

**California Department of Human Resources
Memorandum**

TO: Personnel Management Liaisons (PML)

SUBJECT: Affordable Care Act Compliance Program	REFERENCE NUMBER: 2015-013
DATE ISSUED: 4/29/2015	SUPERSEDES:

This memorandum should be forwarded to:

TO: Administrative Chiefs
 Personnel Officers
 Personnel Transaction Supervisors
 Personnel Transaction Staff

FROM: California Department of Human Resources
 Benefits Division

CONTACT: Elaine Smith
 Health Policy Analyst
 (916) 445-9801
 Email: elaine.smith@calhr.ca.gov

This memorandum provides information to departmental human resources staff on the Affordable Care Act (ACA) Compliance Program. The California Department of Human Resources (CalHR), with the help of the State Controller's Office (SCO), has developed the ACA Compliance Program to ensure that departments are following the business practices and procedures outlined in CalHR's Personnel Management Liaison (PML) [#2014-038](#) and SCO's Personnel Letter [#15-001](#) to comply with the Employer Shared Responsibility provisions of the ACA.

The ACA Compliance Program will consist of a monthly departmental compliance review and a quarterly compliance review by CalHR of the health benefit status information captured on employees in SCO's Affordable Care Act System (ACAS) database.

Employer Shared Responsibility Provisions—

Effective January 1, 2015, the state is subject to the Employer Shared Responsibility provisions of the ACA. These provisions require large employers to offer health coverage to 95 percent of full-time employees,¹ defined as those who average 130 or more hours of service per month,² and their dependent children to avoid a penalty assessment. The state will be required to file annual reports with the Internal Revenue Service (IRS), beginning January 2016, with information on the health coverage that was offered to its full-time employees and their dependent children.

¹ In 2015, the state is only required to offer health coverage to 70 percent of its full-time employees to avoid a penalty assessment. The health coverage offered must meet the law's affordability and minimum value standards. Refer to Employer Shared Responsibility for Employers, available at: <http://www.gpo.gov/fdsys/pkg/FR-2014-02-12/pdf/2014-03082.pdf>

² Hours of service includes any hour in which an employee is paid or entitled to payment during which no duties are performed due to vacation, holiday, illness, jury duty, military duty or leave of absence.

Annual Reporting to the IRS—

The SCO has developed the ACAS database that departments are using to capture health benefit status information on employees (e.g., offer of health coverage, whether health coverage was accepted, declined, etc.). The state will use the data captured in the ACAS database to annually report information to the IRS to demonstrate compliance with the Employer Shared Responsibility provisions.

Monthly Departmental ACAS Compliance Review—

Departments are responsible for accurate and timely entry of the health benefit status information on employees in the ACAS database. Because penalties for noncompliance are substantial, the accuracy and timeliness of the health benefit status information captured in the ACAS database is critical to the state's ability to verify compliance.

To ensure the integrity of the data in the ACAS database, CalHR, with the help of SCO, has mandated training for departmental HR staff responsible for entering employees' health benefit status information into the ACAS database (refer to CalHR PML [#2014-038](#)) and developed the ACA Compliance Program which requires departments to self-monitor data in the ACAS database to ensure their compliance. Although the ACAS database has some audits, edits and error messages built in to the system to prevent many types of data entry errors, it does not capture all possible errors, such as no ACAS transaction code entered or a missing Health Coverage Notice date. To identify these errors, the SCO will create a series of ACAS Exception Reports that departments will use to proactively monitor their compliance. Departments will have the ability to correct errors identified in these reports before the state reports information to the IRS. This process will reduce the state's risk of penalty exposure.

The ACAS Exception Reports will be accessible via ViewDirect and will be updated monthly. Departments are expected to review their ACAS Exception Reports and take appropriate action to correct all errors identified within 30 days of receipt of the reports. SCO will be issuing a Personnel Letter shortly with information on how to access these reports.

Quarterly CalHR/SCO ACA Compliance Review—

CalHR, as the state employer, has primary responsibility to ensure that the state's human resources practices and processes align with provisions of the ACA and that the state fulfills its reporting obligations under the Employer Shared Responsibility provisions. CalHR, in conjunction with the SCO, will provide oversight of departmental ACA compliance monitoring activities to ensure accurate and timely entry of the health benefit status information on employees in the ACAS database.

Beginning in May 2015, the SCO will produce quarterly reports for CalHR to monitor departments' ACA compliance efforts. These reports will reflect transaction errors and discrepancies in the ACAS database that are over 90 days old. CalHR will review these reports and notice departments, via the "Quarterly ACA Compliance Review Notification" document of their outstanding transaction errors and discrepancies (Attachment A).

Departments will be required to take action to correct all outstanding transaction errors and discrepancies in the ACAS database within 30 days of receipt of the "Quarterly ACA Compliance Review Notification" document from CalHR. Additionally, departmental Personnel Officers will be required to complete and return the "Quarterly ACA Compliance Review Notification" document to CalHR at ACA.Policy@calhr.ca.gov certifying that all transaction errors and discrepancies have been corrected.

For departments that do not take action to correct the outstanding errors and discrepancies in the ACAS database, CalHR will contact their Administrative Chief for resolution.

Questions or Assistance—

For questions regarding the ACAS database, including user support, please contact SCO at (916) 322-3770 or acasupport@sco.ca.gov. For questions regarding the ACA Compliance Program, please contact aca.policy@calhr.ca.gov.

/s/Belinda Collins

Belinda Collins, Acting Chief
Benefits Division

**CALIFORNIA DEPARTMENT OF HUMAN RESOURCES
QUARTERLY ACA COMPLIANCE REVIEW NOTIFICATION
ACTION REQUIRED**

INSTRUCTIONS: Department Personnel Officers must complete and submit this document within 30 days of receipt to ACA.Policy@calhr.ca.gov, certifying that all transaction errors and discrepancies older than 90 days in the Affordable Care Act System (ACAS) database have been corrected (refer to the California Department of Human Resources' (CalHR) Personnel Management Liaison (PML) #2015-013). If you believe that you have received this Notice in error, please contact Elaine Smith at CalHR at 916-445-9801 or elaine.smith@calhr.ca.gov.

To ensure compliance with the Employer Shared Responsibility provisions of the Affordable Care Act (ACA), CalHR, along with the State Controller's Office (SCO), have implemented policies and procedures to capture necessary health benefit status information on employees to report to the Internal Revenue Service (refer to CalHR's PML [#2014-038](#) and SCO's Personnel Letter [#15-001](#)). Because compliance is critical and penalties for noncompliance are substantial, departments must ensure timely and accurate entry of the various health benefit status information in the ACAS database.

This Notice dated _____, serves as notice to _____,
DATE DEPARTMENT NAME/3-DIGIT AGENCY CODE
 that CalHR and SCO have identified transaction errors older than 90 days in the ACAS database as part of the Quarterly ACA Compliance Review. Action must be taken immediately, no later than 30 days of receipt of this Notice, to correct all outstanding transaction errors.

PERSONNEL OFFICER CERTIFICATION		
By signing this document, I hereby certify that all transaction errors in the ACAS database (errors older than 90 days) have been corrected within 30 days of receipt of this Notice.		
Signature:	Date:	
Printed Name:	Phone Number:	Email Address: