



Inova HCM

ACA Manager Training Guide

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Annual Maintenance

Throughout the year you will be responsible for ensuring best practices (as described below) are monitored and maintained for a successful year-end production. This includes keeping up with applying Employee Benefits and ACA profiles; assigning benefits plans to your employees along with dependent data, as applicable; providing your Inova ACA representative with updated benefits plan configuration and rate information as you encounter changes throughout the year and monitoring the average hours worked for your part-time/variable-hour employee population (if required) in order to ensure they are being properly categorized for ACA reporting needs (e.g., full-time vs part-time in the Employee Type field). (Specific Best Practice examples will follow at the end of this user guide.)

Year-End Activities

- **For those on Self-funded or Partially Self-funded Plans.**
 - Make sure your individual plans are checked as “Plan is Self-Insured”.
 - You must have the covered dependents in the system with their Social Security # and Date of Birth. Date of Birth can be solely used if the Social Security number was unable to be obtained with a “legitimate effort”.
 - These dependents and spouses must also be attached to the medical plans that they are covered under.
 - You must also report employees enrolled in coverage who are not Full-time employees, including their dependent & spouse information if covered. This may include retired employees depending on your company’s policy.
 - You must also report those on COBRA, including dependent & spouse information if covered. This may include those who did not work in 2022.
- **Ensure all medical plan assignments have been made.**
 - Make sure Everyone who was active in medical plans for 2022 has the appropriate Coverage Effective From and Coverage Effective To dates.
- **Complete the ACA Data Review Checklist to make sure:**
 - Your ACA Company Settings like Contact Name and Contact Phone are current.
 - You have Created the ACA Tax Year for 2022 if not already created.
 - Everyone has an ACA Profile assigned. This includes your 2022 terminated employees.
 - Everyone who was offered benefits at any time in 2022 has an Active Benefit Profile. This includes terminated Employees.
 - Make Sure that All terminated employees have the proper Coverage effective to date.
 - Re-Calculate your ACA data for 2022
 - Review and correct the Compliance Alerts for all months of 2022.
- Once the above has been completed you will be ready to Create, Populate, Review, and Finalize your 1095-C forms. Forms should be created no earlier than January 1st.
- Once all 1095-C forms have been Reviewed and Finalized they can be printed. Forms must be delivered or postmarked by 03/02/2023 (extended from 01/01/2023)
- The 1094-C will be created, edited, and finalized shortly after printing. This the final step Before filing your forms with the IRS

Creating & Populating Your 1095-C Forms

- Navigate to Team > HR > ACA > Forms > Employee Forms 1095-C
- Click on “Add Tax Year” in the upper right of the screen. Select the year 2022.

- Change the selected year to 2022 in the upper right portion of the screen if not already displayed.
- Then Select “MASS ADD NEW” in the upper right portion of the page. Leave the setting as “Mass Add for Selected Year”.
- The system will now scan your ACA Data and create a “blank form” for everyone it has detected should receive a 1095-C form.
- Now populate the forms by Selecting All and clicking on “Populate” in the upper right portion of the screen. You may need to click the ... to click “Populate”
- Your forms have now been created and populated.

- To view a specific employee’s 1095-C form, click on the View Form 1095-C button to the left of the employee’s name.

- To perform a mass view of all forms created, click on the “Select All” button in the upper left corner of your screen view. Click on the “View Selected” button in the upper right corner of your screen view. This will open all your forms in a PDF like format and you can use the “Page Forward” button to quickly flip through each form when reviewing and finalizing.

Adding/Deleting 1095-C Forms

- If you find a form for an employee who should not have received one, you can delete it by clicking the  button next to the employee's name. An example of this would be an employee who never made it out of their waiting period prior to terminating or prior to the year ending. Likewise, if you find that there is not a form in the list for an employee who should have one, you can add a form for that employee by clicking on the "Add New" button in the upper right corner of your screen. Once the form is added, click on "Populate Form" in the upper right corner of the screen (once you open the form) to pull the information for that employee on to the form and save. (If the applicable codes are not populating, you may need to perform a recalculation from the employee's ACA Timeline view on the employee's ACA tab or edit the fields directly)



NOTE: For multi-EIN clients, there may be situations where more than one form is created for an employee. If this occurs, please follow the guidelines in the IRS Instructions for 1094/1095-C as the IRS generally only wants one form per aggregated ALE group; however, special circumstances may apply to your organization, and you will need to keep all of the forms generated. If you are able to only provide one form, you will need to identify which EIN is considered the employee's primary EIN for the entire year and make sure all of the coding is completed on that form and delete the unwanted forms.

