

# ACA RULES OF THE ROAD - BEST PRACTICES

## ACA Rules of the Road – Best Practices

- Multiyear Setup:** Current plan **and** prior plan years are built within the case for Non-Calendar Year Benefit Plans (e.g.: Sept 1<sup>st</sup>)

**Best Practice:** Build both current and prior plan years to ensure the required elements are captured for the “calendar year” period which is required for ACA reporting. **Note:** *Multiyear case setup is also maintained moving forward to accommodate all historical benefit plan years within a single case structure. This would also be applicable moving forward for Calendar Year plans.*

Example:

Prior Plan Year: 3/1/2021 – 02/28/2022

New Plan Year: 3/1/2022 – 02/28/2023

### Case Info

The screenshot shows a software interface with a 'Plan Year' tab selected. Below the tab is a table with columns for 'Plan Year Begins', 'Active', and a plus sign icon. Two rows are visible: one for 03/01/2021 and one for 03/01/2022. A callout box points to both rows, stating: 'Both prior 03/01/2021 - 02/28/2022 and new 03/01/2022 - 02/28/2023 benefit plan years would be required to capture all the required details within the 2022 calendar year (January - December) for accurate ACA Reporting.'

- Employees Demographic Data:** New implementations should include ALL employees active during the current calendar year (Jan – Dec) even if they terminate later in that same year.

### Required Employee Census Information:

#### **Active AND Separated Employees**

All employees active anytime during the current calendar year (Jan – Dec) regardless of subsequent termination.

Employees who separated from service anytime during the current calendar (Jan – Dec) year are required to include the date of termination. It does not matter whether the employee was enrolled in health coverage.

Example: **Jane Smith**, who worked for the company during 2021 but left in late February 2022, would need to be included in the census file. Since new case builds often take place mid-calendar year, many of those terminated employees could drop off as part of the transition in census data. It is important that any employee active **anytime** during the current ACA reporting year be included regardless of a subsequent termination.

- Employees Medical Benefit Coverage:** New implementations should always request historical medical benefit coverage information from the Medical carrier(s). This is to ensure all historical coverage to include any potential Life Events changes are captured for the current calendar year.

**Best Practice: Calendar Year Plans (Jan 1<sup>st</sup>)** Benefit data should include complete transactional (Life Event) activity for medical

Example:

Jane Johnson: Medical EE + Sp effective as of: 1/1/20xx – 05/31/20xx

Jane Johnson: Medical Emp Only effective as of: 6/1/20xx – current [Life Event: Divorce]

Employee SSN	Employee	EID	Location	Coverage Number	Plan name	Product name	Coverage Tier	Effective Date	Termination Date
123-45-46789	Jane Johnson	1234	Company A	100001	Example Plan A	Medical	ES	1/1/20xx	05/31/20xx
123-45-46789	Jane Johnson	1234	Company A	100002	Example Plan A	Medical	EO	06/01/20xx	

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**Best Practice: Non-Calendar Year plans (March 1<sup>st</sup>):** Benefit Coverage should include coverage for prior **AND** current benefit plan years to capture entire *calendar year* activity along with transactional (Life Event) activity. *However, at minimum coverage should be captured back to January 1<sup>st</sup> of the current plan year.*

Example: TY2022

Jane Johnson: Medical Employee Only prior plan year effective as of: 3/1/2021 – 02/28/2022

Jane Johnson: Medical Employee + Spouse for new plan year effective as of: 3/1/2022 – current [Event: Open Enrollment]

Employee SSN	Employee	Location	Coverage Number	Plan name	Product name	Coverage Tier	Effective Date	Termination Date
123-45-4678	Jane Johnson	Company A	100001	Medical Plan A	Medical	EO	7/1/2021	2/28/2022
123-45-4678	Jane Johnson	Company A	100002	Medical Plan A	Medical	ES	3/1/2022	

Or

Jane Smith: Medical Employee Only Effective 1/1/2021 – 4/30/2022

Jane Smith: Medical Employee + Family Effective 5/1/2022 – 6/30/2022 [Life Event: Marriage]

Jane Smith: Medical Employee + Spouse Effective 7/1/2022 – current [Event: Dependent Child aged out]

Employee SSN	Employee	Location	Coverage Number	Plan name	Product name	Coverage Tier	Effective Date	Termination Date
527-45-45678	Jane Smith	Company A	130001	Example Plan A	Medical	EO	2/1/2021	4/30/2022
527-45-45678	Jane Smith	Company A	130002	Example Plan A	Medical	FAM	5/1/2022	6/30/2022
527-45-45678	Jane Smith	Company A	130003	Example Plan A	Medical	ES	7/1/2022	

- Medical Plan Rates:** Medical plan(s) that have a wellness incentive for Tobacco cessation incorporating or a separate Tobacco/Non-Tobacco rate structure would be required to use the *Non-Tobacco rate* for the ACA Affordability calculation.

