HENDERSON BROTHERS®

EXPECT AN EXPERT

# ACA Workbook

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# Measuring & Tracking Hours

**Following this discussion you should be able to:**

- Select measurement periods
- Know how to track hours for new hires
- Understand how a new hire transitions to an ongoing employee
- Know what hours to credit during gaps in hours of service
- Develop payroll codes for noting gaps in hours of service
- Understand the difference between the 13 week standard and the rule of parity when applied to gaps in employment
- Understand when to offer coverage when employee status changes

# Summary of ACA

## Understanding "Play or Pay"

Beginning **January 1st, 2015**, health reform requires that **applicable large employers** provide **minimum essential coverage** to **full-time employees** working an average of 30 or more hours a week. A full-time employee must not wait for coverage for more than 90 days after date of hire *and* the health plan offered must provide **minimum value benefits** at an **affordable** cost for single-only coverage.

Employer coverage must be available to employees and their dependents, but the law does not require coverage be extended to the spouse.

Employers may be subject to penalities if these requirements are not fulfilled.

**ASK AN EXPERT**

## Frequently asked questions on Play or Pay

**What is an applicable large employer?**
Any company that employs 50 or more full-time & full-time equivalents (FT & FTEs).

**How do I determine if I employ 50 or more FT + FTEs?**
Under transition relief you may select any six consecutive month period in 2014 to determine what you are for 2015. Your Henderson Brothers **EXPERT** can provide an exhibit that will help you to determine this.

**What is minimum essential coverage (MEC)?**
Comprehensive major medical coverage.

**What are minimum value benefits?**
Benefits provided under a MEC plan meeting an actuarial value (AV) of 60% or more.

**What is affordable coverage?**
Single-only health coverage equal to or less than 9.5% of a taxpayer's household income (Modified Adjusted Gross Household Income).

**What happens if I don't offer minimum essential coverage?**
You could be faced with the Play or Pay subsection (a) penalty of $166.67 per month (2K per year) for all full-time employees. It takes only one employee to trigger this big penalty. This formula below reflects annual liability:

For 2015: Total FT - 80 x 2K = ____
For 2016: Total FT - 30 x 2K = ____

Penalty amounts will fluctuate monthly based on full-time employee count.

# Section 4980H Continued



### Margin of Error Rule (95% Standard)

Large employers must offer MEC to 95% (70% in 2015) or more of its full-time employees to avoid the subsection (a) penalty.

**ASK AN EXPERT**

**When a large employer member company decides not to offer coverage to a portion of its full-time staff, must the 5% margin (30% for 2015) be prorated across all member companies of the aggregate organization the way the 30-employee reduction (80- employee in 2015) applies?**

Although the 30-employee reduction (or 80-employee in 2015) is prorated across all member companies for the 4980H subsection (a) penalty calculation, the 95% margin of error (70% in 2015) is determined on member by member basis. Each member company will have its own 30% threshold in 2015, therefore proration across member companies does not apply.

### Determining compliance date for Play or Pay

Large employers with an ERISA calendar year plan must comply with the Play or Pay January 1st, 2015. If you file a calendar year 5500 for your ERISA group health plan but have a group health plan renewal date of July 1st, your Play or Pay date is your ERISA plan year date (January 1st).

Some employers may qualify for transition relief enabling them to defer Play or Pay compliance obligations until their fiscal ERISA plan year. Relief applies only to large employers that maintained a non-calendar year plan as of December 27th, 2012, that was not modified after December 27th, 2012, to begin at a later date.

### Determining qualification for transition relief

There are several methods to determine whether a fiscal year plan qualifies for this transition relief. The most liberal method (qualifier) is **Additional Significant Percentage Transition Relief using Full-time**, where:

Transition relief applies and no penalty will be assessed to the employer until it fiscal year plan year date if

- at least 1/3 of its full-time employees are covered under the non-calendar year plan(s) or,
- offered coverage under the plan(s) to 1/2 or more of its full-time employees during the open enrollment period that ended most recently before February 9th, 2014.

# Measuring Hours of Service

## Know the coverage requirements for each type of employee

It is important to run reports measuring the hours of service for **all** employees to determine classification and eligibility for coverage. Most employees will fall into of four basic categories as exhibited below:

**Full-time Employees**
Average 30+ hours

**OFFER COVERAGE**

**Variable Hour Employees & Part-time Employees**

**ELECT SAFE HARBOR & MEASURE HOURS**

**Seasonal Employees**
Maximum 6 months

**ELECT SAFE HARBOR & MEASURE HOURS**

**Full-time Short-term Employees**
Work 90 days full-time or fewer

**DON'T OFFER COVERAGE**

## Use measurement periods to gather data to determine employee classification

Establish a **look-back ("measurement") period** to determine an employee's full-time status. This may last from three to 12 months and must be monitored for **all** employees and should be uniform for employees in the same category. Employers have latitude to adopt different measurement periods for four permissible categories:

1. Collectively bargained and non-collectively bargained employees
2. Employees covered by different collective-bargaining agreements
3. Salaried or hourly employees
4. Primary places of employment in different states

## Use administration periods to evaluate employee classification

An **administration period** can be established directly after the measurement period to run look-back reports and offer coverage to full-time employees. This may last from one to 90 days.

