ACA OVERRIDE GUIDE

ACA Documentation

Introduction

Using the ACA Override method, you may directly enter the ACA data and preview forms. This guide will assist you in manually entering and previewing the ACA data which appears on the IRS Form 1094-C and Form 1095-C.

- ACA Step 1 and Step 2 are required for **ALL** organizations that are classified as an **ALE**.
- ACA Step 3 is **ONLY** Required for ALE organizations who have offered individual coverage HRA and/or provided self-insured coverage.

Important Note
Screens may appear differently due to software updates occurring after the publishing of this document!

ACA Override Steps

1. Select the Company

Select Your Company

After you have logged into the iSolved platform, type the Company ID or Name in the search box, located at the top of the screen, and click on the selected company in the list below.

Select "ACA Report Overrides"

Navigate to the "**ACA Report Overrides**" by typing the phrase "**ACA Report**" into the Search Menu and clicking on the item entitled "**Employee Management >> Employee Benefits >> ACA Report Overrides**"

Select All Companies

If you have multiple companies, then use the "**Select ALL**" option from the Legal Filter and click the [**OK**] button underneath. This will combine all employees for selected companies into one, easier-to-manage, list.

2. Enter the Data

Employee Navigation

You must properly select EACH Employee, before updating their related ACA data. This section will describe how to navigate through the Employee List.

Use the [**Prior**], [**Next**], [**List**] and [**Search**] buttons shown below, to help you navigate through the employee list. The selected Employee's general information will appear to the **RIGHT** of the navigation buttons and the specific employee information will appear **BELOW** the navigation.

Most lists in the system offer custom filtering capabilities which are located at the top of a list. If you are unsure how to use the Employee filtering or navigation, then please contact your CXR for further assistance. To activate a filter, click the filter button next to a specific column header, and check or uncheck the desired values.

After changing any filter selections, make sure to use the [**OK**] button to activate the filter. For example, you may want to filter the list to only show a certain Pay Group or Employee Status.

Keep in mind, ANY list that has an active filter, will display **FEWER** items in that list. In that case, you may have to reset any filters to "Select All", in order to view the **FULL** list again.

Add or Edit the ACA Year

YOU **ONLY** NEED TO UPDATE ACA INFORMATION FOR . . .

- ✓ EMPLOYEES WHO RECEIVED INSURANCE DURING THE YEAR, OR
- ✓ EMPLOYEES WHO ARE ELIGIBLE FOR HEALTH CARE INSURANCE DURING THE YEAR

To properly setup an Employee's ACA Overrides, you must use the [**Add New**] button to add the Year, or if the Year ALREADY exists, then use the [**Edit**] button.

This will enable you to begin to enter the various ACA data for each employee. You may also use the [**Delete**] button if you need to remove the year's data and re-enter the information from scratch, for the selected employee.

Important Note

- DO NOT ACCIDENTALLY OVERWRITE DATA for a Previous Year!
- Make SURE the CORRECT YEAR EXISTS for EACH Employee you are Adding or Editing.
- Use the [**Save**] Button OFTEN to save your work, before navigating to a different employee or screen.

Enter the "Series 1 Codes"

You will need to be familiar with the Series 1 Codes that are possible for any month. We recommend that you have these codes handy, while entering the data. (See **Appendix A** for a description of all Series 1 Codes.)

If the Employee has the SAME codes for all months, then enter the code into the "**All Months**" Dropdown box; otherwise enter the different codes in EACH month separately.

Some common codes used are:

- **1A**   Employee was offered coverage, including spouse and dependents.
- **1B**   Employee was offered coverage, excluding spouse and dependents.
- **1C**   Employee was offered coverage, including dependents, but excluding spouse.
- **1H**   Coverage was **not** offered to the Employee.
- For Other Code Series 1 Values, please See **Appendix A** in this Document.

Enter the "Employee Required Contribution" Amounts

Determine the Employee Contribution for your Lowest-Cost, Self-Only Coverage plan that was Offered. In most cases, this "lowest cost plan" applies to all eligible employees, regardless of what plan they chose or declined.

If the Employee has the SAME offered amount all months, then enter the amount into the "**All Months**" Dropdown box; otherwise enter the employee contribution amount in each month separately.

If the Offered Coverage has **NO COST** to the Employee, then Enter **0.00** for the Amount.

