AGENDA

• ACA Presentation
  – ACA Overview
  – Employer Shared Responsibility
  – ACA Reporting
    - Form 1095-C – Furnish to Employees
    - Form 1094-C – Furnish to IRS

• ACA Website

• HRIS Tips

• ACA Designation

• Questions

• Examples
AFFORDABLE CARE ACT (ACA) OVERVIEW

- Enacted in March of 2010, health reform’s stated goals were:
  - Provide access for 30+ million uninsured (#1 objective)
  - Cost control
  - Quality

- Focusing on all three goals was a challenge

- Two key items within ACA that affect agencies and our employees.
  - **Individual Mandate**
    - Requires all individuals to have minimal value insurance
      - For 2015, $325 per uninsured person or 2 percent of household income over the filing threshold, and
      - For 2016 and beyond, $695 per uninsured person or 2.5 percent of household income over the filing threshold.
  - **Employer Mandate**
    - Requires State to report to IRS who was offered coverage (and who enrolled), whether the coverage was comprehensive and met all ACA requirements, and whether that coverage was affordable.
### Key Elements of Health Care Reform for Employers

#### 2010
- Change in tax treatment for over-age child coverage
- Early retiree medical reinsurance
  - Accounting impact of change in Medicare retiree drug subsidy tax treatment
  - Medicare prescription drug “donut hole” beneficiary rebate
  - Break time/private room for nursing moms
- No lifetime dollar limits on essential health benefits
- Restricted annual dollar limits on essential health benefits; phased until 2014
  - Child coverage to age 26 (grandfathered plans may limit to children without access to other employer coverage, other than parent’s coverage)
  - No pre-existing condition limitations for enrollees up to age 19 and no rescissions
  - No health FSA/HRA/HSA reimbursement for non-prescribed drugs (except insulin)
  - Increased penalties for non-qualified HSA distributions
- Additional standards for non-grandfathered health plans, including preventive care in-network with no cost-sharing, coverage of emergency services in- and out-of-network, appeal and external review, provider choice, and non-discrimination rules for insured plans
- Income-based Medicare Part D premiums
- Pharmaceutical importers and manufacturers’ fees start
- Medicare, Medicare Advantage benefit and payment reforms
- Insurers subject to medical loss ratio rules

#### 2011
- No annual dollar limits on essential health benefits
- No pre-existing condition limits
- No waiting period over 90 days (plus 1-month employment-based orientation period)
- Wellness limit increase allowed
- Health insurance industry fees
- Additional standards for non-grandfathered health plans, including limits on in-network out-of-pocket maximums, provider nondiscrimination, and coverage of routine patient costs of clinical trial participants
- Small market, non-grandfathered insured plans must cover essential health benefits using a form of community rating
- Insurers must apply guaranteed issue and renewability to non-grandfathered plans of all sizes

#### 2012
- Employers to distribute uniform summary of benefits and coverage (SBC) to participants
- 60-day advance notice of mid-year material modifications to SBC content
- Form W-2 reporting for health coverage (track in 2012 for W-2 form provided in early 2013)
- Employers notify employees about exchanges by Oct. 1, 2013; to new hires thereafter
- Medical device manufacturers’ fees start
- Higher Medicare payroll tax on wages exceeding $200,000/individual; $250,000/couples
- Change in Medicare retiree drug subsidy tax treatment takes effect
- Health Insurance exchanges initial open enrollment period (10/1/13 – 3/31/14)
- $2,500 (indexed for inflation) per plan year health FSA contribution cap (plan years on or after January 1, 2013)
- Comparative effectiveness research fees first due (7/31) for calendar year plans (and 11/1 and 12/1 plans)

#### 2013
- Comparative effectiveness research fees first due (7/31) for non-calendar year plans (except 11/1 and 12/1 plans)
- Higher Medicare payroll tax on wages exceeding $200,000/individual; $250,000/couples
- Change in Medicare retiree drug subsidy tax treatment takes effect
- Health Insurance exchanges initial open enrollment period (10/1/13 – 3/31/14)

