

ACA compliance deadline near

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Catherine L. Campbell is a versatile and experienced appellate attorney whose practice is focused on commercial litigation and labor and employment matters.

By Phillips Murrah Director [Catherine Campbell](#)

The time is upon us when certain business employers must comply with the Affordable Care Act, or ACA. Starting on Jan. 1, along with businesses with 100 or more employees, companies with 50 to 99 employees are required to offer affordable insurance to qualified employees and their dependents.

But that is not all. The ACA requires applicable large

employers, or ALEs, to provide employees, by Jan. 31, a summary of the health care they offer (Internal Revenue Service form 1095-C), and, later, to provide that summary to the IRS (IRS form 1094-C). Together these forms tell the IRS information it will use to determine whether ALEs are affording ACA-mandated coverage, employees are eligible for health care exchange subsidies, and the coverage offered satisfies the ACA individual mandate.

Consider the following as the deadline approaches:

- **Are you an applicable large employer?**

Applicable large employer companies are employers with 50 or more full-time employees. Determining the number of full-time-equivalent employees can be tricky. For instance, if a company that employs less than 50 full-time employees is a subsidiary of a larger organization, the subsidiary could fall into the ALE category.

- **Who are full-time employees?**

The ACA defines a full-time employee as one who averages 30 or more hours per week, or at least 130 hours in a month including hours worked, and paid off-time (vacation, sick leave, and paid holiday hours).

- **Payroll:** If an employee is responsible for a portion of the cost of health care, companies must submit information sufficient to allow a determination that the provided health care is affordable to the employee. To avoid penalties, an employer must insure that premium payments by employees do not exceed a certain percentage of their wages.

The good news? After implementing procedures to capture and report the required information, future compliance should be less burdensome. The process will be similar to submitting W-2 forms.

As with other IRS requirements, there are many complex extenuating considerations. To ensure proper compliance, check with your adviser to make sure you are aware of all the details that apply to your specific circumstances.