Editing and finalizing 1095-C Forms

The 1095-C forms consist of three sections:

- Part I – Employee/Employer personal information
 - Check Box 10 Contact Telephone Number to make sure it is populated. This can be mass edited to all forms if missing or incorrect.
- Part II – Offer of Medical coverage information about the employee (Lines 14, 15 and 16 as applicable)
 - Check the Plan Year Start Month to make sure the proper 2-digit code is listed. This can be mass edited to all forms if incorrect.
- Part III – Employee/Dependent information to include effective months of coverage. (NOTE: **Part III only applies to employers that are offering self-funded (self-insured) insurance plans.**)

REVIEWING PART I

1. Ensure the employee and employer information is correct. If you need to make changes, simply type in the corrected information and click “Save” in the upper right corner.
2. Conversely, you may also adjust the employee’s data in the Employee Information area and then re-populate the form after you save your changes. If there is an error in the company information section, please notify your Inova ACA representative at AdvancedHCM@inovapayroll.com for assistance.

REVIEWING PART II

1. Part II* is the section of the 1095-C form that identifies when the employee was made an offer of qualified medical coverage for the current reporting year. It is broken down in to 3 separate line items:
 - a. Line 14 – indicates what offer of coverage was made or not and if that offer met the Minimum Essential Coverage and Minimum Value Plan were met or not.
 - b. Line 15 – indicates the cost for employee only level medical coverage of the lowest cost plan offered (monthly premium charged to the employee for the employee only coverage tier regardless of whether employee enrolled in plan or not). (NOTE: If you are using the 1A code on Line 14 to describe your coverage offer, you are not required to populate Line 15.)
 - c. Line 16 – indicates the outcome of the offer like were they enrolled or if waived did it meet an affordability Safe Harbor; Or if they were not offered the reasoning why like they were not employed that month or were in a waiting period.

*It is important to note that this legislation is very complex and the rules relating to the population of this section of the form can vary by employer (based on the type of plans offered, etc.). Therefore, we strongly encourage you to review the results of your coding with your legal counsel or tax advisor if you are unsure about which codes specifically apply to your unique situation. You should also review the IRS INSTRUCTIONS FOR 1094/1095-C to ensure you are getting the most up to date information on this legislation and how to complete these forms. Your Inova ACA team can help facilitate form preparation, but we are limited to only providing technical assistance and therefore cannot provide legal advice on how to apply the regulations to your organization’s circumstances.

HELPFUL HINTS FOR PART II (NOT INTENDED AS LEGAL ADVICE)

1. Line 14:
 - a. Code 1A indicates the employee was offered a plan that met the Federal Poverty Level Affordability Safe Harbor. This essentially means that your plan would be affordable to whomever you offer it to.
 - b. Code 1E indicates the employee was offered an ACA qualified plan but did not meet the Federal Poverty Level Affordability Safe Harbor. It will need to qualify by using the Rate of Pay or W-2 Affordability Safe Harbor.
 - c. Code 1H indicates no offer of coverage was made (e.g., Months prior hire, post termination, an employee in a waiting period, or in an initial measurement period)
 - d. Please refer to the IRS INSTRUCTIONS ON 1094/1095-C for a full description of all 1-series codes.

2. Line 15:
 - a. If required to populate (per IRS guidelines), displays the total monthly employee contribution for the lowest cost medical plan offered to the employee. Only needs to be populated if Line 14 has Codes 1B, 1C, 1E, etc. It can be left blank if Line 14 contains codes 1A or 1H. Please refer to the IRS INSTRUCTIONS ON 1094/1095-C for a full description of codes that require Line 15 to be populated.
3. Line 16:
 - a. Code 2A – Employee was not employed during the month.
 - b. Code 2B – Employee was not full-time during this month (and was offered coverage through a self-insured plan as a part-time employee) or the enrollment or offer ended before the end of the month due to termination.
 - c. Code 2C – Employee was enrolled in coverage offered.
 - d. Code 2G – Used with 1A and indicates the offer was affordable at the federal poverty level and the employee did not enroll in coverage.
 - e. Code 2H – Used to indicate the offer was affordable per the rate of pay guidelines and the employee did not enroll in coverage.
 - f. Please refer to the IRS INSTRUCTIONS ON 1094/1095-C for a full description of all 2-series codes.