#### 2014
- Health insurance exchange coverage begins
- Individual coverage mandate
- Financial assistance for exchange coverage of low- and middle-income individuals
  - State Medicaid expansion (only in some states)
  - Child coverage to age 26
  - No annual dollar limits on essential health benefits (generally banning stand-alone HRAs for active employees)
  - No pre-existing condition limits
  - No waiting period over 90 days (plus 1-month employment-based orientation period)
  - Wellness limit increase allowed
  - Health insurance industry fees
  - Additional standards for non-grandfathered health plans, including limits on in-network out-of-pocket maximums, provider nondiscrimination, and coverage of routine patient costs of clinical trial participants
  - Small market, non-grandfathered insured plans must cover essential health benefits using a form of community rating
  - Insurers must apply guaranteed issue and renewability to non-grandfathered plans of all sizes
  - Health Insurance exchanges 2015 open enrollment period (11/15/14 – 2/15/15)
  - Comparative effectiveness research fees first due (7/31) for calendar year plans (and 11/1 and 12/1 plans)
  - Health insurance exchange coverage begins
  - Individual coverage mandate
  - Financial assistance for exchange coverage of low- and middle-income individuals
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  - Insurers must apply guaranteed issue and renewability to non-grandfathered plans of all sizes
  - Health Insurance exchanges 2015 open enrollment period (11/15/14 – 2/15/15)

### Notes
1. Applies to all plans, including grandfathered plans, effective for plan years beginning on or after 9/23/2010 (1/1/2011, for calendar year plans).
2. Applies to all plans, including grandfathered plans, effective for plan years beginning on or after 1/1/2014.
3. Applies to non-grandfathered plans, effective for plan years beginning on or after 9/23/2010, except that insured plan discrimination ban is delayed until regulations issued.
4. A temporary exemption applies to certain categories of employers.
5. A temporary exemption applies to employees of employers with non-calendar-year plans, as well as individuals who enroll in an Exchange plan by 3/31/2014. Other exemptions may also apply.
6. Effective 2015 for applicable large employers with 100 or more full-time employees; effective 2016 for applicable large employers with 50 or more full-time employees. Transition relief for non-calendar year plans may apply.
EMPLOYER SHARED RESPONSIBILITY
HOW THE PENALTIES WORK - PLAY OR PAY

PENALTY A

2015

Does State of Arizona offer a health plan to substantially 70% full-time employees (FTEs) and their dependent children?

No

You will pay:
$2,080 * x 38,000 = $79,040,000

Applies if at least one FTE receives tax-subsidized benefits for exchange coverage.

$79,040,000

Non-offering Employer Payment

2016

Does State of Arizona offer a health plan to substantially all 95% full-time employees (FTEs) and their dependent children?

No

You will pay:
$2,160 * x 38,000 = $82,080,000

Applies if at least one FTE receives tax-subsidized benefits for exchange coverage.

$82,080,000

Non-offering Employer Payment
Does the health plan offered to FTEs satisfy standards for both:
(1) **affordability** (employee-only contribution for plan ≤ 9.5% of an employer affordability safe harbor or employee’s household income), and
(2) **minimum value** (60%)?

**Penalty B**

<table>
<thead>
<tr>
<th>Yes</th>
<th>You will not be subject to a shared responsibility payment.</th>
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</thead>
<tbody>
<tr>
<td>No</td>
<td>You will pay the lesser of:</td>
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<tr>
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<td>$3,120 x FTEs receiving tax-subsidized benefits for exchange coverage</td>
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<tr>
<td></td>
<td>OR</td>
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<tr>
<td></td>
<td>$2,080 x (total # FTEs – first 80 FTEs)</td>
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</tbody>
</table>

$3,120*
Offering Employer Payment
IMPORTANT ACA CONCEPTS COVERED IN THIS TRAINING:

• What is Minimum Essential Coverage?
• What is Minimum Value?
• What is Affordable?
• Who is an ACA Full Time Employee?
• What hours count towards the 30 hour rule
• How and when are hours measured?
EMPLOYER SHARED RESPONSIBILITY
HOW THE PENALTIES WORK ~ PLAY OR PAY

THREE COMPONENTS TO PENALTIES

• What is Minimum Essential Coverage (MEC) ?
  • Term is defined very broadly to include virtually any employer sponsored group health plan, governmental sponsored health programs and individual health policies.

