



Barkley Academy of Risk Management



Prepared for: Our Valued Clients

Presented By: Ed McClements CLU, ChFC
August 26, 2015
Oxnard, California



Barkley Insurance and Risk Management

Beyond Insurance Global Network

Independent Family Owned and
Operated Insurance Brokerage

Founded in the City of Oxnard, 1995

22 Full Time Employees

Barkley Leadership Team:

- Al Barkley – Chief Executive Officer
 - Jodi Martin – Employee Benefits Director
 - Griffin Barkley – President
 - Ed McClements, Jr. – Sr. VP Employee Benefits
-

Full Service Insurance Brokerage



"Our mission is to inspire and support organizations to be safer and healthier. We do this with a dedication to the highest quality customer service delivered with a sense of friendliness, professionalism and individual pride."

CAPITALIZING ON BENEFITS

DESIGNING A WINNING PLAN FOR THE AGRICULTURAL INDUSTRY

Barkley Insurance offers bilingual plan that meets ACA requirements

By Len Strazewski

Agent and brokers spent years trying to translate the Patient Protection and Affordable Care Act (ACA) into simple practical language—first for themselves, then their employer clients and eventually employees.

But despite the interpretation of experts and the development of simplified benefit educational materials, even college-educated executives struggle with the more than 1,000 pages of technical jargon and legislative procedure. So how does Barkley Insurance & Risk Management in Orland, California, communicate ACA-compliant health care options to thousands of seasonal agricultural workers?

It's a challenge that requires a special commitment to bilingual communication and highly individualized employee benefits services, says Griffin Barkley, president of the firm that specializes in professional insurance and benefits for the state's profitable fruit and vegetable farmers and agricultural marketers and service providers.

Agricultural industries provide 60% to 70% of total agency revenues and about 50% of insured benefits revenues. The agency has about 22 total employees of which 9 work in employee benefit services.

Employee benefits has been the fastest growing portion of agency business, Barkley says, especially during

the last five years, says the executive director of the health reform law. The business continues to grow, he says, having added 50 new accounts since July of last year.

The agency owes much of its success to the ACA, the management of which has created a high level of recognition for the firm, he says. "In the past, agricultural employers provided health benefits to full-time employees and leadership. But ACA changed all that."

The agency changed with the regulatory environment, developing a program specifically for its biggest local industry. Not only did the program increase benefits business, it created cross-selling opportunities, attracting new professional insurance and risk management customers who appreciated how well the agency managed their transition to ACA compliance, he says.

Ed McClements Jr., senior vice president of employee benefits, designed the unique benefits strategy that has positioned the agency as a leader in the agricultural field and a dominant agency in the Southern California area. A California insurance industry veteran, McClements started in a family firm at 14 years old and has accumulated 30 years of experience.

A long-time friend of agency Founder and Chairman Al Barkley, McClements was the benefits provider to Pan American Underwriters (a major player in the property/casualty business serving agriculture at the time), when Al Barkley was a senior executive. But in 1995,

Al exited Pan American to start his own agency. For the next a half, McClements and "friendly and respectful" McClements recalls.

But in 2009, McClements the firm officially and direct benefits coverage, property/casualty insurance have and respond to the challenges of ACA.

The new law created problems for local agriculturalers, he says, and many of the insurance agency. But challenges were opportunities.

"Most of the workers the local agricultural and seasonal field workers. It employees regularly—two generations—but only we times of the year," he says.

Before ACA, these employees were eligible for minimum provided short-term, very coverage, if they received an all. But the new law which individuals to have health or pay penalties, made it for coverage and many erable to penalties for n coverage for health ins.

McClements noted in the law that provided (Consumer Operated and Plan) self-funding designs for business associations and non-profit organizations. Together, in 2011 and 2012, McClements and Barkley helped to raise over \$150,000 to provide initial funding for the

application process to the federal government that, if approved, would have provided more than \$100 million in federal funding for a program specifically designed to meet the unique needs of the agricultural labor market in California. Despite initial interest in their proposal from the U.S. Department of Health and Human Services in Washington, politics intervened when, as part of the "Fiscal Cliff Deal" at the start of 2013, the Obama administration agreed to cancel the funding of new additional ACA CO-OP programs. But the silver lining was that the CO-OP creation effort gave McClements deeper insight into the nuances of the ACA. That insight allowed him to design a new plan configuration that accommodated the ACA minimum value calculations to develop actual value coverage that met the specialized needs of seasonal workers and was delivered in staged choices.

McClements says the simplified, ACA compliant program gives employees strategic and economic options. Dubbed "B3," the program is designed to provide blanket coverage of all seasonal and other employees and options for increased coverage allowed by ACA.

The B3 program provides three levels of benefits—basic, better and best—which may be offered by the employer. The benefits and costs are communicated in a simple way to employees and confirm to standards described in the law, McClements says.

Basic, the first coverage step, is designed for 100% of full-time workers, defined as anyone working 130 hours or more per month. Employees can apply a waiting period, but employees pay zero deductible and have low co-pays. Benefits exceed ACA minimum essential coverage.

As a self-funded plan, it can include some essential benefits under ACA and cost less than \$100 per employee per month.

Better, the second step, fills in the gaps of the Basic plan and does cover all essential health costs as defined by the law. Employee cost for equipment or broken plans ranges from \$50 to \$60 per month which is typically less than the cost employees pay with the federal subsidy. The plan allows employees to avoid "pay or play" penalties.

Best, the third step, allows employees to offer Gold or Platinum benefits to all employees at a rate of about \$120 per employee per month. The employer can also share cost for dependent coverage. The plan provides all employees with an opportunity to purchase comprehensive benefits at a risk level of

coverage if they choose. The top level benefit also provides the broadest provider network cover.

The program is 6,000 employees. Juli Martin, director of employee benefits, manages intensive community and account service center industry and business model. To that have invested services, we have not directed," she says.

