

Affordable Care Act (ACA) Compliance and Reporting

Free Educational Newsletter for Insurance and Benefits Brokers

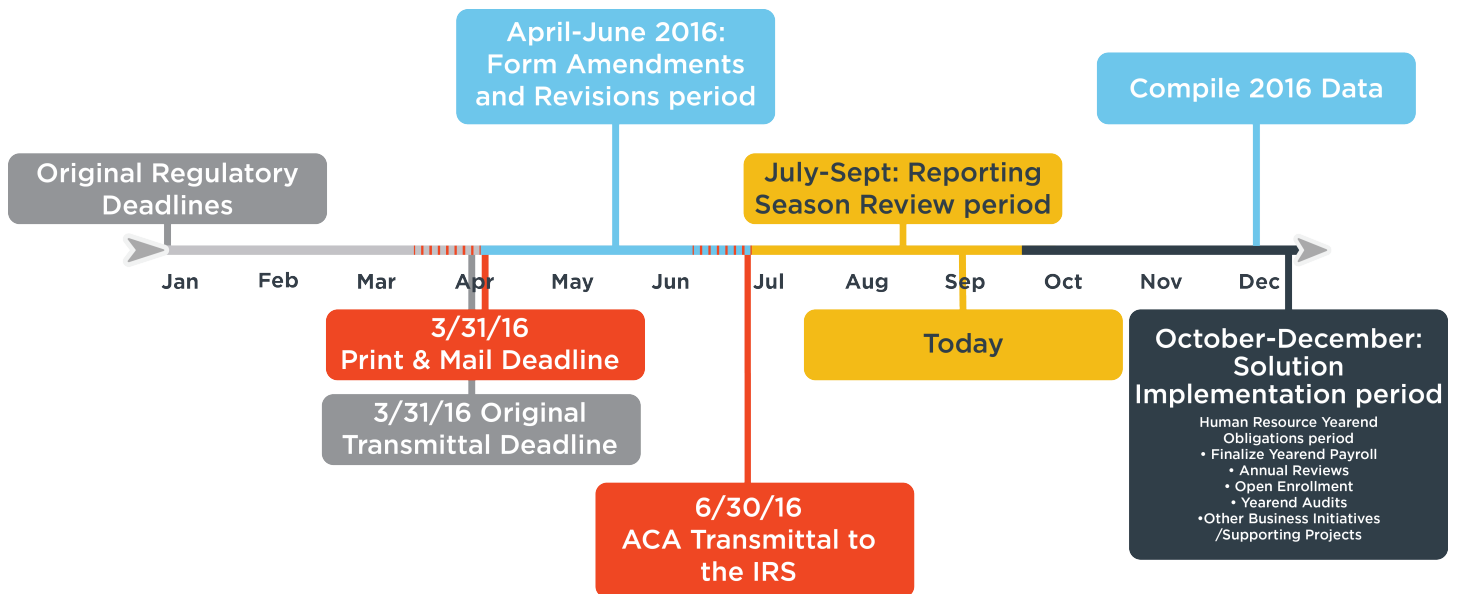
This is a first in a series of quarterly educational pieces to help you in providing information and resources to your clients

- › Reporting Solution Implementation Timeline
- › What your clients are thinking about now
- › How to conduct a Season Review
- › What your clients will be thinking about next

Phew, the first year of ACA reporting is over and organizations are glad to be done with the reporting process. If you are a broker who spent much of the last 12 months talking with your clients about ACA compliance and reporting to the IRS, you're not alone.

This newsletter is designed to help keep you informed on present and upcoming topics regarding ACA reporting—the next year of reporting is coming up FAST. To help you with clients during this time, we aim to provide you content and answers to questions your clients may be asking now, as well as questions to come.

2015 and 2016 Reporting Solution Implementation Timelines:



Considerations about this timeline:

- › Open enrollment typically occurs on the back end of each year. This leaves Human Resource and Benefits professionals with limited time for other activities such as implementing a new reporting software solution.
- › What other Q3, Q4, or other year-end business objectives do your clients have?
- › With last year's deadline extension, there is a shortened period for your client's prior season review and current season preparation.

WHAT YOUR CLIENTS ARE THINKING ABOUT NOW

Correction and Replacement Transmittals

Chances are that you are getting questions from clients about sending corrections or replacement files to the IRS. This topic tends to cause some confusion, so the best place to start is defining what these are and what to do with them.

A correction transmittal is a transmittal that must be sent to the IRS to “correct” or amend information submitted in the original 1094 transmittal. A replacement transmittal is required when the original transmittal received a ‘Rejected’ response from the IRS. Obligations to send one are dependent upon the IRS acknowledgement file sent back to the reporting organization.

