

Human Resources Memorandum

SUBJECT: Employer Shared Responsibility Provisions (Penalties)	NUMBER: HR 16-005
	DATE ISSUED: January 20, 2016
DISTRIBUTION: Managers and Supervisors, and Personnel Specialist	EXPIRES: N/A

Health Insurance Marketplace Coverage Options Notice Requirements

The Affordable Care Act (ACA) requires employers to provide notices to employees with information about the Health Insurance Marketplace, known as Covered California, and employer-sponsored health coverage within 14-days of their date of hire.

Therefore, it is imperative for hiring supervisors in the regional offices to inform their assigned Personnel Specialist (PS) of any new hires prior to or by the employee's effective date. Supervisors in headquarters should inform the Human Resources Branch - Certification Unit of any new hires prior to or by the employee's effective date. If there are any changes to the employee's effective date, please alert the PS.

Penalties for employers who fail to comply with Employer Shared Responsibility provision.

No Coverage Penalty: The state may be subject to an annual \$2,000 penalty for each full-time employee (minus the first 30 full-time employees) for failure to offer health coverage to at least 95 percent of full-time employees, defined as those who average 130 or more hours of service per month, and their dependent children to avoid a penalty assessment.

Inadequate Coverage Penalty: The State may be subject to an Employer Shared Responsibility penalty in the amount of \$3,000 for any full-time employee that receives a premium tax credit for purchasing health coverage through Covered California for not meeting the law's affordability or minimum value standards.

Background

The ACA added section 6056 to the Internal Revenue Code (IRC), requiring the State of California, as a large employer, to file annual reports with the Internal Revenue Service (IRS) and furnish a statement, IRS Form 1095-C, to full-time employees with information about the health coverage offered, if any, to the employee and their dependents. Additionally, section 6055 was added to the IRC requiring health coverage providers to file annual reports with the IRS and furnish a statement, IRS Form 1095-B, to individuals with information about those who were enrolled in minimum essential health coverage (MEC) for at least one day during the preceding calendar year. Departments not fulfilling the above requirements may be subject to penalties.

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Employer Shared Responsibility Provision

On January 1, 2015, the state is subject to the ACA's Employer Shared Responsibility provision (also known as employer mandate) requiring the state to offer affordable health coverage that provides minimum value to at least 95 percent of its full-time employees [defined as employees working an average of 130 or more hours per month or during the state's 6-month measurement period January through June and July through December]. All state departments and entities are considered one employer for the purposes of the Employer Shared Responsibility provisions.

By January 31, 2016, and annually thereafter, the state will issue a Form 1095-C, via the State Controller's Office (SCO), to all federally qualified full-time employees with information about the health coverage offered, if any, to the employee and their dependents during the preceding calendar year.

If you have any questions or need assistance please contact your assigned Personnel Specialist or Cathy SooHoo, Payroll and Benefits Manager at (916) 653-9075.