"Instead of using technology to communicate and process enrollment, we have taken a step backward. We are using paper enrollment procedures in the field."

However, to bringing services to all employees, the partners with Healthcare Access and Health Services to the workplace and in a membership with the agricultural community.

"It's a huge opportunity that we have just begun tapping into. But we are committed to bringing healthcare services to the workers—wherever they work."

—Griffin Barkley, CO, CFA President

Rough Notes Magazine: July 2015



The Barkley Insurance & Risk Management team.



Juli Martin, Director of Benefit Services.

workers make deals face-to-face and with a handshake and we have to respect those practices. "We have distributed hundreds and hundreds of paper pamphlets to communicate the plan and explain what the employer is providing to them and what choices they can make."

Cultural issues also affect the way agricultural workers use health benefits—they use them all at. "Those of us born in the United States understand insurance. We know where to go and what to do when we get there," she says.

Many agricultural workers have never used any form of health insurance and need to be prepared to make use of the benefits that they have available. "One hundred dollars a month is a lot of money to field workers. Whatever plan they purchase, they need to see an immediate upfront benefit."

Whether in a particular challenge, Barkley says. Agricultural employees, most of whom are paid by the piece rather than by the hour, are reluctant to leave the fields for non-acute health care, he notes. And many would be metric screenings or other preventive services if accounting service means leaving work and thereby reducing a day's income.

More traditional benefits customers include manufacturing,

In addition to the agricultural specialty, Barkley offers a full range of employee benefits products and services for other industries and types of employees, including medical indemnity plans, Preferred Provider Organization plans (PPOs) and Health Maintenance Organizations.

pharmaceutical, food and beverage firms, and professional services companies, including a national law firm. Barkley says the agency will continue to diversify its benefit operations, building on programs developed for its existing client base.

He adds that outside of the agricultural industry, the agency specializes in employees with 100 or more employees. "Smaller employers with 50 to 99 employees are not much of a market for us. Under the ACA, there is not much we can do for these employees that provides them with a strategic advantage."

The agency also provides individual insurance and financial

planning services, including life insurance, disability insurance and long-term care insurance that can be marketed to employees on a voluntary basis. ■

The author
Len Strazewski is a Chicago-based writer, editor and educator specializing in marketing, management and technology topics. In addition to contributing to Rough Notes, he has written on insurance for Business Insurance, Risk & Insurance, the Chicago Tribune and Human Resources Executive, among other publications.



The Barkley Insurance & Risk Management team. Standing from left: Ed McClements Jr., Senior Vice President—Executive, Maria Conna, Benefits Account Executive, Rita Barz, Account Manager, Juli Martin, Director of Benefit Services. Standing from left: Randy Hunt, Account Manager, Brenda Ortiz, Benefits Services Representative, John Verna, Employee Benefits Consultant.

JULY 2015



The Affordable Care Act

**“The TEENAGER STAGE”
(Not an Infant, Nor a Mature Adult)**



Disclaimer:

Disclaimer:

Barkley Insurance is not a law firm nor a CPA firm and cannot offer legal or tax advice. We **highly** recommend you consult with your own attorney or CPA for legal or tax advice.

Notice:

Barkley Insurance considers the material in this presentation to be proprietary and confidential. No duplication or dissemination of this information is permitted without prior written consent of Barkley Insurance & Risk Management.



Common ACA Questions

- What is the definition of a “Large Employer”?
- What is “Minimum Essential Coverage”?
- What exactly does “Minimum Value” mean?
- Are employer sponsored health plans required to include ALL “Essential Health Benefits”?
- How do I determine if my plan is considered “Affordable”?
- How is a “Full Time Worker” defined under Obamacare?
- When do I have to count “Part-Time Workers”?
- Can I exclude “Seasonal Workers”?
- What is the maximum waiting period I can have under ACA?
- Do the “Pay or Play” rules apply to my company?
- What is the difference between a “Monthly Measurement” period vs. a “Look-Back & Stability period”?

**Ask a team member for
a one on one meeting!**

**WE CAN'T
COVER
EVERYTHING IN
90 MINUTES**



Well Intentioned but Poorly Planned

Ultimate Goal of the Affordable Care Act (aka “Obamacare”) was to increase access to affordable insurance in order to reduce the number of uninsured Americans.

Positive/ Popular Aspects of Obamacare:

- Guaranteed Access to Insurance
- Removed all Pre-existing Condition Limitations
- No Annual or Lifetime Benefit Caps
- Placed a Cap on Out-of-Pocket maximums
- Coverage for Dependent children up to the age of 26
- Rates must be Unisex
- Community Rating Rule / Simplified Underwriting
- Expanded Medicaid Eligibility (CA approved Medicaid expansion)
- Created public health insurance marketplaces (aka Exchanges...Covered CA) with significant Federal Premium Subsidies for low income folks



ACA Pillars: 1 Carrot & 2 Large Sticks!!!



