



## **FAQ's** **Commonwealth of MA Employer Shared Responsibilities** **Under the ACA**

### **1. What is the Commonwealth's of MA employer shared responsibility requirement under the ACA?**

***Answer:*** Under the Affordable Care Act's employer shared responsibility provisions, certain employers (called applicable large employers or ALEs) must either offer [minimum essential coverage](#) that is "affordable" and that provides "minimum value" to their full-time employees (and their dependents), or potentially make an employer shared responsibility payment to the IRS. The employer shared responsibility provisions are sometimes referred to as "the employer mandate" or "the pay or play provisions."

### **2. Is the Commonwealth of MA considered an applicable large employer (ALE)?**

***Answer:*** Yes, applicable large employers are defined for this purpose as having 50 or more full-time equivalent (FTE) employees. Full-time employees are defined as working 30 hours or more per week or 120 hours per month.

### **3. Will the Commonwealth be penalized if they don't offer health insurance to our non-benefited employees?**

***Answer:*** Not necessarily. The ACA's shared responsibility for employer provision does not immediately or necessarily penalize any large employer that chooses not to offer additional coverage. An employer generally will be liable for a penalty assessment if the employer does not offer health coverage or offers coverage to less than **70% in tax year 2015 and 95% in tax year 2016** of its full-time employees (Part A. penalty). Separately an employee could be fined (Part B. penalty) if at least one ACA eligible employee receives a federal premium tax credit to help pay for coverage purchased from a health insurance Marketplace (e.g., the Massachusetts Health Connector). Any such individual would be eligible for a premium tax credit only if he/she is at or below 400% Federal Poverty Level (or "meets certain income requirements").

### **4. Does the Commonwealth of MA meet the 70% threshold for 2015?**

***Answer:*** Yes, the Commonwealth of MA meets the 70% threshold for 2015.

### **5. What is Mass Health Connector and what is the Marketplace Notice requirement?**

***Answer:*** The ACA requires employers to issue a [Marketplace Notification](#) to current employees by October 1st, 2013, and to new hires within 14 days of the employee's start date. The purpose of this requirement is to help employees understand health insurance Marketplaces, which are designed to make it easier for consumers to compare health insurance plans and enroll in coverage. In Massachusetts, the state Marketplace is known as the [Massachusetts Health Connector](#).

**6. Does the GIC Health Insurance plans meet the “Minimum Essential Coverage”?**

***Answer:*** Yes, GIC health insurance plans meet the minimum essential coverage. Please note that the UMass Amherst Post Doc plans also meet the minimum essential coverage.

In general, eligible employer-sponsored plans—such as group health insurance and self-insured plans—qualify as providing minimal essential coverage. Individual health insurance coverage (including coverage through Exchanges)... government plans (Medicare, Medicaid, CHIP, TRICARE, veterans’ healthcare)...and plans added by proposed regulations (such as college and university self-insured plans) also qualify. Limited coverage plans, however, do not meet the minimal essential coverage obligation. These include disability, workers’ compensation, dental- or vision-only plans, long-term care insurance, disease-specific insurance, fixed indemnity insurance and supplemental coverage (such as Medicare supplements).

**7. What is a premium tax credit?**

***Answer:*** The premium tax credit is an advanceable, refundable tax credit designed to help eligible individuals and families with low or moderate income afford health insurance purchased through the Health Insurance Marketplace, also known as the Exchange, beginning in 2014. You can choose to have the credit paid in advance to your insurance company to lower what you pay for your monthly premiums, or you can claim all of the credit when you file your tax return for the year. If you choose to have the credit paid in advance, you will reconcile the amount paid in advance with the actual credit you compute when you file your tax return.

**Liability for the Employer Shared Responsibility Payment**

**8. Under what circumstances will the Commonwealth of MA owe an Employer Shared Responsibility payment?**

***Answer:*** For 2016 and after, the Commonwealth of MA will be liable for an Employer Shared Responsibility payment only if:

(a) The employer does not offer health coverage or offers coverage to fewer than 95% of its full-time employees and the dependents of those employees, and at least one of the full-time employees receives a premium tax credit to help pay for coverage on a Marketplace;

OR

(b) The employer offers health coverage to all or at least 95% of its full-time employees, but at least one full-time employee receives a premium tax credit to help pay for coverage on a Marketplace, which may occur because the employer did not offer coverage to that employee or because the coverage the employer offered that employee was either unaffordable to the employee or did not provide minimum value.