ONLY Enter Amounts when the Code Series 1 has a value of:
1B, 1C, 1D, 1E, 1J, 1K, 1L, 1M, 1N, 1O, 1P, 1Q, 1T and 1U.

Leave the Amount **BLANK** (not "0.00") when the Code Series 1 has a value of:
1A, 1F, 1G, 1H, 1R and 1S.

Enter the "Series 2 Codes"

You will need to be familiar with the Series 2 Codes that are possible for any month. We recommend that you have these codes handy, while entering the data. (See **Appendix B** for a description of all Series 2 Codes.)

If the Employee has the SAME codes for all months, then enter the code into the "**All Months**" Dropdown box; otherwise enter the different codes in each month separately.

For your benefit, the most common codes used are:

- **2A** Employee was NOT employed during the month.
- **2B** Employee did NOT work full time (According to ACA definition of full time 30 hours per week.)
- **2C** Employee was Enrolled in Health Coverage Offered.
- **2H** Safe Harbor Rate was used to determine affordability.
- For Other Code Series 2 Values, please See **Appendix B** in this Document.

At this point, for most Employers, you're done entering the data – and are ready to preview the report and forms. (See **Step 4**.) However, for Employers who have offered an Individual Coverage HRA and/or provided Self-Insured Coverage, you will need to continue with **Step 3**.

3. Enter Additional Information *

You are ONLY Required to enter the Zip Code values for Employees who were offered an Individual Coverage HRA (Health Reimbursement Arrangement.)

Enter the "Zip Codes"

If the Employee has the SAME Zip Code for each month, then enter the value into the "**All Months**" Dropdown box; otherwise enter the different zip code in each month separately.

Check the "Dependent Coverage Override" Boxes

The coverage overrides are applicable to Self-Funded Medical Plans **ONLY**. Use the fields below to indicate which individuals are covered and the particular months they are covered.

Check (or un-check) the selected months where the dependent(s) had coverage. If the dependents do NOT show up on this list, then refer to the next section entitled "How to Add a Dependent."

How to Add a Dependent

If the Selected Employee's Dependents do not appear on this screen, you will have to add them to the system using the following method. Enter "**DEPEND**" in the menu search area, and Click on the option entitled "**Employee Self Service >> Employee Contacts >> Dependents**"

After entering the dependent data, make SURE you Click the [**Save**] Button to save your changes! If you have made a mistake, you can also use the [**Cancel**] button to cancel your changes.

Upon returning to the "**ACA Report Overrides**" for the Selected Employee, any newly added dependents should appear at the bottom of the screen. Navigate to the correct Employee and select the Correct ACA Year. Then click the [**Edit**] button. Finally, check or uncheck the months where the employee's dependent(s) had coverage.

4. Report Options

ACA Reporting Groups

YOU DO NOT NEED TO SETUP ACA REPORTING GROUPS IF, and only if, you are ONE company and do not belong to a group of companies. However, if your company is a member of many companies, then you will need to setup the ACA Groups properly.