Government Subsidies

- Covered CA
- >138% up to 400%
- Expansion of MediCal
- < 138%



Individual Mandate

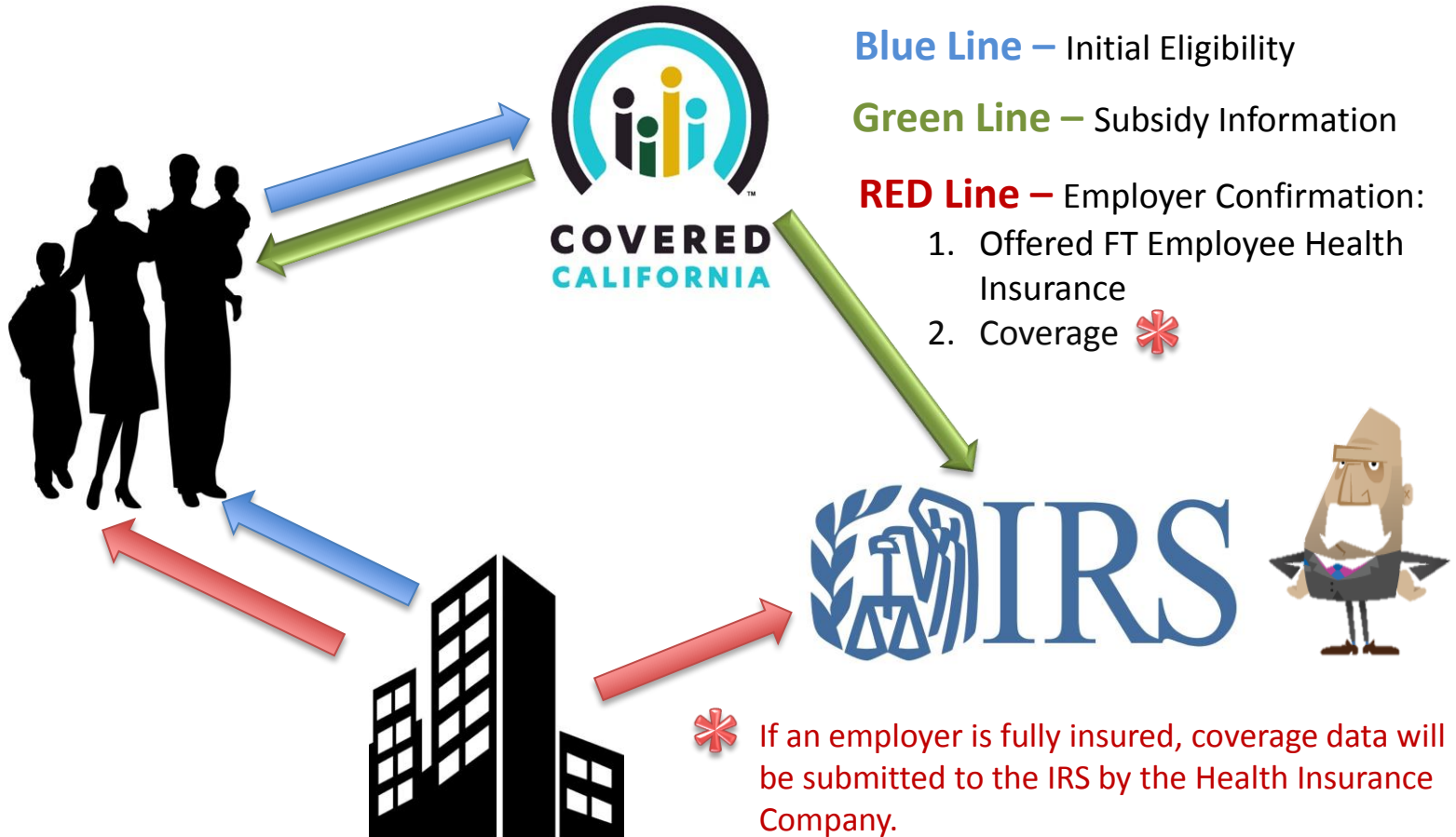
- 2015 Penalty
 - 2% or \$265
- 2016 Penalty
 - 2.5% or \$695
- 2017 +
 - Indexed for Inflation



Employer Mandate

- IRS 4890H
- IRS 6055
- IRS 6056
 - 1095-C
 - 1094-C

Obamacare Reporting Requirements: “A lot of moving parts”



Forms 1094 (A/B/C) & 1095 (A/B/C)

Year End IRS Reports due from Applicable Large Employers*
(regardless of whether they have a health plan) that will provide details the IRS can analyze to determine who got covered and the quantitative value of that coverage

- Like a W-2, due to employees on **1/31/2016** for 2015 year
- Transmittal must be sent to the IRS by **2/29/2016** (if on paper) or **3/31/2016** (if sent electronically – which is mandatory for groups over 250)

* Generally ALEs, but potentially small employers will also have to file if they self fund their plans



Forms 1094 (A/B/C) & 1095 (A/B/C)

- **1094** - Transmittal to the IRS (cover sheet)
- **1095** - Form sent to individual (copied to the IRS with the 1094)
- **A** - COVERED CA - **Minimum Essential Coverage** (MEC) & Subsidy Info
- **B** - INSURANCE COMPANIES - **Minimum Essential Coverage** (MEC) info
- **C** (Parts I and II) - APPLICABLE LARGE EMPLOYERS (ALEs) **Minimum Value** requirements (MV 60%+) and **Affordable Cost** (< 9.5% of employee income)
- **C** (Part III) – SELF FUNDED Employers (large and small) to report what would have been on the 1095B (proof of MEC coverage, by month)
- Employers report their OWN current and ex-employees (any F/T employees paid for 1 month or more under that EIN)
- Multiple 1094-Cs CAN be sent for one EIN (Employer labels one 1094-C the “Authoritative Transmittal”)
- If part of a “Controlled Group”, the ALE is considered part of an “Aggregating ALE Group” and a cross-referencing is required





	Exchange Coverage	Fully Insured < 50 FTEs	Fully Insured > 50 FTEs (ALEs)	Self Funded < 50 FTEs	Self Funded > 50 FTEs (ALEs)
Forms Sent to Employees	1095A	1095B	1095B & 1095-C (Parts I & II)	1095B	1095-C (Parts I, II & III)
Filed by	Exchange	Insurer	Insurer / Employer	Plan Sponsor (typically Employer)	Plan Sponsor (typically Employer)
Forms Sent to the IRS	1094A (w/ copies of 1095As)	1094B (w/ copies of 1095Bs)	1094B (w/ copies of all 1095Bs) / 1094-C (w/ copies of all 1095-Cs)	1094B (w/ copies of all 1095Bs)	1094-C (w/ copies of all 1095-Cs)
Filed by	Exchange	Insurer	Insurer / Employer	Plan Sponsor (typically Employer)	Plan Sponsor (typically Employer)
Deals with	6055 and Susidy	6055	6055 & 6056 (possibly negating Subsidy)	6055	6055 and 6056 (possibly negating Subsidy)