REVIEWING PART III

1. Part III will only need to be completed if your company is offering a self-insured (self-funded) medical plan (or partially self-insured plan).
2. Ensure that all dependents for an employee are entered and with accurate SSN's and Dates of Birth (DOB's). The IRS only requires one or the other but most clients will have both based on their benefits configurations.
3. Double-check that each dependent is correctly marked for the months of coverage under the employee's plan. If they were covered for the entire year, the "All 12 months" box should be marked.

HELPFUL HINTS FOR PART III

1. If you are unable to resolve why a code is not correct on a dependent's data line (e.g., adjusting the benefits plan area and eligibility dates), you can simply type over the affected information directly in the form and click "Save" in the upper right corner of the screen.
2. If you need any assistance modifying the benefits plans themselves to facilitate correcting the form, please contact your Inova ACA representative at

AdvancedHCM@inovapayroll.com

- **Finalizing Forms:**

- You can finalize as you review each form individually by Finalizing in the upper right while viewing the form; Or you can mass finalize by making a selection of forms and clicking Finalize in the upper right of the screen you may need to click the ... for the Finalize option while doing either method.

Reviewing/Editing 1094-C Forms

The 1094-C consists of 4 parts:

- Part I – Applicable Large Employer Member (ALE Member) information – review all data to confirm the correct legal information for the primary member of the ALE group is displayed.
- Part II – ALE Member Information – these values should all be pre-populated for you based on the number of 1095-C forms generated for your entities; however, you should double-check to ensure the numbers match your expectations. Additionally, if not already noted, please ensure that Line 22 is populated accordingly (if any of the available options apply to your group – they may not for some employer groups).
- Part III – ALE Member Information – Monthly – this area defines whether you offered Minimum Essential Coverage (per ACA guidelines), your full-time vs total employee headcounts, and whether you are part of an aggregated group for reporting purposes. Again, these should all be pre-populated for you based on the programming applied to your ACA Module configuration; however, it is important to double-check that everything is marked appropriately for your organization’s specific requirements.
- Part IV – Listing of Other ALE Members of Aggregated ALE Group – per IRS guidelines, all members of an aggregated group (applies to most multi-EIN clients) must be listed on this form (even if the 1095-C’s are not being prepared by Inova). The aggregated group classification is largely dependent upon common ownership status – therefore, if you are in doubt as to which of your entities should be noted here, please consult with your legal counsel or tax advisor to make this determination.

ACA Related Reporting

The following standard reports are available to assist you through all of your ACA compliance processes – including assessing average hours worked for your part-time/variable hour employees. Below is a brief overview of the available reports; however, not all may be applicable to your particular situation and/or additional custom reports may have to be built for your organization.

The following standard reports are located under Benefits>ACA:

- Employee ACA Actions – this report summarizes average hours worked for all employees in the current Measurement Period cycle and it intended to be utilized for those employees that are considered “ongoing” employees for purposes of this analysis. Ideally, this would report would be run in the last month of your measurement period cycle in order to determine whether any part-time/variable hour employees need to be reclassified as full-time employees in time for the next Stability Cycle (benefit plan year start date) and be offered medical benefits.

- ACA Data Detailed – this report collectively shows all hours worked for all employees (depending upon how you filter the report and set the desired date range). Many clients utilize this report to help spot-check average hours worked for new hire in their initial ACA Measurement period in the first year of employment.
- ACA Data Summary – a summary of the above report, the ACA Data Summary report provides a high-level overview all hours worked in the selected date range and helps you identify employees that may be approaching full-time status, possible downgrades, etc.