Enter "**ACA REPORTING GROUPS**" in the menu search area, and Click on the option entitled
"**Client Management >> ACA Setup Options >> ACA Reporting Groups**"
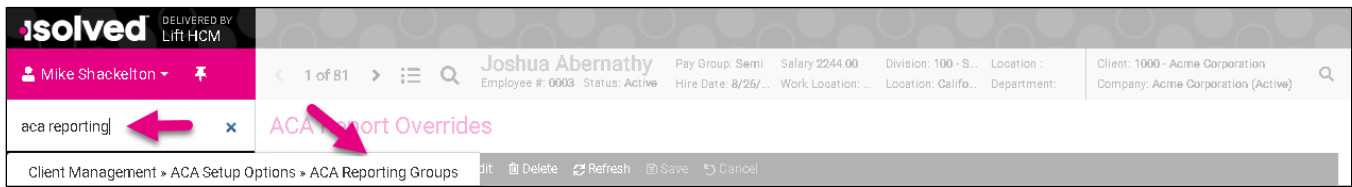
Add the ACA Reporting Group, if it does not exist, or Edit the group if necessary. Make sure to enter a value for the "Group Name" which represents a title for the collection of companies assigned to the ACA Group. Make sure all necessary "available" companies are assigned to the "Selected Legal Companies" List, as needed.
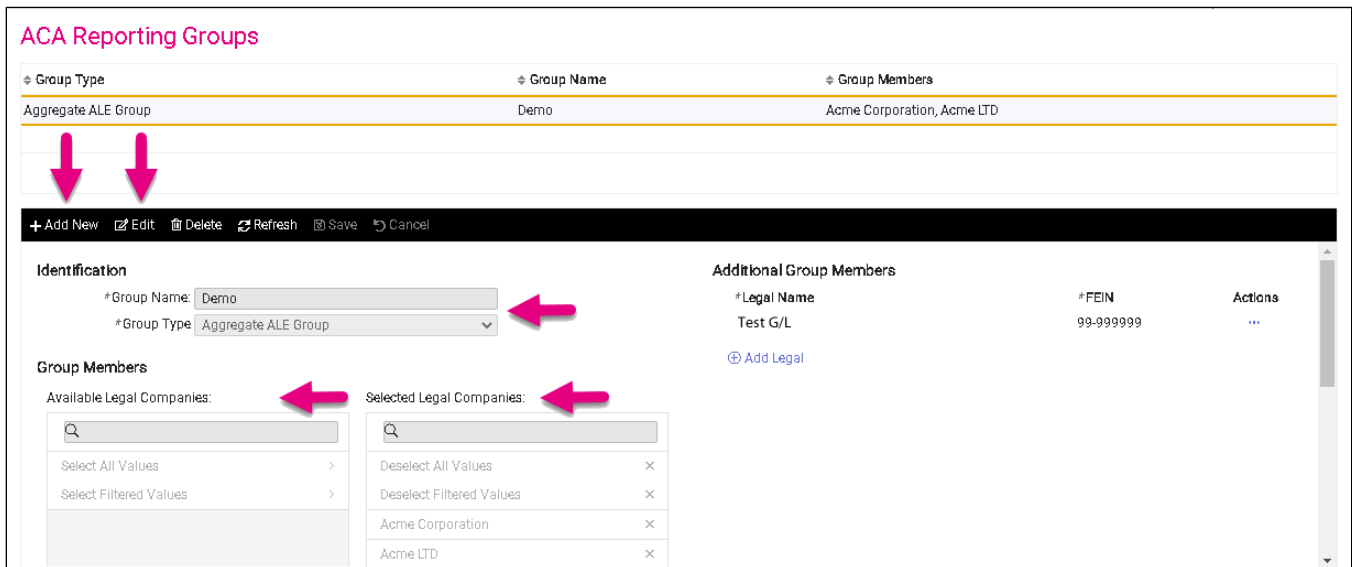
If you need help with this entry screen, please contact your CXR for further assistance.

ACA Report Options

Before you can properly preview the ACA Report, you'll need to make sure the Report Options are setup correctly. Enter "**ACA REPORT OPTIONS**" in the menu search area, and Click on the option entitled "**Client Management >> ACA Setup Options >> ACA Report Options**"
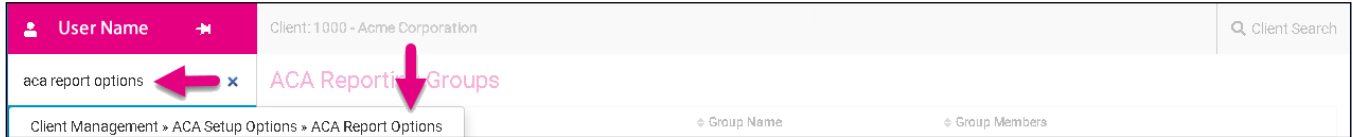
Make sure to fill out the various sections of the report, i.e., Reporting Year, Reporting Group, Certification of Eligibility and such.

If you need help with this entry screen, please contact your CXR for further assistance.
If you need help with entering specific values, please contact your Compliance Officer, Broker or ERISA attorney.

5. Preview the Report

After successfully entering the data for the selected year for all employees/dependents and the Report Options, you may preview the report by using the following steps. This report will highlight any potential warnings in yellow and errors in red. These issues need to be corrected before producing the actual forms.

To Run the report, enter the phrase "**ACA FORMS**" into the menu search area, and click on the option entitled "**Client Management >> ACA Setup Options >> ACA Forms Approval**."

Select the Correct Company and ACA Year. Click the [**Run Alerts**] option to review results and make sure there are no warnings or errors. If errors exist, be sure to correct them in the iSolved Portal, so that the system will produce correct and accurate ACA Forms.
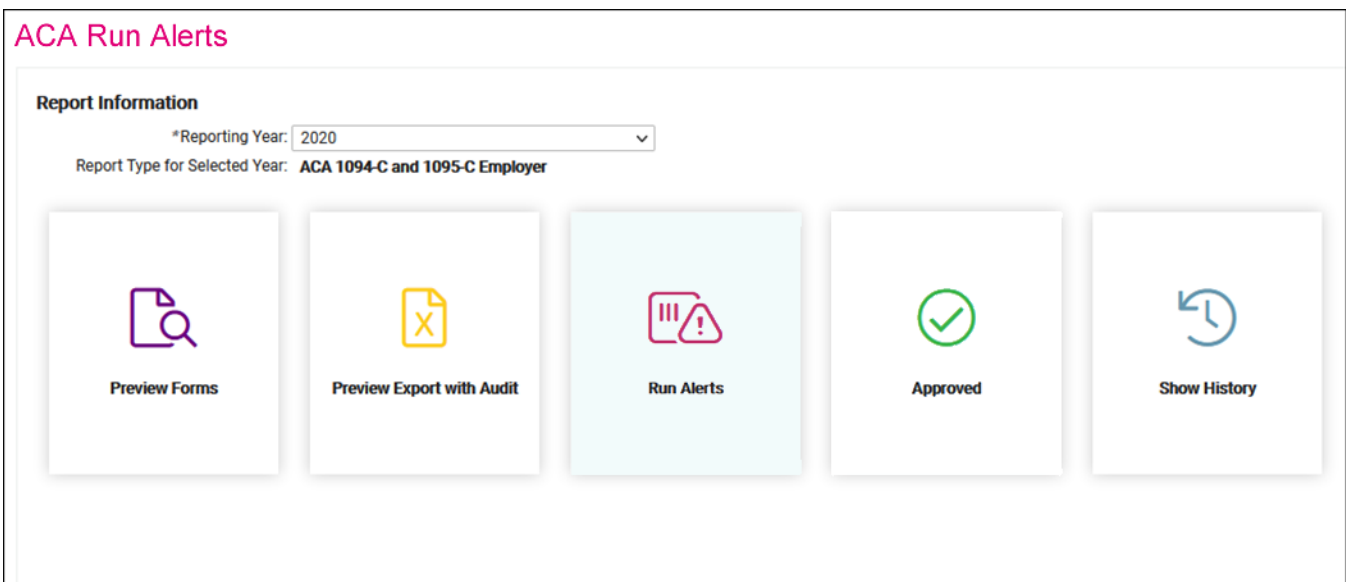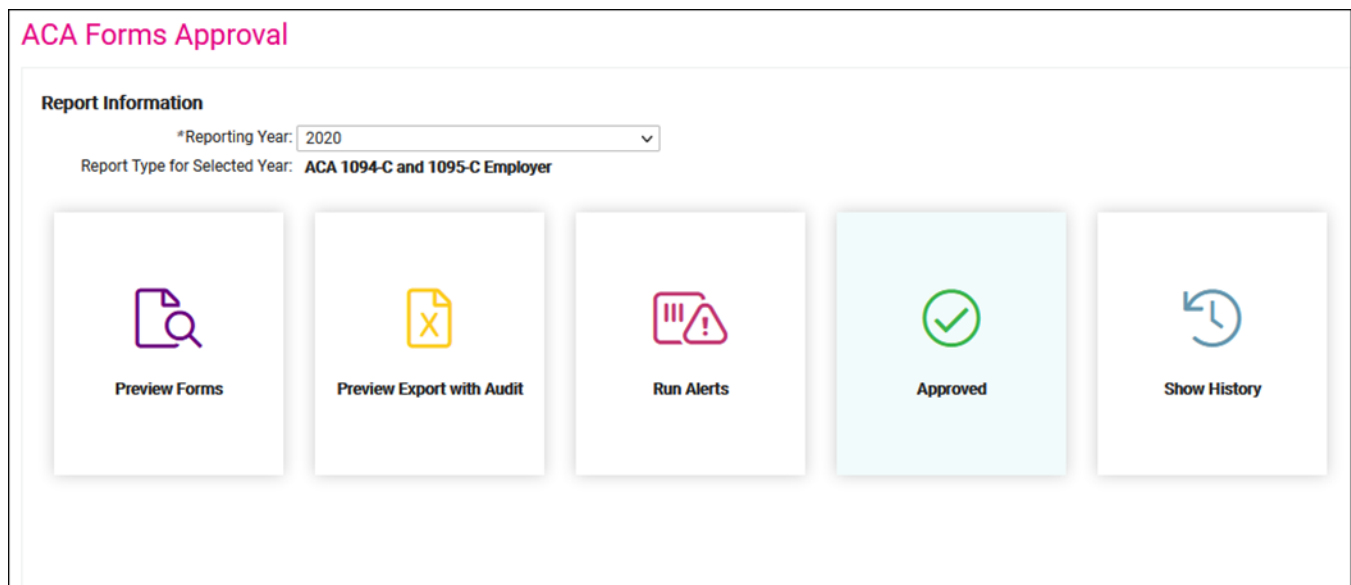
- ✓ If you are unable to correct any warnings or errors, please contact your CXR for assistance.
- ✓ **MAKE SURE** THE CORRECT EMPLOYEES APPEAR IN THE RESULTING FORMS.
- ✓ **MAKE SURE** THE TOTAL NUMBER OF FORMS MATCHES YOUR EXPECTED NUMBER OF EMPLOYEES!

6. Approve the Results

After running the Alerts and correcting any errors that have occurred, **YOU MUST APPROVE THE FORMS** using the [**APPROVE**] Button on this screen.

IF YOU DO NOT APPROVE THE FORMS, THEN YOU WILL NOT RECEIVE YOUR ACA TAX FORMS AND THEY WILL NOT BE SUBMITTED TO THE IRS!

7. Contact Lift HCM

After you have approved the ACA Forms, please reach out to your CXR and let them know that you're ready for us to process the Forms. Keep in mind that Lift HCM does NOT KNOW that you are working on this process, nor when you have approved the forms. We prefer that you contact us – so that we have a record of your process!

- ✓ If you are unable to correct any warnings or errors, please contact your CXR for assistance.
- ✓ **MAKE SURE** THE CORRECT EMPLOYEES APPEAR IN THE RESULTING FORMS.
- ✓ **MAKE SURE** THE TOTAL NUMBER OF FORMS MATCHES YOUR EXPECTED NUMBER OF EMPLOYEES!
- ✓ **MAKE SURE** YOU HAVE APPROVED THE FORMS
- ✓ **MAKE SURE** YOU HAVE CONTACTED LIFT HCM WHEN YOU HAVE APPROVED THE FORMS.

The **DEADLINE** for updating your ACA Data is December 31st.

Appendix

Appendix A – Series Codes 1 (Used for Form 1095-C, Line 14)

Code 1	What does the Code Mean?	When to use the Code
1A	Qualifying Offer: You offered MEC (minimum essential coverage) + MV (minimum value) to employee and you offered at least MEC to spouse + dependents.	★ You offer coverage to EEs, spouses and dependents. ★ Your coverage is affordable at the employee only level because the required employee contribution is equal to or less than 9.5% (as adjusted) of mainland single federal poverty line.
1B	MEC providing MV offered to employee only.	★ You exclude spouses + dependents from your plan(s).
1C	MEC providing MV offered to employee **and** at least MEC offered to dependent(s) (**not** spouse).	★ You exclude spouses from your plan.
1D	MEC providing MV offered to employee **and** at least MEC offered to spouse (**not** dependents).	★ Dependents are **not** offered coverage. ★ **Do not use code 1D** if the coverage for the spouse was offered conditionally. Instead use code 1J.
1E	MEC providing MV offered to employee **and** at least MEC offered to dependent(s) and spouse.	★ The only difference between this code and 1A is that your coverage may not be affordable or it is affordable based on a safe harbor other than the federal poverty line. ★ **Do not use code 1E** if the coverage for the spouse was offered conditionally. Instead use code 1K.
1F	Minimum essential coverage **not** providing minimum value offered to employee; employee and spouse or dependent(s); or employee, spouse, and dependents.	★ You did **not** provide Minimum Value, only Minimum Essential Coverage.
1G	Offer of coverage for at least one month of the calendar year to an individual who was **not** a full-time employee for any month of the calendar year. **OR** To an employee who was **not** a full-time employee for any month of the calendar year (which may include month(s) when the individual was **not** an employee) **AND** Who enrolled in self-insured coverage for one or more months of the calendar year.	Example 1: An individual who is **not** your employee is offered coverage (1099 or contractors) for the Summer months for seasonal work and they were enrolled in self-insured coverage for Jan-March. Example 2: Let's say that same individual comes back to work for you in the fall as a part time employee, they were offered coverage as a part time employee and they were enrolled in self-insured coverage for Jan-March. ★ Code 1G applies for the entire year **or not** at all. Therefore, if code 1G applies, you must enter code 1G on line 14 in the **All 12 Months** column or in each separate monthly box for all 12 months.
1H	**No** offer of coverage **OR** Offer did **not** meet MEC.	★ You did **not** offer coverage to employee **or** ★ You did offer coverage but it **did not meet MEC**. May include one or more months in which the individual was **not** an employee.
1J	MEC + MV coverage offered to employee **and** MEC conditionally offered to spouse; MEC **not** offered to dependent(s).	★ Employee + conditional offer to spouse. ★ **NOT** offered to dependents See Conditional Offer of Spousal Coverage description below for more details.
1K	MEC + MV coverage offered to employee **and** MEC offered to dependent(s) **and** MEC conditionally offered to spouse.	★ Employee + dependents and a conditional offer to spouse See **Conditional Offer of Spousal Coverage** description below for more details.

Please consult your Compliance Officer, Broker or ERISA attorney to help you determine which values to assign to your employees.

Code 1	What does the Code Mean?
1J	Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage conditionally offered to spouse; minimum essential coverage **not** offered to dependent(s).
1K	Minimum essential coverage providing minimum value offered to employee; at least minimum essential coverage offered to dependents; and at least minimum essential coverage conditionally offered to spouse.
1L	Individual coverage HRA offered to employee only with affordability determined by using employee's primary residence location ZIP code.
1M	Individual coverage HRA offered to employee and dependent(s) (**not** spouse) with affordability determined by using employee's primary residence location ZIP code.
1N	Individual coverage HRA offered to employee, spouse, and dependent(s) with affordability determined by using employee's primary residence location ZIP code.
1O	Individual coverage HRA offered to employees only using the employee's primary employment site ZIP code affordability safe harbor.
1P	Individual coverage HRA offered to employee and dependent(s) (**not** spouse) using the employee's primary employment site ZIP code affordability safe harbor.
1Q	Individual coverage HRA offered to employee, spouse, and dependent(s) using employee's primary employment site ZIP code affordability safe harbor.
1R	Individual coverage HRA that is **not** affordable offered to employee; employee and spouse, or dependent(s); or employee, spouse and dependents.
1S	Individual coverage HRA offered to an individual who was **not** a full-time employee.
1T	Individual coverage HRA offered to employee and spouse (not dependents) with affordability determined using employee's primary residence location ZIP code.
1U	Individual coverage HRA offered to employee and spouse (not dependents) using employee's primary employment site ZIP code affordability safe harbor.
1V	Reserved for future use.
1W	Reserved for future use.
1X	Reserved for future use.
1Y	Reserved for future use.
1Z	Reserved for future use.

Conditional Offer of Spousal Coverage:

- Codes **1J** and **1K** address conditional offers of spousal coverage (also referred to as coverage offered conditionally).
- A conditional offer is an offer of coverage that is subject to one or more reasonable, objective conditions.
  - For example, an offer to cover an employee's spouse only if the spouse is not eligible for coverage under Medicare or a group health plan sponsored by another employer.
- Using codes **1J** and **1K**, you may report a conditional offer to a spouse as an offer of coverage, regardless of whether the spouse meets the reasonable, objective condition.
- To help employees and spouses who have received a conditional offer determine their eligibility for the premium tax credit (Medicaid or Health Exchange), you (the Company) should be prepared to provide, a list of any and all conditions applicable to the spousal offer of coverage.
  - Your Benefit Policy in EHX should state who you offer coverage to and what requirements they must meet to be offered coverage (ie; full time employees and/or full-time equivalent employee are offered coverage, spouses and dependents living at home are offered coverage).
- You may **not** make a conditional offer of coverage to dependents. Your Benefit Policy in EHX should state there is either an offer of coverage available to dependents or coverage is NOT offered to dependents.
- As is noted in the IRS Form 1095C Instructions **definition of dependent**, a spouse is not a dependent for purposes of section 4980H.