Controlled & Affiliated Service Groups

- Rules have been around for decades
- Created to prevent RETIREMENT plan discrimination
- Generally 80% or more common ownership, but
DETAILS ARE COMPLEX

- **ACA applies same rules to health plans (at least in determining Large Employer status and in filing Forms 1094-C/1095-C)**

**Ask your
CPA!**





IRS Form 1095-A



Form 1095-A		Health Insurance Marketplace Statement		OMB No. 1545-2232
Department of the Treasury Internal Revenue Service		▶ Information about Form 1095-A and its separate instructions is at www.irs.gov/form1095a .		<input type="checkbox"/> CORRECTED
				2014

Part I Recipient Information				
1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name		
4 Recipient's name	5 Recipient's SSN	6 Recipient's date of birth		
7 Recipient's spouse's name	8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth		
10 Policy start date	11 Policy termination date	12 Street address (including apartment no.)		
13 City or town	14 State or province	15 Country and ZIP or foreign postal code		

Part II Coverage Household				
A. Covered Individual Name	B. Covered Individual SSN	C. Covered Individual Date of Birth	D. Covered Individual Start Date	E. Covered Individual Termination Date
16				
17				
18				
19				
20				

Part III Household Information			
Month	A. Monthly Premium Amount	B. Monthly Premium Amount of Second Lowest Cost Silver Plan (SLCSP)	C. Monthly Advance Payment of Premium Tax Credit
21 January			
22 February			
23 March			
24 April			
25 May			
26 June			
27 July			
28 August			
29 September			
30 October			
31 November			
32 December			
33 Annual Totals			

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60709Q Form **1095-A** (2014)



IRS Form 1095-B



Small Employers
Self-Funded
Health Plans

Form 1095-B		Health Coverage		<input type="checkbox"/> VOID	OMB No. 1545-2252										
Department of the Treasury Internal Revenue Service		► Information about Form 1095-B and its separate instructions is at www.irs.gov/form1095b .		<input type="checkbox"/> CORRECTED	2015										
Part I Responsible Individual															
1 Name of responsible individual		2 Social security number (SSN)		3 Date of birth (if SSN is not available)											
4 Street address (including apartment no.)		5 City or town		6 State or province											
				7 Country and ZIP or foreign postal code											
8 Enter letter identifying Origin of the Policy (see instructions for codes):				9 Small Business Health Options Program (SHOP) Marketplace Identifier, if applicable											
Part II Employer Sponsored Coverage (see instructions)															
10 Employer name				11 Employer identification number (EIN)											
12 Street address (including room or suite no.)		13 City or town		14 State or province											
				15 Country and ZIP or foreign postal code											
Part III Issuer or Other Coverage Provider (see instructions)															
16 Name		17 Employer identification number (EIN)		18 Contact telephone number											
19 Street address (including room or suite no.)		20 City or town		21 State or province											
				22 Country and ZIP or foreign postal code											
Part IV Covered Individuals (Enter the information for each covered individual(s).)															
(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of coverage											
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
23			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.				Cat. No. 60704B											
				Form 1095-B (2015)											



**Each EIN must file at least one 1094-C
(when multiple 1094-Cs are filed, one is labeled
as the AUTHORITATIVE TRANSMITTAL)**

**They must also cross-reference
other members of their
Aggregate ALE Group**



IRS Form 1095-C

Form 1095-C
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.

☐ VOID
☐ CORRECTED

OMB No. 1545-2251
2015

Part I Employee

1 Name of employee
2 Social security number (SSN)
7 Name of employer
8 Employer identification number (EIN)
3 Street address (including apartment no.)
9 Street address (including room or suite no.)
10 Contact telephone number
4 City or town
5 State or province
6 Country and ZIP or foreign postal code
11 City or town
12 State or province
13 Country and ZIP or foreign postal code

Part II Employee Offer and Coverage

Plan Start Month (Enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual. ☐

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60705M

Form 1095-C (2015)

All
Applicable
Large
Employers
fill in
Parts I & II

SELF
FUNDED
ALEs also
need to
fill in Part
III



1095-C – PART I

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/f1095c.

☐ VOID

☐ CORRECTED

600116

OMB No. 1545-2251

2015

Part I Employee

Applicable Large Employer Member (Employer)

1 Name of employee		2 Social security number (SSN)		7 Name of employer		8 Employer identification number (EIN)	
3 Street address (including apartment no.)		9 Street address (including room or suite no.)		10 Contact telephone number			
4 City or town	5 State or province	6 Country and ZIP or foreign postal code	11 City or town	12 State or province	13 Country and ZIP or foreign postal code		

Basic Identifying Data

Employee and Employer Information



1095-C – PART II

Part II Employee Offer and Coverage						Plan Start Month (Enter 2-digit number):								
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
Line 14 - Employer Offer Codes						Line 16 - Safe Harbor Codes								
1A	Qualifying Offer: FT offered MEC + MV for < \$93.18/mo./self + MEC to Spouse and Dependents						2A Employee was NOT EMPLOYED on ANY DAY of this month							
1B	MEC that is						rs+/month)							
1C	MEC that is (but NOT Sp													
1D	MEC that is (but NOT De						ent Period							
1E	MEC that is MV offered to employee and at least MEC offered to Spouse AND Dependents						2E Employee was part of a Multiemployer Arrangement							
1F	MEC that is <u>NOT MV</u> offered to E only / E + S / E + D / E + S + D						2F Affordability based on W-2 Safe Harbor							
1G	Offer of coverage to employee that was NOT F/T in any Month, but was covered in 1 or more months in self funded plan						2G Affordability based on Federal Poverty Level Safe Harbor							
1H	No offer of coverage (or offered coverage that was NOT MEC)						2H Affordability based on Rate of Pay Safe Harbor							
1I	Qualifying Offer Transitional Relief for 2015 (special rules apply)						2I Other Special Transitional Safe Harbor Rules Apply							

Part II requires offer to apply to
EVERY DAY of the month

Line 16 Decision T



There's a priority ranking
for appropriate Line 16 code
when more than one could
apply to the employee in the
same month.



