Affordable Care Act (ACA) Compliance Review Program

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Elaine Smith, CalHR, Benefits Division
Lisa Dean, SCO, Program Management and Analysis Bureau
Affordable Care Act

• Enacted in 2010 to ensure that all individuals have access to quality and affordable health care. It has several provisions that impact the State of California:

  ▪ W-2 reporting on the cost of employer-sponsored health coverage (2013)
  ▪ Health Insurance Marketplace Coverage Options Notice Requirements (2013)
  ▪ Employer Summary of Benefits and Coverage Notice (2014)
  ▪ More to come
Employer Shared Responsibility Provisions

- Effective January 1, 2015, the state is required to offer “affordable” health coverage that provides “minimum value” to 70 percent of its full-time employees, and their dependent children, to avoid a penalty assessment (95 percent in 2016 and beyond).
Employer Shared Responsibility Provisions

- Failure to comply could result in significant penalties if at least one full-time employee receives a premium tax credit for purchasing individual coverage through Covered CA.
  
  - **Penalty A**—$2,000 annual penalty for each full-time employee if the state fails to offer health coverage to at least 70 percent of its full-time employees in 2015 (95 percent in 2016 and beyond).
  
  - **Penalty B**—Even if the state offers health coverage to at least 70 percent of its full-time employees, a penalty of $3,000 may apply if the health coverage was “unaffordable” or failed to provide “minimum value.”
Employer Shared Responsibility Provisions

• The state is required to file annual reports with the IRS, beginning early 2016, with information on the health coverage that was offered to its full-time employees and their dependent children in 2015.

• The state is required to provide annual statements to its full-time employees, by January 31, 2016, with information on the health coverage that was offered in 2015.
ACAS Database

- SCO developed the ACAS database (ACAS) that departments are using to capture various health benefit status information on employees the state will use to report to IRS.
- Departments are responsible for accurate and timely entry of health benefit status information in the ACAS.
- The integrity of the data captured in the ACAS is critical to the state’s compliance.
What is the ACA Compliance Program?

- A partnership between CalHR, SCO and State Departments to:
  - Ensure ACA compliance
  - Mitigate financial penalties

- ACA Compliance program consists of two levels of review:
  - Monthly departmental review
  - Quarterly review by CalHR
Objective

• The ACA Compliance Program exists to:
  ▪ Assist and support departments’ ACA compliance efforts
  ▪ Proactively identify and correct data deficiencies in ACAS
  ▪ Ensure the integrity of data in the ACAS
  ▪ Ensure the accuracy of annual reporting to state employees and IRS
How Does It Work?

• A structured 5-step process where we all play a role
Step 1 – ACAS Database Training and User Support

• Departments:
  ▪ Ensure appropriate staff complete mandatory online training
    • ACA Overview Video
    • ACA Database Training Module
  ▪ Maintain a list of HR staff that have completed training for post audit by CalHR and SCO
Step 1 – ACAS Database Training and User Support

- **Departments:**
  - ACA Training Tool Kit
    - Emulator
  - ACAS User Guide
  - ACAS Database Employee Benefit Transaction Worksheet
  - Scenario-Based Job Aid
  - Contact ACA Online Support for assistance
Step 2 – ACAS Database System Audits

- ACAS contains audit and error messages to prevent data entry errors
- Audit and error messages lead to increased data integrity
Step 3 – Monthly Department Exception Reports

• Departments:
  ▪ Review monthly ACAS Exception Reports on ViewDirect
  ▪ Research and correct any errors in the ACAS
  ▪ Stay current and up-to-date (This is critical, especially at Year End)
Step 3 – Department Monthly Exception Reports

• 16 Different Exception Reports to be released in 3 phases
  ▪ Phase 1 (5 Reports, released May 2015)
    • Employees with No ACAS Transaction
    • Employees with No Health Coverage Notice Date
    • Employees with No Offer of Coverage
    • Employees with an Offer but No Accept or Decline
    • Permanently Separated Employees with No Cancellation
Step 3 – Department Monthly Exception Reports

- **Phase 2 (Scheduled for release July 2015)**
  - Reports will compare employee group with appropriate health status code
    - Example: T/INT employees with a health status code other than Not Eligible

- **Phase 3 (Scheduled for release September 2015)**
  - Reports will compare health status code information with payroll information
    - Example: Employee with an Accepted health status code, but no health deduction
Step 3 – Department Monthly Exception Reports on ViewDirect
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Step 4 – Quarterly Control Agency Compliance Review

• CalHR will conduct a quarterly review of departments outstanding ACAS errors (>90 days)
• CalHR will notice departments to resolve discrepancies within 30 days
• CalHR/SCO will audit ACAS errors at year end.
Step 4 – Quarterly Control Agency Compliance Review

What Happens During the Compliance Review?

**SCO**
- Provide outstanding departmental ACA Exception Reports to CalHR

**CalHR**
- Notice departmental Personnel Officers to take appropriate action to correct ACAS errors

**Departments**
- Correct outstanding ACAS errors; and
- Personnel Officers to certify that all outstanding ACAS errors were corrected within 30 days of receipt of notification from CalHR

**CalHR**
- Contact departmental Administration Chiefs for resolution if no action was taken to correct ACAS errors
Step 5 – Follow Up Review by Control Agencies

- CalHR/SCO may conduct a follow up review to ensure resolution of any issues identified in Quarterly Compliance Reviews.
- Follow up reviews may be more frequent than once a quarter.
- CalHR/SCO may recommend additional training as a result of Quarterly Compliance Reviews.
Step 5 – Follow Up Review by Control Agencies

- CalHR/SCO may review department data more frequently at the end of year to ensure accurate reporting.
  - Example: CalHR and SCO may review departmental exception reports for transactions that have not been corrected after one month rather than two months beginning in November.
It Takes All Of Us to Make ACA Compliance Successful!

Coming together is a beginning, staying together is progress, and working together is success. —Henry Ford
Resources

• Policy
  - CalHR
    - CalHR PML #2014-038 (Employer Shared Responsibility)
    - CalHR PML #2015-013 (ACA Compliance)
    - Email: ACA.Policy@calhr.ca.gov
  - SCO
    - SCO Personnel Letter #2015-001 (ACAS Database)
    - SCO Personnel Letter #2015-009 (ACAS Compliance)
    - Email: ACASupport@sco.ca.gov
Resources

• Training Tools/Job Aids
  
  CalHR
  
  • ACA Training (State HR Professionals Tab)
    o ACA Overview Video
    o ACAS Database Training Module
    o ACAS Training Tool Kit
    o Employee Benefit Transaction Worksheet
  
  • Email: ACA.Training@calhr.ca.gov

  SCO

  • ACA Training (eLearning)
    o ACAS User Guide
    o Scenario-based Job Aid
  
  • Email: ACASupport@sco.ca.gov
Questions
Thank You!