Please consult your Compliance Officer, Broker or ERISA attorney to help you determine which values to assign to your employees.

Appendix B – Series 2 Codes (Used for Form 1095-C, Line 16)

Code 2	What does the Code Mean?	When to use the Code
2A	Employee **not** employed for any day during the calendar month.	★ Employee was **not** employed on any day of the month. ★ **Do not use** code 2A if they were an employee on any day of the month. ★ **Do not use** code 2A if the employee was terminated that month.
2B	Employee **not** a full-time employee for the calendar month.	★ Employee is **not** a full-time employee and did **not** enroll in MEC, if offered for the month. ★ Employee is a full-time employee and the offer of coverage or enrollment ended before the last day of the month because the employee terminated during the month. The offer or enrollment in coverage would have continued for the month had the employee **not** terminated. ★ Reference 2D if the employee is in their initial measurement period and not full-time.
2C	Employee enrolled in coverage offered.	★ Enter code 2C if the employee was enrolled for the entire month regardless of whether any other code in Series 2 might also apply. Exceptions to when you would **not** use Code 2C are listed after this table - Code Series 2 Exceptions.
2D	Employee is in a measurement period. (Section 4980H(b) Limited Non-Assessment Period)	★ If an employee is in an initial measurement period for the month - use 2D and **not** 2B even if the employee is **not** a full-time employee. ★ For an employee in a measurement period and if your company is also eligible for the multiemployer interim rule relief for the month, enter code 2E **not** code 2D.
2E	Multiemployer interim rule relief.	★ 2E is used for any month for which the multiemployer arrangement interim guidance applies, regardless of whether any other code in Code Series 2 (including code 2C) might also apply. **For guidance regarding Multiemployer Arrangements, please see page 17 in the IRS 1094C/1095C Instructions.**
2F	Form W-2 safe harbor - Section 4980H affordability.	★ W-2 safe harbor method was used to determine affordability for this employee for the year. ★ If the W2 safe harbor method is used for an employee, it **must be used for all months** of the calendar year for which the employee is offered coverage.
2G	Federal Poverty Line safe harbor - Section 4980H affordability.	★ The federal poverty line safe harbor was used to determine affordability for this employee for any month(s).
2H	Rate of Pay safe harbor - Section 4980H affordability.	★ The Rate of Pay safe harbor was used to determine affordability for this employee for any month(s).

Please consult your Compliance Officer, Broker or ERISA attorney to help you determine which values to assign to your employees.

See Important Notes about Series 2 Codes on Next Page.

Important Notes about Series 2 Codes 2F, 2G and 2H

- An affordability safe harbor code **should not** be entered on line 16 for any month that you did not offer MEC to at least 95% of your full-time or FTE employees and their dependents.
- If MEC was **not** offered for all 12 months and/or you selected **NO** for any month(s), **DO NOT** use Safe Harbor Codes **2F**, **2G** or **2H** for those months marked NO for MEC on your 1094-C.
- For more information, see the IRS instructions for Form 1094C, Part III, column (a).

Appendix C – Series 2C Code Exceptions

DO NOT USE CODE 2C IF . . .

- **Do not** enter code 2C in line 16 for any month in which the multiemployer interim rule relief applies (enter code 2E). For guidance regarding Multiemployer Arrangements, please see page 17 in the IRS 1094C/1095C Instructions.
- **Do not** enter code 2C in line 16 if code 1G is entered in line 14.
- **Do not** enter code 2C in line 16 for any month in which a terminated employee is enrolled in COBRA continuation coverage or other post-employment coverage (enter code 2A).
- **Do not** enter code 2C in line 16 for any month in which the employee enrolled in coverage that was not minimum essential coverage (MEC).

Appendix D – External Document Links

IRS Webpage for 1095-C	https://www.irs.gov/forms-pubs/about-form-1095-c
Original IRS Form 1095-C:	https://www.irs.gov/pub/irs-pdf/f1095c.pdf
IRS Instructions for 1094-C & 1095-C	https://www.irs.gov/pub/irs-pdf/i109495c.pdf
Our Latest ACA Override Guide	https://lifthcm.com/aca/aca-override-guide.pdf

Please consult your Compliance Officer, Broker or ERISA attorney to help you determine which values to assign to your employees.