Decision Tree for Selecting Correct Safe Harbor Code on 1095C Part II, Line 16

Instructions: Proceed through the questions until you reach a "red font" answer and code result. Please note that the IRS does not require an answer to line 16 on the Form 1095C, but providing an answer can signal the IRS that a Safe Harbor protection applies to the Large Employer regarding this employee.

	Answer	Code Result
Was Employee COVERED by Minimum Essential Coverage?	YES	2C
	NO	
Was the Employee EMPLOYED on ANY DAY of this month?	NO	2A
	YES	
Was Employee a FULL TIME EMPLOYEE (worked 130hrs+/month) (See below* for special situations for answering NO and using code 2B)	NO	2B
	YES	
Was Employee part of a Multiemployer Arrangement? (Collective Bargaining Arrangement / Union / MEWA / PEO)	YES	2E
	NO	
Was Employee in a Section 4980H(b) Limited Non-Assessment Period? (periods like Waiting, Look-Back, (Not-eligible) Stability, Administrative, etc.)	YES	2D
	NO	
Was Employee Offered Affordable Coverage according to one of the Safe Harbors below:		
Affordability based on W-2 Safe Harbor	YES	2F
	NO	
Affordability based on Federal Poverty Level Safe Harbor	YES	2G
	NO	
Affordability based on Rate of Pay Safe Harbor	YES	2H
	NO	
Does the Employer offer a Minimum Essential Coverage plan that operates on a NON-CALENDAR Plan Year?	NO	LEAVE BOX BLANK
	YES	
Does THIS MONTH fall within the timeframe to which Non-Calendar Plan Year Transitional Relief should apply?	NO	LEAVE BOX BLANK
	YES	
Did this employer follow all of the OTHER rules that allow for Non-Calendar Plan Year Transitional Relief to apply? (See IRS Instructions for details on OTHER requirements for using this Safe Harbor)	NO	LEAVE BOX BLANK
	YES	2I

*Use Code 2B if a full time employee has coverage ending before the end of the month due to employment termination. Also use Code 2B for the a situation in January 2015 when offer was made effective on first payperiod that falls fully into January.

1095-C – PART III (Self-Funded Plans Only)

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual. ☐

(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage												
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18																
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20																
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Dependent
Social
Security
Numbers will
be needed to
complete
1095-C Part III**

**Part III requires coverage for
only
ONE DAY of the month**

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60705M

Form 1095-C (2015)





Lets Work Through Some Examples



Filling Out the IRS Form 1095-C

ACME Agricultural Products, Inc.

- **Headquartered: Oxnard, CA**
- **500 Full Time Workers are offered Affordable (9.5%) coverage through an employer self-funded plan**
- **Initial waiting period:**
First of the Month Following 60 days
- **ACME uses a *Monthly Measurement Period* to determine variable hour worker eligibility**

One more disclaimer...

The following 1095-C coding examples are based on developing guidance from the IRS. These examples are subject to change as IRS guidance matures

Example 1: Steve Steadfast

Steve Steadfast is single and is a full time employee for Acme Ag Products. He's been with the company for 10 years and is covered on their Self Funded Health Plan

Form 1095-C Department of the Treasury Internal Revenue Service		Employer-Provided Health Insurance Offer and Coverage ▶ Information about Form 1095-C and its separate instructions is at www.irs.gov/f1095c .		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-2251 2015																								
Part I Employee				Applicable Large Employer Member (Employee)																										
1 Name of employee Steve Steadfast		2 Social Security number (SSN) 123-45-6789		7 Name of employer Acme Ag Products, Inc		8 Employer identification number (EIN) 95-1234567																								
3 Street address (including apartment no.) 1234 Cherry Lane				9 Street address (including room or suite no.) 2121 Rice Avenue		10 Contact telephone number (805) 483-0001																								
4 City or town Oxnard	5 State or Province CA	6 Country and ZIP or foreign postal code 93030		11 City or town Oxnard	12 State or Province CA	13 Country and ZIP or foreign postal code 93031																								
Part II Employee Offer and Coverage				Plan Start Month (enter 2-digit number):																										
14 Offer of Coverage (enter required code) 1A		<table border="1"> <tr> <th>Jan</th><th>Feb</th><th>Mar</th><th>Apr</th><th>May</th><th>June</th><th>July</th><th>Aug</th><th>Sept</th><th>Oct</th><th>Nov</th><th>Dec</th> </tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>					Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec												
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec																			
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only minimum Value Coverage \$		<table border="1"> <tr> <th>Jan</th><th>Feb</th><th>Mar</th><th>Apr</th><th>May</th><th>June</th><th>July</th><th>Aug</th><th>Sept</th><th>Oct</th><th>Nov</th><th>Dec</th> </tr> <tr> <td>\$</td><td>\$</td><td>\$</td><td></td><td></td><td></td><td></td><td></td><td></td><td>\$</td><td>\$</td><td>\$</td> </tr> </table>					Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	\$	\$	\$							\$	\$	\$
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec																			
\$	\$	\$							\$	\$	\$																			
16 Applicable Section 4980H Safe Harbor (enter code, if applicable) 2C		<table border="1"> <tr> <th>Jan</th><th>Feb</th><th>Mar</th><th>Apr</th><th>May</th><th>June</th><th>July</th><th>Aug</th><th>Sept</th><th>Oct</th><th>Nov</th><th>Dec</th> </tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>					Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec												
Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec																			
Part III Covered Individuals																														
If Employer provided self-insurance coverage, check the box and enter the information for each covered individual.																														
17 Name of individual Steve Steadfast		18 Social Security number (SSN) 123-45-6789		(e) DOB (if SSN is not available) <input checked="" type="checkbox"/> all 12 months		(f) Covered <input checked="" type="checkbox"/>																								
						(g) Self-insured plan <input checked="" type="checkbox"/>																								
						(h) Coverage <input checked="" type="checkbox"/>																								
						(i) Coverage <input checked="" type="checkbox"/>																								
						(j) Coverage <input checked="" type="checkbox"/>																								
						(k) Coverage <input checked="" type="checkbox"/>																								
						(l) Coverage <input checked="" type="checkbox"/>																								
						(m) Coverage <input checked="" type="checkbox"/>																								
						(n) Coverage <input checked="" type="checkbox"/>																								
						(o) Coverage <input checked="" type="checkbox"/>																								
						(p) Coverage <input checked="" type="checkbox"/>																								
						(q) Coverage <input checked="" type="checkbox"/>																								
						(r) Coverage <input checked="" type="checkbox"/>																								
						(s) Coverage <input checked="" type="checkbox"/>																								
						(t) Coverage <input checked="" type="checkbox"/>																								
						(u) Coverage <input checked="" type="checkbox"/>																								
						(v) Coverage <input checked="" type="checkbox"/>																								
						(w) Coverage <input checked="" type="checkbox"/>																								
						(x) Coverage <input checked="" type="checkbox"/>																								
						(y) Coverage <input checked="" type="checkbox"/>																								
						(z) Coverage <input checked="" type="checkbox"/>																								

Employed and Covered ALL YEAR

Self Funded plan

So Coverage indicated in Part III

Example 2: Kara Cobranski

Kara Cobranski is also single and was a full time employee (since 2013) for Acme Ag Products, BUT she quit at the end of April, and she DID NOT ELECT COBRA

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage
Information about Form 1095-C and its separate instructions is at www.irs.gov/f1095c.

OMB No. 1545-2251
2015

☐ VOID
☐ CORRECTED

Applicable Large Employer Member (Employer)

1 Member (SSN) 9123
2 Name of employer Acme Ag Products, Inc.
3 Employer identification number (EIN) 95-1234567
4 City or town Oxnard
5 State or Province CA
6 Country and ZIP or foreign postal code 93030
7 Street address (including room or suite no.) 2121 Rice Avenue
8 Contact telephone number (805) 483-0001
9 City or town Oxnard
10 State or Province CA
11 Country and ZIP or foreign postal code 93031

Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1A	1A	1A	1A	1H	1H	1H	1H	1H	1H	1H	1H
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)		2C	2C	2C	2C	2A	2A	2A	2A	2A	2A	2A	2A

Part III Covered Individuals
If Employer provided self-insurance coverage, check the box and enter the information for each covered individual. ☒

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17 Kara Cobranski	456-78-9123		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

for Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form 1095-C (2015)

No Longer Employed

Example 3: Patty Partym

Patty Partym only works 20hrs/wk (a PART TIME worker) most of the year, but Acme increases her hours to 30+/wk during MAY/JUNE/ JULY, due to another employee's LOA. Patty is OFFERED coverage in July, but waives coverage, since she knows hours will soon reduce

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer's Offer and Coverage

OMB No. 1545-2251
20 15

Part I Employee

1 Name of employee: Patty Partym

3 Street address (including apartment no.): 3456 Oak Street

4 City or town: Oxnard 5 State or Province: CA 6 Country and ZIP code: 93030

Applicable Large Employer Member (Employer)

7 Name of employer: Acme Ag Products, Inc

8 Employer identification number (EIN): 95-1234567

9 Street address (including room or suite no.): 2121 Rice Avenue

10 Contact telephone number: (805) 483-0001

11 City or town: Oxnard 12 State or Province: CA 13 Country and ZIP or foreign postal code: 93031

Part II Employee Offer and Coverage

14 Offer of Coverage (enter required code):

All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1H	1H	1H	1H	1H	1A	1A	1A	1H	1H	1H	1H	1H
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2B	2B	2B	2B	2B	2D	2D	2G	2B	2B	2B	2B	2B

15 Employee Share of Lowest Cost Monthly Premium, for Self-Only minimum Value Coverage

16 Applicable Section 4980H Safe Harbor (enter code, if applicable)

Part III Covered Individuals

If Employer provided self-insurance coverage, check the box and enter the information for each covered individual. ☒ X

(a) Name of covered individual(s)	(b) DOB (if SSN is not available)	(c) Covered all month	(d) Months of Coverage
			Jan Feb Mar Apr May June July Aug Sept Oct Nov Dec
17		<input type="checkbox"/>	
18		<input type="checkbox"/>	
19		<input type="checkbox"/>	
20		<input type="checkbox"/>	
21		<input type="checkbox"/>	
22		<input type="checkbox"/>	

for Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat No. 60705M

Form 1095-C (2015)

Offered Coverage as a Full Time Employee

Employed Part-Time

In Waiting Period

Employee Declines Plan

Employed Part-Time

Example 4 – Sarah Seasonovich

Sarah Seasonovich is a SEASONAL EMPLOYEE, hired May 16th (worked 100hrs in May) but works 200+ hours in June thru August and her final day is September 10th (she only worked 94 hours in Sept.)

Form 1095-C
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage
Information about Form 1095-C and its separate instructions is at www.irs.gov/f1095c.

☐ VOID
☐ CORRECTED

OMB No. 1545-2251
2015

Part I Employee

1 Name of employee Sarah Seasonovich
2 Social Security number
3 Street address (including apartment no.) 2345 Maple Road
4 City or town Oxnard 5 State or Province CA 6 Country and ZIP or foreign postal code 93030 11 City or town Oxnard 12 State or Province CA 13 Country and ZIP or foreign postal code 93030

Part II Employee Offer and Coverage

14 Offer of Coverage (enter required code)

All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1H	1H	1H	1H	1H	1H	1H	1H	1H	1H	1H	1H	1H

15 Employee Share of Lowest Cost Monthly Premium, for Self-Only minimum Value Coverage

All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

16 Applicable Section 4980H Safe Harbor (enter code, if applicable)

All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2A	2A	2A	2A	2A	2B			2B	2A	2A	2A	

Part III Covered Individuals

If Employer provides health insurance coverage, check the box and enter information for each covered individual.

SSN	(e) Covered all 12 months	(f) Months of coverage											
		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Never Offered Coverage

Not Employed

Employed Part-Time

Employed Full-Time and declared a "Seasonal Employee", BUT NO Safe Harbor Code applies!

Not Employed

Employed Part-Time

UNFORTUNATELY "SEASONAL EMPLOYEE" DEFINITION REQUIRES "LOOK BACK / STABILITY"





Delivery of IRS Reporting Forms

- To the Employee or Primary Insured
 - All F/T workers (for even one month), even if not offered coverage
 - Employers with Self Funded Plans **MUST** include COBRA and/or Retiree Health Plan Participants
 - Must be distributed no later than January 31, 2016
 - Form may be delivered by any means acceptable for a W-2 distribution
 - *Delivery Methods Included: In person, by first class mail, or electronically with recipient's affirmative consent*
- To the IRS, with Form 1094-C (and attached 1095-Cs)
 - Filing Deadline (PAPER) = February 29, 2016
 - Filing Deadline (ELECTRONIC) = March 31, 2016
 - *An employer filing 250 1095-Cs MUST submit these returns electronically using a BRAND NEW "AIRS" system*
 - *IRS is just now issuing certifications on AIRS system to CPAs, payroll companies and software vendors*



Importance of a Good Faith Effort

The IRS has promised to waive penalties for inaccurate or incomplete returns filed for the 2015 calendar year as long as an employer...



CAN SHOW A “Good Faith Effort”

1094-C and 1095-Cs MUST be filed ***on time!***

Potential Employer Penalties

Trade Preferences Extension Act of 2015:

- Significantly increased the employer penalties for non-compliance with IRS 6055 and 6056 Filing Requirements

YES...

**\$500
per
1095-
C!**

General Penalty Amount

\$250 per Return
(Increased from \$100)

Violations Corrected within 30 Days

\$50 per Return
(Increased from \$30)

Violations due to Intentional Disregard

\$500 per Return
(Increased from \$250)

Violations Corrected before August 1st.

\$100 per Return
(Increased from \$60)





Barkley Can HELP!

- **Trained staff** on ACA IRS Reporting rules
- **Specialized software** to help clients create the 1094-C and 1095-C forms (*and we can make that software directly available to each client that wants access*)
- **Custom Excel Templates** to ease employer record keeping and transfer of key data
- Assist clients with **consolidation of the critical data** from:
 - Health plan enrollment data
 - HR records
 - Payroll files
- **Flexible pricing model** to meet our clients' needs in a manner that works for them in this overall effort
- **Connected with CPAs** that subject matter experts to assist employers with review and e-filing of returns





Barkley Support & Pricing Levels

1. **Client Meetings - Info - Custom Excel Templates**
– **NO COST**
2. **Facilitate ACA IRS reporting software purchase**
30 day free trial - **\$249** for single EIN version / **\$599** for multiple EIN version (paid to software company)
3. **Barkley training on software and direct assistance in data collection and up-loading into software system - \$1,500**
4. **Barkley creates and maintains your 1094-C/1095-C data on our systems and prints forms for your CPA review - \$2,500**
5. **Connect you with CPAs to assist you with review and e-filing of returns - \$3,500**





What Information is Needed?

Applicable Large Employers:

- Employee Name
- Social Security Number (employer assigned ID# often **also** helpful)
- Full Home Address
- Date of Hire
- Date of Termination
- HR records of F/T, P/T or Seasonal status
- # of Hours worked per Month
- Coverage Records (generally Carrier/TPA can provide)

Possible Additional ALE Information:

- Lowest Employee Cost for Self Only MV coverage
- Union Enrollment

Self Funded Employers:

- Covered Dependent Names
- SSNs (use DOBs after 3 attempts)
- Coverage Records (generally Carrier/TPA can provide)
- COBRA and/or Retiree Enrollment



MORE TO WORRY ABOUT

Self-Funded Plan Sponsors –

TWO additional Fee Requirements to shoulder:

1. Patient Centered Outcomes Research Institute (**PCORI**) Fees
2. Transitional Reinsurance Fees (**TRF**)



Note: both these fees are already “built into” premiums for fully insured groups and therefore do not require employer planning

ALL Employers also face the “Cadillac Tax”

– Scheduled to rollout in 2018, could potentially impact every employer with a health plan



Patient Centered Outcomes Research Institute

- ACA created PCORI to help our health care system make SMARTER medical decisions
- ***ACA funds PCORI with a small annual tax (currently \$2.08) per participant levied on both Insured and Self Insured plans***
- The PCORI is ongoing – there is no sunset
- IRS Excise Tax Form 720 (paper based filing)
- Due every 7/31 based on covered lives in the plan year that ended in PRIOR calendar year.
- PCORI tax calculation is based on one of 4 methods:
actual count / snapshot / snapshot factor / 5500



PCORI Filing – IRS Form 720

Use IRS
Form 720

720
Form
(Rev. January 2015)
Department of the Treasury
Internal Revenue Service

Quarterly Federal Excise Tax Return
► See the Instructions for Form 720.
► Information about Form 720 and its separate instructions is at www.irs.gov/form720.