The following standard reports are located under Benefits>ACA>Forms:

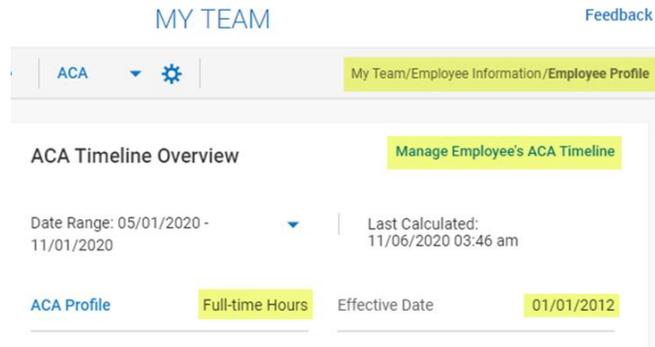
- Employee Forms 1095-C/Employer Forms 1094-C – the main viewing area of the populated 1095/1094-C forms as described above.
- Form 1094-C Employee Count – this report provides a synopsis of total headcount vs full-time employee headcounts as required on the 1094-C form (columns B & C).

ACA Related Best Practices

1. Assigning an Employee Benefits Profile – the employee benefits profile contains underlying programming that facilitates the proper coding of your employee’s 1095-C forms. Therefore, it is important to remember to assign this to all eligible employees accordingly.
2. Handling Employment Classification Changes - If an employee changes to a non-benefit eligible status during the year (e.g., goes back to part-time status at the end of the stability period), you will add a new line item and remove the benefits profile effective with when the employee is no longer eligible for benefits. The Employee Benefits Profile, in essence, is an on/off switch identifying when the employee is in an eligibility period for benefits.

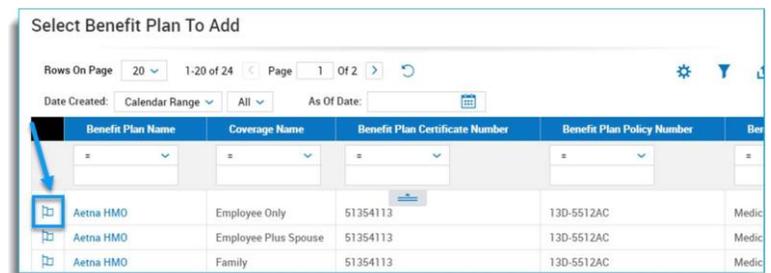
Access	Accruals	Benefit	Start Date	End Date
[Dropdown]	Annual Based Accrual	Employees	10/01/2019	12/31/1900

- Setting the ACA Profile – under the employee’s ACA tab, insert the applicable ACA profile for your employee. You do not need to adjust any dates here – just add which profile is best suited for the employee. There are generally three types of profiles – 1.) Full-Time employees (immediately go into a waiting period for benefits), 2.) Variable Employees who do not go into the company waiting period for benefits e.g., part time, variable hour, Intern, etc.), and 3.) Non-Employees (temps from an agency, 1099, Draw, Test accounts, user only accounts etc.)

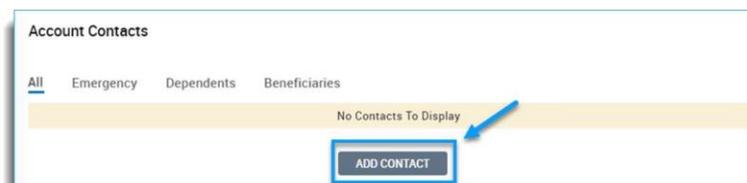


- Assigning Benefits Plans – For those clients that are already utilizing the Benefits Module, please follow the normal instructions for assigning any medical benefits plans your employees are enrolled in (either manually or via your employees enrolling through the online enrollment portal). For clients that are not utilizing the Benefits Module, basic medical plan configurations have been built in your account sufficient to support your ACA Reporting requirements. To assign one of these plans, please follow the guidelines below. (The screen to add benefits will be available under the employee’s ACA tab.)

- From the Benefit Plans screen, click on “Add New” to assign a medical plan to the employee’s record.
- From the drop-down list that now appears, select the appropriate plan and coverage tier the employee is enrolled in by clicking on the Blue Flag to the left of the plan name. Click “Save” in the upper right corner when finished.



NOTE: If you are offering a self-insured (self-funded) medical plan be sure to assign any dependent information as applicable. To view dependent data run the Dependents report under Benefits>Dependents. If you need to add/edit dependent data, go to the “Account Contacts” and click on “Add Contact” to add a new dependent or open an existing dependent to edit. Once finished, assign the dependent to the applicable benefit & click “Add Spouse” or “Add Child”.



IRS Website Links

<https://www.irs.gov/pub/irs-pdf/i109495c.pdf>

<https://www.irs.gov/affordable-care-act/employers>

<https://www.irs.gov/pub/irs-pdf/f1095c.pdf>

<https://www.irs.gov/pub/irs-pdf/f1094c.pdf>

Form 1095-C		Employer-Provided Health Insurance Offer and Coverage			<input type="checkbox"/> VOID	OMB No. 1545-2251							
Department of the Treasury Internal Revenue Service		Do not attach to your tax return. Keep for your records.			<input type="checkbox"/> CORRECTED	2022							
Go to www.irs.gov/Form1095C for instructions and the latest information.													
Part I Employee			Applicable Large Employer Member (Employer)										
1 Name of employee (first name, middle initial, last name)	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 of Coverage			Employee's Age on January 1			Plan Start Month (enter 2-digit number):							
14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
	15 Employee Required Contribution (see instructions)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.							Cat. No. 80705M	Form 1095-C (2022)					

Form 1094-C		Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns			<input type="checkbox"/> CORRECTED	OMB No. 1545-2251
Department of the Treasury Internal Revenue Service		Go to www.irs.gov/Form1094C for instructions and the latest information.				2022
Part I Applicable Large Employer Member (ALE Member)						
1 Name of ALE Member (Employer)		2 Employer identification number (EIN)				
3 Street address (including room or suite no.)						
4 City or town			5 State or province	6 Country and ZIP or foreign postal code		
7 Name of person to contact				8 Contact telephone number		
9 Name of Designated Government Entity (only if applicable)				10 Employer identification number (EIN)		

2021	 Department of the Treasury Internal Revenue Service
Instructions for Forms 1094-C and 1095-C	
Section references are to the Internal Revenue Code unless otherwise noted.	
Future Developments	General Instructions for Forms 1094-C and 1095-C
For the latest information about developments related to Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns, and Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, and the instructions, such as legislation enacted after they were published, go to IRS.gov/Form1094C and IRS.gov/Form1095C .	See <i>Definitions</i> , later, for key terms used in these instructions.
	Purpose of Form
	Employers with 50 or more full-time employees (including full-time equivalent employees) in the previous year use Forms 1094-C and 1095-C to report the information required under

ACA Company Settings

Admin  > Company Settings > Global Setup > Company Setup

There should be an ACA Tab for you to click on with the ACA settings

<input type="checkbox"/>	Contact Name	Make sure that you have the proper contact for this field. This is what will be filed to the IRS as your company contact.
<input type="checkbox"/>	Contact Phone	Make sure you have a current and active phone number. This will be filed to the IRS and will be on your Employees 1095-C forms.
<input type="checkbox"/>	Electronic Consent	You can Enable Electronic consent which will give your employees the option to consent to Electronic delivery. It is important to note that turning this on does not mandate electronic delivery.
<input type="checkbox"/>	Mask SSN	Enable Mask SSN to provide an extra layer of security to the printed 1095-C forms. Why not secure your employee's information as much as possible?
<input type="checkbox"/>	ALL EINS	These will need to be completed for each EIN in the drop down if you have multiple EINs in one Login. You would have a drop down in the upper left of the screen with the different EINs if you are.

ACA Setup Review Report

My Info  > My Reports > My Saved Reports

Turn **Others' Settings**  on and filter search Saved As Name = **ACA Setup Review**

- Active - ACA profiles assigned to everyone**
Everyone hired into the system needs to have an ACA profile assigned to them. Without the ACA profile there will be zero ACA data generated for that employee. Which means the system will not produce a 1095-C form for them and will not be able to read hours to know if they qualified as FT or not.

Filter	Employee Status: != Terminated
Filter	Current ACA Profile (Effective): Is Null
Action	Assign the appropriate ACA Profile to those who are Null

- Active - Those with a Full-time or Non-Variable ACA profile have a Benefit Profile**
Anyone with a Full-time or Non-Variable ACA profile will be seen by the system as expecting an offer of health coverage after their waiting period has expired. The Benefit Profile is what the system reads to measure this offer and the affordability.

Filter	Employee Status: != Terminated
Filter	Current ACA Profile (Effective): = Full-time (substitute your ACA profile name)
Filter	Current Benefit Profile (Effective): Is Null
Action	Assign the Benefit profile to those that were offered Health Insurance

You can clear your filters on the report between steps by click on the filter icon - Column Tab - Clear Filters Link

Terminated - ACA profiles assigned to everyone

Filter	Employee Status: = Terminated
Filter	Date Terminated: >= 01/01/2022
Filter	Current ACA Profile (Effective): Is Null
Action	Assign the appropriate ACA Profile to those who are Null

Terminated - Those with a Full-time or Non-Variable ACA profile have a Benefit Profile

Filter	Employee Status: = Terminated
Filter	Date Terminated: >= 01/01/2022
Filter	Current ACA Profile (Effective): = Full-time (substitute your ACA profile name)
Filter	Current Benefit Profile (Effective): Is Null
Action	Assign the Benefit profile to those that were offered Health Insurance

Employee Benefit Plan Coverage End Date

[Team > Benefits > Benefits Plan](#)

Terminated - Make sure the Coverage Effective To has been properly end dated (extremely important if self-funded)

This is important in the reporting of the ACA to let the system know when the Coverage ended after termination. Typically, the coverage will end at the end of the termination month or the day of termination. An improper date could lead to not reporting a month that you provide coverage or reporting that you provided coverage for months that you did not.

Select Columns	Date Terminated
Select Columns	Coverage Effective To
Filter	Employee Status: = Terminated
Filter	Date Terminated: >= 01/01/2022
Filter	Benefit Type: = medical
Action	Look at the Coverage effective dates and make sure the coverage has been properly end dated with your plan's policy. Especially look for those with a date of 12/31/9999.

Recalculate

[Team > HR > ACA > ACA Data Summary](#)

Filter	Current ACA Profile (Effective): Is Not Null
Action	Select All Employees
Action	Click Recalculate in the upper right corner of the screen

Alerts

<input type="checkbox"/>	Team > HR > ACA > ACA Data Summary
Filter	Date Range set to pull all of 2022 “This year” or “Last Year” typically
Action	Review the compliance alerts and make the appropriate adjustments

COBRA

<input type="checkbox"/>	Active Employees	Begin a list of all Employees who were offered COBRA coverage while still an active employee. An Example of this would be somebody who went from Full-time to Part-time and lost medical coverage as a result.
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Self-Insured Additional Steps

<input type="checkbox"/>	Benefit Plans	Double check and make sure that all Self-Insured medical plans are check marked to be identified as self-insured. This will be on the left hand side of the benefit plan details.
<input type="checkbox"/>	Benefit Plans	Double check to make sure that the dependents are attached to the medical plans. You can do this by going to: My Employees > Employee HR Maintenance > Benefits > Dependents. Filter for benefit type = Medical.
<input type="checkbox"/>	COBRA Terminated Employees	Begin a list of Employees that terminated with the employee or their dependents enrolled in COBRA coverage. This must be reported on the 1095-C and will require a manual review. We will need the specifics for each person enrolled (start dates and end dates of COBRA coverage)
<input type="checkbox"/>	COBRA Not Employed in 2022	Begin a list of former employees who did not work 1 day for you in 2022 but either they or their dependent(s) were on COBRA. We will manually add their 1095-C form and code these individuals. This information must be reported by you on the 1095-C.

A Final Note

- Inova personnel are not permitted to provide legal advice regarding Client's overall ACA compliance strategy and/or organization-specific requirements.
- Client may need to consult with benefits broker and/or legal counsel to assist with answering specific compliance strategy questions for your organization. Client is also encouraged to visit the IRS website for the latest legal requirements related to the Affordable Care Act: <https://www.irs.gov/instructions/i109495c/ar01.html#d0e31>
- Inova personnel will apply programming sufficient to implement module and assign ACA/ Employee Benefits Profiles based on existing Employee Type assignments available at the time of implementation. Inova personnel will not assist Client with identifying whether existing employee types are correct as applied or make assumptions as to validity of data provided.
- It is the Client's responsibility to ensure the ACA Manager Module's ongoing administration and associated year-end processes are maintained as applicable. Likewise, it is the Client's sole responsibility, as the legal Employer of Record, to validate all forms produced as part of the year-end processes prior to submission to the IRS. All Clients will be required to review, audit and validate the 1095-C/1094-C forms prior to print production before Inova will proceed with finalization. Inova will make no representations on the Client's behalf as to the overall validity of data entered other than to facilitate additional training on how to make modifications/adjustments as required in order to enable Client to submit valid data.