**IRS Tax Forms**

**9. What IRS tax forms will the Commonwealth of MA need to complete to satisfy the employer shared responsibility reporting obligations?**

**Answer:** The Commonwealth of MA will file the Form 1094-C (transmittal form) and Form 1095-C annually with the IRS, as well as provide the related Form 1095-C benefit statements to employees listed in the Form 1094-C.

**10. What is the Commonwealth of MA's deadline for filing the Forms 1094 and 1095 with the IRS?**

**Answer:** The first filing required for the 2015 calendar year is due in 2016. The Forms 1094 and 1095 must be filed with the IRS no later than February 28th of each year (or March 31st of each year, if filed electronically), reflecting information for the previous calendar year.

**11. When will the employee receive the Form 1095-C?**

**Answer:** If an employee is eligible to receive a Form 1095-C for the 2015 tax year, they will receive this on or before February 1, 2016.

**12. What IRS tax forms will the employee receive? And how are they different?**

**Answer:** the following are tax forms that the employee may receive:

- IRS Form 1095-C- provides information if you were a full-time employee at any time during 2015. You'll need this form to complete your tax return for the 2015 tax year.
- IRS Form 1095-B details the months of coverage that you, your spouse and/or any eligible dependents had for each month. Form 1095-B is generally provided by the insurance carrier and provides details about the health insurance coverage you elected, including who in your family was covered. In most cases as a benefited UMass employee, the form will come from the Group Insurance Commission.
- IRS Form 1095-A provides information as to any Marketplace coverage you had (if applicable), and any Premium Tax Credits you received. If applicable, this form would be provided by the Marketplace Exchange.

## **The Commonwealth of MA and Campus Compliance Responsibilities**

**13. Overall, what are the Commonwealth of MA Recordkeeping, Reporting and Employee Notice Requirements?**

**Answer:** The Commonwealth of MA will be required to keep records substantiating their number of FTEs; the healthcare coverage they maintain, along with how it's offered and to whom; employee cost-sharing requirements; and other key information. In addition, they will need to report the individual coverage they provide—both to the government and to employees.

Campuses are required to notify employees that the Massachusetts Health Connector is available, explain what the Connector does and provide contact information. This notice must also explain that, if the employer does not offer affordable coverage that provides minimum value, the employee may be eligible for tax credits, if he or she purchases individual coverage through the Massachusetts Health Connector. Finally, the notice must inform employees that, if they buy coverage through the Connector, they may lose employer pretax contributions to coverage costs.

**14. In general, what should the campuses be doing to help the Commonwealth of MA stay in compliance?**

**Answer:**

- Reports will be created for campuses to monitor the amount of hours of non-benefited employees. If there are certain non-benefited employees that are consistently working over 30 hours, business decisions will need to be made regarding those employees.
- For non-benefited employees, campuses will need to estimate standard hours and populate the employee job information page in Peoplesoft.
- Campuses need to continue to accurately record hours worked and set up schedules appropriately.
- Campuses must issue a Marketplace Notification to new hires within 14 days of the employee's start date, letting them know about the Massachusetts Health Connector.
- For all new benefited hires and rehires, campuses must have all employees fill out a GIC Form 1 electing or declining health insurance. The University will formally document the process of how each campus offers health insurance during yearly open enrollment periods.
- Campus must monitor pay rates to make sure no one is set up as being paid lower than the state minimum wage (\$10.00/hr. for 2016).
- An external system table will soon be available to campuses to help identify shared employees.

**Process Instructions:**

- If you receive a Marketplace appeal for an employee that may receive a premium tax credit, please forward to the Office of Human Resources at the President's office.
- For 2016, copies of the 1095-C will be available at the President's office. This may change in the future based on the volume of requests.
- 1095-C returns will be sent to President's office. The returned forms will then be sent to campuses to research.