OMB No. 1545-0025

Check here if:
☐ Final return
☐ Address change

Name _____ Quarter ending _____
Number, street, and room or suite no. _____ Employer identification number _____
(If you have a P.O. box, see the instructions.)
City or town, state or province, country, and ZIP or foreign postal code _____

FOR IRS USE ONLY

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FD	
FP	
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T	

Part I

IRS No.	Environmental Taxes (attach Form 6627)	Tax	IRS No.
18	Domestic petroleum oil spill tax		18
21	Imported petroleum products oil spill tax		21
98	Ozone-depleting chemicals (ODCs)		98
19	ODC tax on imported products		19

Part II

IRS No.	Patient-Centered Outcomes Research Fee (see instructions)	(a) Avg. number of lives covered (see inst.)	(b) Rate for avg. covered life	(c) Fee (see instructions)	Tax	IRS No.
133	(a) Specified health insurance policies (b) Applicable self-insured health plans		(see inst.) (see inst.)			133
				Rate		
41	Sport fishing equipment (other than fishing rods and fishing poles)			10% of sales price		41
110	Fishing rods and fishing poles (limits apply, see instructions)			10% of sales price		110
42	Electric outboard motors			3% of sales price		42
114	Fishing tackle boxes			3% of sales price		114
44	Bows, quivers, broadheads, and points			11% of sales price		44
106	Arrow shafts			\$.49 per shaft		106
140	Indoor tanning services			10% of amount paid		140
		Number of gallons		Rate	Tax	
64	Inland waterways fuel use tax			\$.20		64
125	LUST tax on inland waterways fuel use (see instructions)			.001		125
51	Section 40 fuels (see instructions)					51
117	Biodiesel sold as but not used as fuel					117
20	Floor Stocks Tax— Ozone-depleting chemicals (floor stocks). Attach Form 6627.					20
2	Total. Add all amounts in Part II					\$

Transitional Reinsurance Fee

Transitional Reinsurance Fee (TRF)



- Like PCORI, Health Insurers & Self Funded Plans pay TRF based on the number of covered lives
- 2015 - \$44 per Year per Covered Member
- TRF is scheduled to end in 2017
- Calculation of covered lives similar but not identical to PCORI (due to TRF timing, only first 9 months of calendar year are used in the TRF covered lives calculation)
- TRF must be paid via www.pay.gov (an ON-LINE system created by CMS, part of HHS)
- **TRF filing is due each November 15th**
- Payment is electronically deducted from employer bank accounts in the following January (payers can elect a portion later in November)

The Cadillac Tax



TAX



- A 40% NON-DEDUCTIBLE EXCISE TAX on “High Cost” Health Plans
- “Plan” includes the total contributions paid by both the employer AND employees for Health Plan + HSAs, HRAs, FSAs, and wellness programs
- Excise Taxation STARTS at:
\$10,200 for individual and **\$27,500 for family**
- Example: A plan that costs \$12,200 would get a tax of \$800 (40% excise tax on \$2,000)
- These thresholds will be updated for 2018 when final regulations are issued
- Payer: Insured: Insurance Carrier /
Self Funded: Employer
- No details yet on exact payment methodology

Chance that MY company will be audited?

- Nobody Knows for SURE!
- Uncle Sam is COUNTING ON Employer Fines to pay for a big part of ACA
- No one can guarantee you will NOT be audited
 - ACA ALE audits are not RANDOM audits
 - It makes sense that largest employers that DO NOT FILE (lots of W-2s, but no 1095-Cs) will get top priority
 - BUT – 1094/1095 reporting data has to arrive and be analyzed (Spring of 2016) meaning Summer/Fall 2016 is earliest opportunity for ACA Employer Audits

AUDIT



2016 POTUS POLITICS

Will the IRS begin to apply ACA Play or Pay penalties to Large Employers in the Summer of a Presidential Election Year?

17



3





Section 1411 Certifications – Early Warning System?

Treas. Reg. §54.4980H-1(a)(40) requires Exchanges to NOTIFY Employers that one of their employees has requested a Subsidy

An Employer's "First Bit of the Apple" to Prevent an IRS Audit

Content of Section 1411 Certifications

1. Identify the employee
2. Indicate that the employee has been determined eligible for advance payments of the premium tax credit or cost-sharing reductions
3. Indicate that, if the employer has 50 or more full-time employees, the employer may be liable for the payment assessed under §4980H (i.e., the A Penalty or the B Penalty); and
4. Notify the employer of the right to appeal the determination within 90 days

Failure to respond DOES NOT impact Employer's rights if audited by IRS

Repayment Caps on Federal Subsidies

If an employee is currently receiving a federal subsidy to help pay for health insurance through a state or federally run health insurance marketplace and is found NOT to be eligible they will be forced to repay their subsidy, subject to the cap amounts listed below...

For SINGLE
Taxpayers

*Max amount DOUBLES
for Married Filing Jointly*

\$300

• **< 200% of FPL**

\$750

• **200% to 300% FPL**

\$1,250

• **300% to 400% FPL**

Full Amt.

• **> 400% of FPL**

Major Employer Mistakes...



1. Assuming this is all “just going to go away”
2. Failing to PLAN AHEAD (anyone just starting today is horribly behind, but your situation only gets worse)
3. Under-estimating the HR talent they need to offer benefits in a compliant manner
4. Over-estimating the capabilities of their current payroll system
5. Assuming the broker / carrier will automatically solve all their problems
6. Unwillingness to grasp the major role they take on as a PLAN SPONSOR (Fiduciary responsibility and DOL audits, not just IRS)

WARNING: Your current resources (payroll system, staff, HRIS, broker, etc.) may not be able to automatically produce the required IRS filing forms. What is your contingency plan?



Questions?

Ed McClements, CLU, ChFC

Barkley Insurance & Risk Management

143 West 5th Street

Oxnard, CA 93030

(805) 483-1995

Dept of Ins. # 0B75139

www.barkleyins.com



Thank you!