



Play or Pay: Documenting Policies and Procedures

Clients and Friends:

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Most of our larger employee benefits clients don't have to fear Play or Pay penalties, because they already offer affordable, minimum-value coverage to substantially all employees who work full-time. *For this purpose, a "full-time" employee averages at least 30 hours per week and a "large employer" has at least 50 full-time employees (or a combination of full- and part-time employees that is equivalent to 50 FTEs.)*

If this applies to your organization then you are an "Applicable Large Employer" and beginning in early 2016 you will need to file very detailed information to the IRS to show how you complied with the ACA's Employer Shared Responsibility provision that we call "Play or Pay." You will use IRS Form 1094-C to provide summary information about your health insurance, and Form 1095-C to report detailed information about each of your employees and family members (e.g., the name and TIN for each covered individual and the months for which the individual was enrolled and entitled to receive benefits). Plus, 1095-C statements must be distributed to each of your employees by January 31.

In order to provide the required information in a timely way, we strongly recommend that you begin documenting your policies and practices now, by creating an "ACA Policy Statement" that would put in one place all of the information listed here:

- ◆ Acknowledgement of your status as an Applicable Large Employer
- ◆ Statement as to whether coverage is offered to substantially all full-time employees
- ◆ Definition of full-time vs. part-time
- ◆ Identification of Employee Contribution/Applicable Safe Harbors used
- ◆ Identification of measurement method (look-back or monthly) for different employee groups
- ◆ Acknowledgement that one of your offered health plans provides minimum value coverage
- ◆ And if you have "variable hour" employees, your:
 - ◇ Look-back measurement period for current employees and new hires
 - ◇ Stability (coverage) period for current employees and new hires
 - ◇ Administrative period for current employees and new hires

In addition, it's also a good practice to communicate certain Play or Pay information to your employees through your Employee Handbook, and to update your Summary Plan Description, Group Master Application and, if applicable, your bargaining agreements.

If you have questions about Play or Pay provisions or reporting, or need help with analysis of your employee population and your current policies, call your Account Manager directly, or call the Benefits Helpline at 206.957.7066. You can also find us by email at Questions@SIGinsures.com.