• What is Minimum Value (MV) ?
  – Plan must pay at least 60% of total costs for essential health benefits.

• What is Affordable?
  – Plan must offer affordable MEC that provides MV to FT employees and their children to avoid Penalty B.
  – An employee’s required contribution for minimum value self-only coverage cannot exceed 9.56% of the employee’s household income to be deemed affordable.
HOW DO YOU DETERMINE AFFORDABLE CONTRIBUTIONS IN 2015?

• Safe harbors - contribution less than or equal to 9.5% of:
  – Employee’s W-2 wages (Box 1)
  – Hourly rate of pay x 130 hours for hourly employees or monthly salary for salaried employees:
    - Hourly rate greater than $7.48 will support larger affordable employee contribution than FPL
  – Federal poverty line
    - $11,670(9.5%)/12 = $92.39 per month for 2015 calendar year
    - $11,770(9.5%)/12 = $93.18 per month for 2016 calendar year
WHO IS AN ACA FULL TIME EMPLOYEE?

Full-Time = FT
- If the employee is regularly scheduled to work at least 30 hours per week for at least 90 days, the employee must be designated as Full Time.

Part-Time = PT
- If the employee is regularly scheduled to work less than 30 hours per week for at least 90 days, the employee must be designated as Part Time.

Variable = V
- If the agency cannot determine whether the employee is expected to be scheduled regularly for at least 30 hours per week, including any paid leave, over the Initial Measurement Period because the employee’s hours are variable or otherwise uncertain, the employee must be designated Variable.

Seasonal = S
- Employee may work greater than 30 hours per week but is not employed for more than 6 months of the year and whose employment is dependent on a specific and reoccurring season, the employee must be considered Seasonal.

<table>
<thead>
<tr>
<th>State Employee Classifications</th>
<th>ACA Employee Designations</th>
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</thead>
<tbody>
<tr>
<td><strong>• Full-Time Employee</strong>: Regularly scheduled to work 40 hours per week.</td>
<td><strong>• Ongoing Full-Time Employee</strong>: Employee who averaged at least 130 hours per month in the prior standard measurement period.</td>
</tr>
<tr>
<td><strong>• Part-Time Employee</strong>: Regularly scheduled to work less than 40 hours per week.</td>
<td><strong>• Ongoing Non Full-Time Employee</strong>: Employee who did not average at least 130 hours per month in the prior standard measurement period.</td>
</tr>
<tr>
<td><strong>• Temporary Employee</strong>: A new hire who can work no more than 1500 hours a year on an intermittent basis.</td>
<td><strong>• New Full-Time Employee</strong>: New hire who is reasonably expected to average at least 30 hours a week and is not a seasonal employee.</td>
</tr>
<tr>
<td>State employees are eligible for benefits if they are regularly scheduled to work for at least 20 hours a week.</td>
<td><strong>• New Part-Time Employee</strong>: New hire who is reasonably expected to average fewer than 30 hours per week.</td>
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<td></td>
<td><strong>• New Variable Hour Employee</strong>: The State cannot determine upon hire whether the employee will average at least 30 hours a week over the initial measurement period.</td>
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<tr>
<td></td>
<td><strong>• New Seasonal Employee</strong>: New hire in a position for which the customary annual employment is six months or less and who commences working at approximately the same time each year.</td>
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</tbody>
</table>
MEASURING EMPLOYEES UNDER ACA
WHAT HOURS COUNT? THE 30-HOUR RULE

- When determining the 30 hour average, employers must include:
  - Paid hours actually worked
  - All paid-time off:
    - Vacation, holiday, illness, jury duty, military duty, compensatory leave, meritorious leave, donated leave or other paid leave of absence
    - Active employee receiving disability pay, even payments from insurance company through company disability plan (e.g. policy is currently under review)
    - Special rules for certain unpaid protected leaves (e.g. unpaid FMLA) for employers using lookback method

Data integrity with respect to an employee’s hours of service is now critical. If the proper hours of service are not accurately tracked, it can cause (1) an employee to be incorrectly classified under the ACA, (2) the State to file incorrect reports to the IRS. Both of these can trigger separate assessments/penalties.
How and When Are the Hours Measured?