- › Rules for Corrections vs. Replacements:
 - › A **Replacement** is required when an entire transmission is Rejected by AIR, or if an individual record within a transmission is rejected. The entire transmission or the entire submission will need to be retransmitted to replace the original filing.
 - › A **Correction** is required when a submission within a transmission, has been Accepted or Accepted with Errors. One or more forms needs to be retransmitted as a Correction to fix an error.
- › • IRS Response Types (Also known as Transmission Status):
 - › **Accepted** – All submissions within the transmission were accepted and no errors were found during processing.
 - › **Accepted with Errors** – No submissions were rejected.
 - › **Partially Accepted** – Transmission was accepted with at least one submission rejected and one submission accepted.
 - › **Rejected** – Every Submission within the Transmission was rejected due to a fatal error.
- › Timelines:
 - › **Replacements are due** within 60 days of receiving the transmission status.
 - › Still unclear what this means if it requires multiple replacements.
 - › **Corrections** must be sent as soon as possible.
 - › Only information currently available. IRS has plans for a corrections webinar that will answer all these questions.

CONDUCT AN ACA REPORTING PROVIDER SEASON REVIEW

ACA was a new reporting process in 2015 many organizations chose to work with third parties to help execute the process. As a trusted partner for your clients, your recommendation on a potential provider for ACA reporting carries great weight so you want to ensure the recommendations you make are the best they can be.

One way to ensure you are recommending the right vendor is to conduct an ACA Season Review with your clients (or encouraging them to conduct one themselves). This is a great way for their team to review the process they went through, what went well, what was challenging, and what might need to change as we move rapidly toward the 2016 reporting season. A Season Review is a great way for you to get more involved with your clients’ reporting process and lead them through identifying any business problems and a better path forward – adding value to your relationship as a trusted advisor.

Top questions to ask when conducting an ACA Provider Season Review:

1. Did the provider assist with compiling and migrating your clients’ ACA data?
2. Did they help clients meet the original January 31st 1095 Print and Mail deadline? Did they give clients an additional print window until March 31st?
3. What level of satisfaction did clients have with the:
 - › timeliness of answering questions?
 - › level of customer service provided?
 - › degree of knowledge provided to your clients on expectations and the reporting process?
4. Did the vendor transmit your client’s 1094-B/C file or did they choose to provide an .XML format file leaving clients with the

responsibility of applying and successfully testing to receive a Transmitter Control Code (TCC)?

- › If provided an .XML file, were they able to keep up with compliance and schema changes by the IRS?
 - › If transmitting, did they receive a “Software Developer” TCC?
5. Was the vendor able to receive timely TCC approval by the IRS after successful testing with the AATS environment?
 6. How will the Provider be handling IRS responses and any subsequent correction or replacement transmittals?

WHAT TO THINK ABOUT NEXT

Preparing for the upcoming season: Here are considerations for you and your clients to help prepare for common challenges we see in ACA reporting. You can provide guidance to them by raising these issues early in order to stay a step ahead of this year’s deadlines.

1. Encourage your clients to commit to a season review now
 - › Evaluate the current reporting solution—see vendor questions above
 - › What went well this year? What didn’t go well?
 - › Were key objectives and expectations met?
 - › What process changes would your clients like to implement?
 - › What other team, business, and corporate initiatives are on your clients’ plate that have a higher priority than ACA reporting?
 - › Are there any business changes such as M&A that will change the scope of the reporting obligation?
2. Data archiving
 - › ACA reporting is a year-over-year process that requires archiving each year’s data in order to be successful for the current and next year. Confirm that your client is archiving their master file for this process.
3. Treat any change to their reporting solution change as a project launch
 - › Any new software solution requires focus and dedicated effort to efficiently and quickly implement. Encourage clients to pull in all the required team members such as IT, Accounting, Finance, Leadership, and Legal or Counsel to kick off implementation and keep expectations aligned.
 - › Download our free ACA Reporting Project Management Checklist
4. Clients should report if they haven’t already done so
 - › Penalties for non-compliance and not reporting this year are real and follow a tiered penalty structure. Any clients that haven’t reported to the IRS need to do so as soon as possible.
 - › Note the dates on our ACA Late Filing Penalty Calendar

ACA Regulations Update on Incorrect Data Remediation and Solicitation

The IRS has provided more clarification on the rules around data solicitation for incorrect Social Security numbers (TINs). To learn more, read the update on our blog: [Sovos TIR Solicitation Rules](#)

Other Benefit Broker Industry ACA News and Coverage:

- › [BenefitsPro.com](#) – Brokers, golf scores and ACA: Separating fact from fiction
- › [SHRM](#) – 2017 ACA Information Reporting: Prepare Now for Earlier Deadlines
- › [Employee Benefit Adviser](#) – 4 employer challenges brought on by ACA compliance
- › [Lexology](#) – Employers Wonder How to Respond to Marketplace Notices
- › As always, visit www.Sovos.com/ACA to check out our weekly blogs regarding ACA reporting news

Have Questions or Need Assistance?

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