Our Understanding of the IRS expectation surrounding Incentives for Tobacco cessation is to assume:

All employees *meet* the programs requirements, so the premium amounts used in the affordability calculation (for all benefit eligible employees) is the *lower* premium for non-smokers or those who have satisfied the tobacco cessation/reduction program, not the higher premium that smokers “actually” pay.

**Best Practice:** Setup as benefit levels instead of rate groups if scripting is required to accommodate the applicable rate. The Jscript should always be put under OnLoad not OnEligible. The enrollment site will still pull the correct rate(s) based on Tobacco or Non-Tobacco. However, this setup will ensure the ACA Summary Report algorithms still identify the Non-Tobacco rate as the “lowest employee only (self-only) monthly rate” for the ACA affordability calculation.

Plan: Medical Plan Year: 1 Rate group: All Eligible

General Payer Products Rate Group Enrollment Rules Dependence Rules Rates Eligibility

Deduction Processing Life Events Engage JScript Decision Support Recommend Presentations Forms

Rates Benefit Levels Regence Clz

Tier	EO	ES	E1C	FA						
Age	EECost	ERCost	EECost	ERCost	EECost	ERCost	EECost	ERCost	EECost	ERCost
0	171.54	0	1030.08	0	612.88	0	815.24	0	1280.55	0

No (NonTob) Yes (Tobacco)

Deduction Processing Life Events Engage JScript Decision Support Recommend Presentations Forms Questions Service Area Properties Alias

Event Type	Script
OnEligible	
OnLoad	//OnLoad //Set benefit level based on tobacco question response var eeTobUser: int = 0; var spTobUser: int = 0; ...

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**ACA Eligible & ACA Ineligible**

**Best Practice:** Create a separate *ACA Eligible* and *ACA Ineligible* job class which would be used in conjunction with the Lookback Reporting. The eligibility structure for the *ACA Eligible* job class is structured to accommodate the “offer of medical coverage” and has eligibility for medical only. The *ACA Ineligible* job class structure would have NO benefits associated.

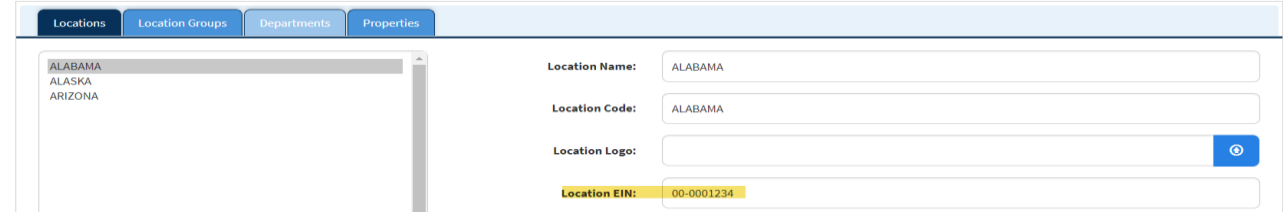
**COBRA Class:** New implementations should always include the COBRA job class regardless of a group maintaining COBRA members.

**Best Practice:** Create a COBRA class during the initial setup stage allows for EDI and/or other custom reports to take into consideration the use of the classification in the future. Eligibility associated with the COBRA class would not be required if it will not be actively used however having this class in your line of sight when establishing the EDI structure can help eliminate issues if it becomes required in the future.

**Locations:** Locations should be created based on each unique Employer Identification Number (EIN) not by “department” unless departments are required for billing. Ensuring the location structure is in sync with the organizational structure allows the group to generate reports and a variety of other system features more effectively. In addition, those employers with the ACA component engaged require reporting by unique EIN, so it is vital employees are placed in the EIN location consistent with the EIN identified on their W2.

**Best Practice:** Create the location based on each unique EIN. We recommend asking employers to verify if all W2s produced for employees use the same EIN or if they have employees whose W2s fall under different EINs.

Employer locations often operate independently of each other, utilizing separate information systems, defining their own job classes and departments, and even determining plan and payer product availability. [Instructions](#)



**ACA Setup:** Be sure to update the ACA Setup Product Configuration, EIN, Contact Information and Classification Changes.

Product Configurations

Product	Plan	Benefit Plan Year	MEC	MV	Condi...	Self or Fully Insured
Blue Cross PPO (Blue Cross / Blue Shield)	03/01/2021 - 02/28/2022	2018, 2019, 2021	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Self-Insured
Choice Plus Definity HSA (United Healthcare)	03/01/2022 - 02/28/2023	2022	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Self-Insured

**Best Practice:** Verify all Products for the ACA reporting calendar year are elected. For non-calendar benefit plan year (e.g.: March 1<sup>st</sup>) cases you will need to maintain the medical plan(s) offered during the calendar year which can often include prior and current benefit plan years.

Example: Benefit Plan Year March 1<sup>st</sup>

Prior Medical PPO Plan Offered: 3/1/2021 – 2/28/2022 AND New Medical Choice HSA Offered: 3/1/2022 – 2/28/2023