• Initial Measurement Period
  – Initial Measurement Period (IMP) is used to measure non full-time employees hours to determine if employee is considered full-time.
  – IMP will begin on the first of the month following date of hire and will continue over a 11 month period.
  – After 11 months of employment, Benefits Services Division will measure hours worked and will determine if employee full-time or part-time.
  – All new seasonal, variable and part-time employees will automatically be placed in an Initial Measurement Period.

• Standard Measurement Period
  – Standard Measurement Period (SMP) is used to measure active ongoing employees hours to determine if the employee is full-time or non full-time.
  – SMP for the State is October 10th of each year through October 9th of the following year.
  – Benefits Services Division will measure hours worked for each full-time or non-full time employee and will determine if employee full-time or part-time.
  – After each SMP, New Full-Time and Ongoing Employee will automatically be measured upon completion of each SMP.
INITIAL MEASUREMENT PERIOD
NEW PART-TIME, VARIABLE HOUR OR SEASONAL EMPLOYEES

- Duration of the initial measurement period (IMP) is 11 months.
- The IMP begins on the 1st of the month following the date of hire.

- After the IMP ends, the State will have an additional two month initial administrative period to offer employee benefits and to process enrollment forms.

- The 12 month period following the IMP and initial administrative period.
- Hours measured during the IMP determine full-time/part-time status in a stability period.
- Employee’s deemed full-time during previous IMP must remain benefit eligible throughout the initial stability period regardless of job changes or reductions in work schedule.
- Employee will then transition to the following Standard Measurement Period each following year.
The State’s standard measurement period (SMP) runs from October 10th of every year through October 9th of the following year.

All hours of service are averaged over the course of the measurement period to determine if employee is full-time or non full-time.

The State’s standard administrative period runs from October 10th of every year through December 31st of every year. Administrative time is used to ensure offers are made and to process enrollments (e.g. open enrollment).

The State’s standard stability period runs from January 1st through December 31st of every year.

Hours measured during the standard measurement period determine full-time/part-time status in a stability period.

Employee’s deemed full-time during previous SMP must remain benefit eligible throughout the current stability period regardless of job changes or reductions in work schedule.
HOW TO DETERMINE WHICH MEASUREMENT PERIOD APPLIES TO YOUR EMPLOYEE (SMP OR IMP)?

1. The first step is to determine if employee is an Ongoing Employee or New Hire Employee.
   • Ongoing Employee: Employee is considered an ongoing employee if the employee’s hire date is prior to 10/10/2014 and employee has worked for an entire SMP (October 10th – October 9th). **If employee is Ongoing, see step 2.**
   • New Employees: Employees who are not ongoing employees (i.e., have not been employed for at least one SMP and its associated administrative period) are classified as new employees and are subject to a different set of rules until they become ongoing employees. **If employee is New Hire, see step 3.**

2. Ongoing Employees will be measured during the SMP. After completion of the SMP, the Benefit Service Division will measure employees hours that are posted in HRIS to determine benefit eligibly.
   • Benefits Services Division will determine ACA Designation based on the following criteria:
     - If “hours worked” is greater than or equal to 1560; than employee designation will be ACA Full-Time
     - If “hours worked” is less than 1560; than employee designation will be ACA Part-Time
     - The employee can be considered Seasonal, if the employee is not active for more than 6 months of the year and whose employment is dependent with a specific and reoccurring season. All employees designated as Seasonal when the employee was initially hired will remain as Seasonal.

3. The State must then determine whether the new employee as of the hire date should be classified as (1) ACA full-time, or (2) ACA part-time, variable hour or seasonal.
   • If ACA Designation Code is = FT; then employee will automatically be placed in SMP and must be offered benefits immediately after hire date.
   • If ACA Designation Code is = PT, V, or S; then employee will be placed into an IMP and employee will be measured by the Benefit Service Division based on hours that are posted in HRIS to determine benefit eligibly after the employee completes 11 months of employment.
**IMPORTANT NOTE**

**RETURN TO WORK/REHIRE**

- If employee is rehired during 2016, and the break in service is less than 13 weeks, the ACA designation code should not change unless:
  - Employee was previously designated as a Variable, Seasonal or Part-Time position and was rehired into FT position.
  - if employee ACA designation was previously designated as Full-Time and employee was rehired into a position that is no longer considered Full-Time, you must wait until 2017 plan year to change ACA designation.

- If employee is rehired during 2016, and the break in service is greater than 13 weeks, the employee should be treated as a new hire and employee should obtain a new ACA designation code:

  - **Was break in service for 13 consecutive weeks or more?**
    - Yes: Treat as new hire (new initial measurement period if variable, part-time or seasonal; new waiting period may apply if full-time).
    - No: Treat as ongoing employee in current measurement/stability period.
# ACA Reporting Requirements

<table>
<thead>
<tr>
<th><strong>1095-C &amp; 1094-C Tax Forms</strong></th>
<th><strong>2016 Due Dates</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td></td>
</tr>
<tr>
<td>• Enforce individual mandate</td>
<td></td>
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<tr>
<td>• Enforce employer mandate</td>
<td></td>
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<tr>
<td>• Validate public exchange premium subsidy eligibility</td>
<td></td>
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<tr>
<td><strong>Who Reports</strong></td>
<td></td>
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<tr>
<td>Every large employer with 50 or more full-time or equivalent employees.</td>
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<tr>
<td><strong>IRS Reporting</strong></td>
<td></td>
</tr>
<tr>
<td>Includes Name and EIN of each active employee in 2015 Must report counts of all active employees in 2016</td>
<td>Extended: E-file: June 30th 2016</td>
</tr>
<tr>
<td><strong>Individual Reporting</strong></td>
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</tr>
<tr>
<td>• Each employee who was full time for at least one month during reporting year</td>
<td>Extended to March 31st 2016</td>
</tr>
<tr>
<td>• To each “responsible individual” who enrolls self or others in MEC.</td>
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<tr>
<td><strong>Penalties</strong></td>
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<tr>
<td>Failure to report – $250 per report, up to $3 million</td>
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</tbody>
</table>
## Form 1095-C Individual Statement

### Part I

<table>
<thead>
<tr>
<th>Employee</th>
<th>Applicable Large Employer Member (Employer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Name of employee</td>
<td>7. Name of employer</td>
</tr>
<tr>
<td>2. Social security number (SSN)</td>
<td>8. Employer identification number (EIN)</td>
</tr>
<tr>
<td>3. Street address (including apartment no.)</td>
<td>9. Street address (including room or suite no.)</td>
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<tr>
<td>4. City or town</td>
<td>10. Contact telephone number</td>
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<td>5. State or province</td>
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<td>6. Country and ZIP or foreign postal code</td>
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<td>11. City or town</td>
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<td>12. State or province</td>
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<td>13. Country and ZIP or foreign postal code</td>
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### Part II

#### Employee Offer and Coverage

<table>
<thead>
<tr>
<th>All 12 Months</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
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<th>Dec</th>
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<td>Offer of Coverage (enter required code)</td>
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#### Employee Share of Lowest Cost Monthly Premium, for Self Only

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<th>Minimum Value Coverage</th>
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### Part III

#### Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

<table>
<thead>
<tr>
<th>[a] Name of covered individual(s)</th>
<th>[b] SSN</th>
<th>[c] OSI if SSN is not available</th>
<th>[d] Covered 12 months</th>
<th>[e] Months of Coverage</th>
</tr>
</thead>
<tbody>
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For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.
<table>
<thead>
<tr>
<th>Line 14</th>
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<tbody>
<tr>
<td><strong>1A</strong></td>
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<td><strong>1B</strong></td>
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<tr>
<th>Line 15</th>
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<tbody>
<tr>
<td>Complete only if code 1B, 1C, 1D or 1E is entered in any box on Line 14.</td>
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</table>

<table>
<thead>
<tr>
<th>Line 16</th>
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<tbody>
<tr>
<td><strong>2A</strong></td>
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</tbody>
</table>
FORM 1094-C TRANSMITTAL – PARTS I AND II

Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

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)
11. Street address (including room or suite no.)
12. City or town
13. State or province
14. Country and ZIP or foreign postal code
15. Name of person to contact
16. Contact telephone number

Part II  ALE Member Information
17. Reserved
18. Total number of Forms 1096-C submitted with this transmittal
19. Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions

For Official Use Only

Part I

Part II

Signature

Title

Date

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.
**EMPLOYER SHARED RESPONSIBILITY REPORTING FORM 1094-C TRANSMITTAL**

<table>
<thead>
<tr>
<th>Part III</th>
<th>ALE Member Information—Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a) Minimum Essential Coverage Offer Indicator</td>
</tr>
<tr>
<td>23</td>
<td>All 12 Months</td>
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<tr>
<td>24</td>
<td>Jan</td>
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### Form 1094-C Transmittal – Part IV

**Other ALE Members of Aggregated ALE Group**

Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

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<th>Name</th>
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Form 1094-C (2015)
EXAMPLES
• Ian has been employed with the State of Arizona as a full-time employee who is regularly scheduled to work 40 hours a week since February 16, 2012.

• Ian is considered an ongoing employee who averaged at least 130 hours a month during the measurement period that began on October 10, 2014 and ended October 9, 2015.

**Result for Ian in 2016**

• Ian is classified and reported as an ACA full-time employee for the entire 2016 stability period because he averaged at least 130 hours a month during the prior measurement period (10/10/14 through 10/9/15).

• If Ian is not offered qualifying coverage for all of 2016, the State can be subject to ESR assessments.
Jennifer, an Ongoing Employee Hired into a Full Time Position Transfers to Part Time Position

- Jennifer has been employed with the State of Arizona as a full-time employee who is regularly scheduled to work 40 hours a week since May 2, 2012.
- Jennifer averaged at least 130 hours a month during the measurement period that began on October 10, 2014 and ended October 9, 2015.
- Jennifer has a change in status so that effective as of January 15, 2016, she will be regularly scheduled to work only 15 hours a week.
- Jennifer does not work more than 15 hours a week from January 15, 2016 through December 31, 2016.

Result for 2016 Plan Year
- Jennifer is classified as an ACA full-time employee for the entire 2016 stability period because she averaged at least 130 hours a month during the prior measurement period (10/10/14 through 10/9/15).
- If Jennifer is not offered qualifying coverage for all of 2016, the State can be subject to ESR assessments.

Result for 2017 Plan Year
- Jennifer is NOT classified as an ACA full-time employee for the entire 2017 stability period because she did not average at least 130 hours a month during the prior measurement period (10/10/15 through 10/9/16).
- The State will not be subject to any ESR assessments for not offering Jennifer qualifying coverage in 2017.
Jennifer has been employed with the State of Arizona as a full-time employee who is regularly scheduled to work 40 hours a week since May 2, 2012.

Jennifer averaged at least 130 hours a month during the measurement period that began on October 10, 2014 and ended October 9, 2015.

Jennifer has a change in status so that effective as of January 15, 2016, she will be regularly scheduled to work only 15 hours a week.

Jennifer does not work more than 15 hours a week from January 15, 2016 through December 31, 2016.
SUSIE, AN EMPLOYEE HIRED INTO ONGOING PART-TIME EMPLOYEE TRANSFERS INTO FULL TIME POSITION

- Suzi has been employed with the State of Arizona as a part-time employee who is regularly scheduled to work 15 hours a week since June 3, 2012.
- Suzi does NOT average at least 130 hours a month.
- Suzi has a change in status so that effective as of January 4, 2016, she will be regularly scheduled to work 35 hours a week.
- Suzi works on average 35 hours a week from January 4, 2016 through December 31, 2016.

