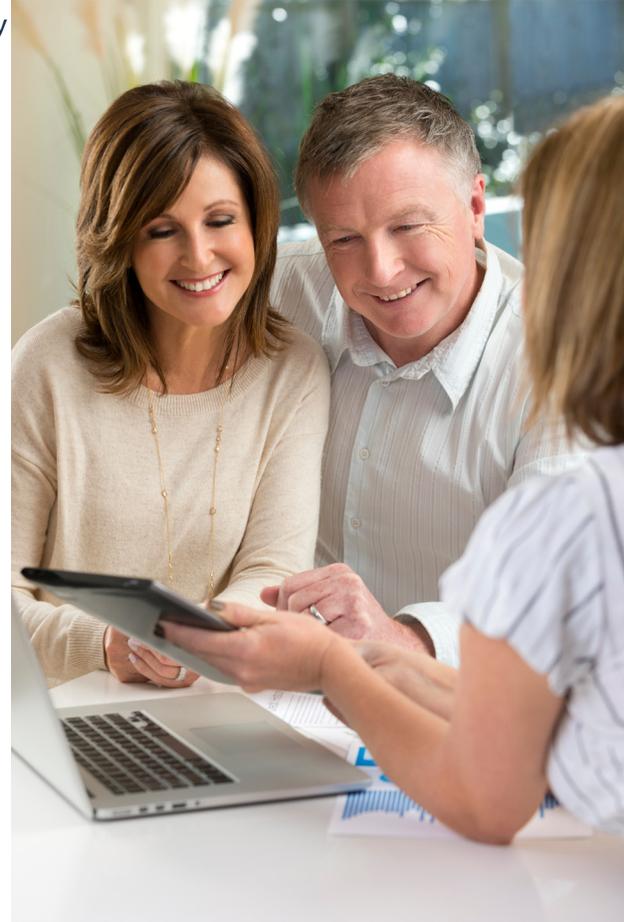
For More Information

- Questions and Answers on Employer Shared Responsibility Provisions Under the Affordable Care Act
- Questions and Answers about Information Reporting by Employers on Form 1094-C and Form 1095-C
- 1094-C
- 1095-C
- Instructions for Forms 1094-C and 1095-C
- 1094-B
- 1095-B
- Instructions for Forms 1095-B and 1095-B

WebsterRogers LLP Provides ACA Compliance and Consulting

The Healthcare Services Group specializes in providing accounting, tax, payroll & employee benefits, practice management, consulting, compliance and other services to physicians, clinics, hospitals and healthcare systems, ambulatory surgery centers, dentists, orthodontists, and other healthcare providers.

With a business-minded approach, and service-oriented delivery, Diedri Garrett helps clients navigate through the challenges of the Affordable Care Act and solve problems in the area of human resources. Diedri is a Human Resources consultant on the Healthcare Services Group team. A human resource specialist, Diedri adds value through the development and execution of all people processes including talent development, compensation, benefits, staffing, employee surveys, affirmative action, performance management, diversity, succession planning, salary review, and ACA compliance.



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