Result for 2016 Plan Year

- During the 2015 Administrative Period, Suzi was classified as an ACA part-time employee for the 2016 stability period because she averaged less than 130 hours a month during the prior measurement period (10/10/14 through 10/9/15).
- Suzi moves to a full-time position effective January 11, 2016, she is classified reported as an ACA Designation will change to full-time employee and be offered benefits January 16th 2016.
Suzi has been employed with the State of Arizona as a part-time employee who is regularly scheduled to work 15 hours a week since June 3, 2012.

Suzi does NOT average at least 130 hours a month.

Suzi has a change in status so that effective as of January 4, 2016, she will be regularly scheduled to work 35 hours a week.

Suzi works on average 35 hours a week from January 4, 2016 through December 31, 2016.

• Leslie has been employed with the State of Arizona as an ongoing full-time employee who is regularly scheduled to work 40 hours a week since May 15, 2012.

• Leslie averages at least 130 hours a month until she goes on an unpaid protected FMLA leave of absence on January 10, 2016. Leslie returns from this unpaid protected leave on March 10, 2016.

• After Leslie’s return from the unpaid FMLA leave of absence on March 10, 2016, Leslie continues to average at least 130 hours a month.

Result for 2016 Plan Year

• Leslie is classified as an ACA full-time employee for the entire 2016 stability period because she averaged at least 130 hours a month during the prior measurement period (10/10/14 through 10/9/15).

• For the measurement period beginning on 10/10/15 and ending on 10/9/16, Leslie must be credited with her average weekly rate during her FMLA leave period. FMLA time recording (e.g. 640F) is essential to ensure compliance with benefit eligibility.
Leslie has been employed with the State of Arizona as an ongoing full-time employee who is regularly scheduled to work 40 hours a week since May 15, 2012.

Leslie averages at least 130 hours a month until she goes on an unpaid protected FMLA leave of absence on January 10, 2016. Leslie returns from this unpaid protected leave on March 10, 2016.

After Leslie’s return from the unpaid FMLA leave of absence on March 10, 2016, Leslie continues to average at least 130 hours a month.
ELAINE, A NEW EMPLOYEE WHO IS HIRED AS A VARIABLE HOUR EMPLOYEE

- Elaine is hired by the State of Arizona on May 15, 2015 into a variable hour employee position.
- Elaine averages at least 130 hours a month during her initial measurement period that commences on 6/1/15 and ends on 4/30/16.
- Elaine also averages at least 130 hours a month during the State’s standard measurement period that begins on 10/10/15 and ends on 10/9/16.

**Result for 2015**
- When Elaine was hire she was not eligible for benefits at all in 2015 because she is hired into an ACA variable hour position and her hours are being tracked in the initial measurement period.

**Result for 2016**
- Elaine is not eligible for benefits during the months of January through June of 2016 because she is still in her initial measurement period and administrative period.
- Elaine is eligible for qualifying coverage as of July 1, 2016, the start of her initial stability period because she averaged at least 130 hours a month during her initial measurement period.

**Result for 2017 and beyond**
- Elaine is eligible for qualifying coverage for all of 2017, which includes the remainder of her initial stability period and the standard 2017 stability period. This is because she averaged at least 130 hours during her initial measurement period and standard measurement period.
- Elaine is now considered to be an ongoing employee because she has completed one full standard measurement period and administrative period.
- Elaine’s eligibility for benefits as of 1/1/18 will depend on her average hours during the standard measurement period that begins on 10/10/16 and ends on 10/9/17.
Elaine, a New Employee Who Is HIRED as a Variable Hour Employee

Elaine is hired by the State of Arizona on May 15, 2015 into a variable hour employee position.

Elaine averages at least 130 hours a month during her initial measurement period that commences on 6/1/15 and ends on 4/30/16.

Elaine also averages at least 130 hours a month during the State’s standard measurement period that begins on 10/10/15 and ends on 10/9/16.
JASMINÉ, A NEW EMPLOYEE WHO IS HIRED AS A VARIABLE HOUR EMPLOYEE

- Jasmine is hired by the State of Arizona on April 15, 2015 into a variable hour employee position.
- Jasmine averages at least 130 hours a month during her initial measurement period that commences on 5/1/15 and ends on 3/31/16.
- Jasmine does not average at least 130 hours a month during the standard measurement period that commences on 10/10/15 and ends on 10/9/16.

**Result for 2015**
- Jasmine is not eligible for benefits at all in 2015 because she is hired into an ACA variable hour position and her hours are being tracked in the initial measurement period.

**Result for 2016**
- Jasmine is eligible for qualifying coverage as of June 1, 2016, the start of her initial stability period.
- Jasmine is not eligible for benefits during the months of January through May of 2016 because she is still in her initial measurement period and administrative period.

**Result for 2017 and beyond**
- Jasmine is eligible for qualifying coverage until May 31, 2017, the end of her initial stability period.
- Jasmine is not eligible for coverage from June 1, 2017 through December 31, 2017 because she did not average at least 130 hours in the standard measurement that commenced on 10/10/15 and ended on 10/9/16.
- Jasmine is now considered to be an ongoing employee.
- Jasmine’s eligibility for benefits as of 1/1/18 will depend on her average hours during the standard measurement period that begins on 10/10/16 and ends on 10/9/17.
JASMINE, A NEW EMPLOYEE WHO IS HIRED AS A VARIABLE HOUR EMPLOYEE

- Jasmine is hired by the State of Arizona on April 15, 2015 into a variable hour employee position.
- Jasmine averages at least 130 hours a month during her initial measurement period that commences on 5/1/15 and ends on 3/31/16.
- Jasmine does not average at least 130 hours a month during the standard measurement period that commences on 10/10/15 and ends on 10/9/16.
• Melissa, an ongoing full-time employee of the State, terminates from employment on June 6, 2016.
• Melissa had averaged at least 130 hours a month during the prior measurement period that began on 10/10/14 and ended on 10/9/15.
• Melissa is rehired by the State on August 10, 2016, as a part-time employee scheduled to work 15 hours a week.

Result

• Melissa must be offered medical benefits as of September 1, 2016 because Melissa’s break in service was less than 13 consecutive weeks and she is treated as an ongoing employee as of her rehire date.
• Since Melissa was classified as an ACA full-time employee prior to her termination and is treated as an ongoing employee upon her rehire, she retains that ACA FT Designation until the end of the 2016 stability period.
• Melissa’s eligibility for benefits as of 1/1/17 will depend on how many hours she averages over the standard measurement period that begins on 10/10/15 and ends on 10/9/16. Melissa will be credited with 0 hours during her break in service because the break was not due to a protected leave.
Melissa, an ongoing full-time employee of the State, terminates from employment on June 6, 2015.

Melissa had averaged at least 130 hours a month during the prior measurement period that began on 10/10/14 and ended on 10/9/15.

Melissa is rehired with the State on August 10, 2016, as a part-time employee scheduled to work 15 hours a week.
ANDREA, A REHIRE WITH BREAK IN SERVICE THAT IS GREATER THAN 13 WEEKS

• Andrea, an ongoing full-time employee of the State, terminates her employment on June 6, 2016.
• Andrea had averaged at least 130 hours a month during the prior measurement period that began on 10/10/14 and ended on 10/9/15.
• Andrea is rehired with the State on November 15, 2016, as a part-time employee scheduled to work 15 hours a week.

Result
• Andrea is treated as a new hire as of November 15, 2016 because her break in service was longer than 13 consecutive weeks.
• Since Andrea is being hired into a part-time position, she is not eligible for benefits as of the date of hire.
• Andrea is subject to an initial measurement period that begins on 12/1/16 and ends on 10/31/17.
• Andrea, an ongoing full-time employee of the State, terminates her employment on June 6, 2016.
• Andrea had averaged at least 130 hours a month during the prior measurement period that began on 10/10/14 and ended on 10/9/15.
• Andrea is rehired with the State on November 15, 2016, as a part-time employee scheduled to work 15 hours a week.