## Use stability periods to offer coverage

Establish a **stability period** after the administration period to cover full-time employees. This may last from six to 12 months, and in most cases should last for the same duration as the measurement period. Henderson Brothers suggests employers run their stability period concurrently with their plan year.

## Making adjustments when pulling data from payroll records

Employers can make certain adjustments for pay periods. For example, an employer using a calendar year look-back period could exclude the entire pay period that includes January 1st, as long as it captures the entire pay period, including December 31st.

# Measuring Hours of Service

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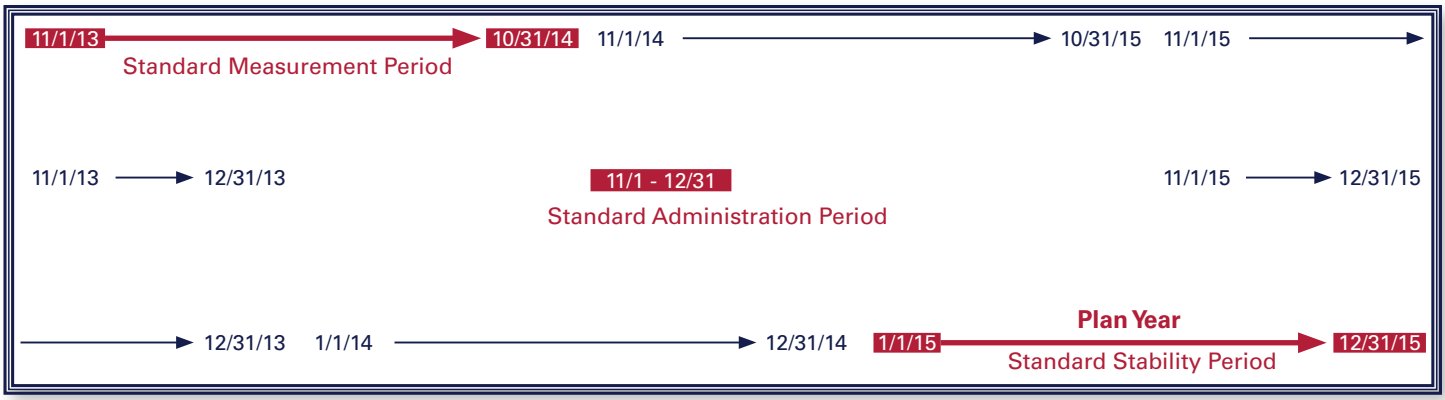
# Measuring Hours of Service

## LOOK BACK AND STABILITY PERIODS FOR PLAN YEAR BEGINNING JANUARY 1ST

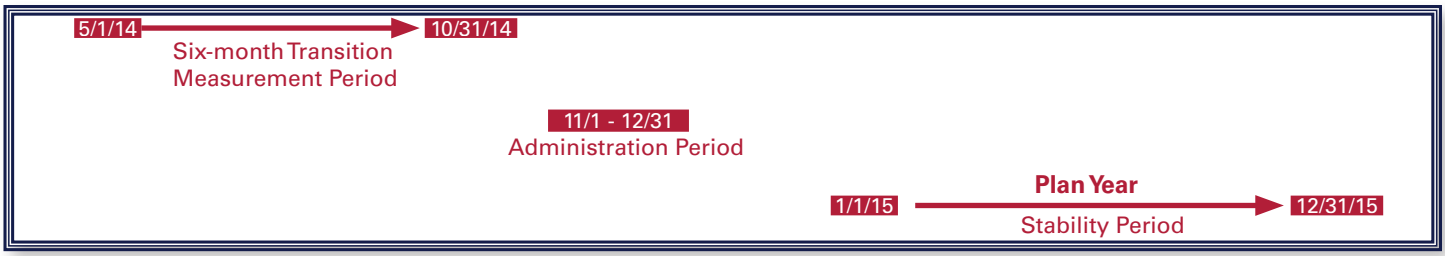



### Transition period heading into 2015

For stability periods beginning in 2015, employers may use an initial transition measurement period shorter than 12 months with a 12 month stability period.

The transition measurement period must be six months or more, begin no later than July 1, 2014, and end no more than 90 days before the stability period begins.

## UTILIZING THE TRANSITION MEASUREMENT PERIOD



# Tracking Hours for New Part-Time Hires

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### Tracking hours for new hires

New part-time (including variable or seasonal) hires have their own **initial measurement, administrative, and stability periods**. These measurement periods should be monitored for **all** new hires that aren't full-time. At the conclusion of every measurement period, evaluate who must be offered coverage.

Constantly hiring employers should be running monthly reports to determine which new hires must be offered coverage.

**TAKE NOTE**

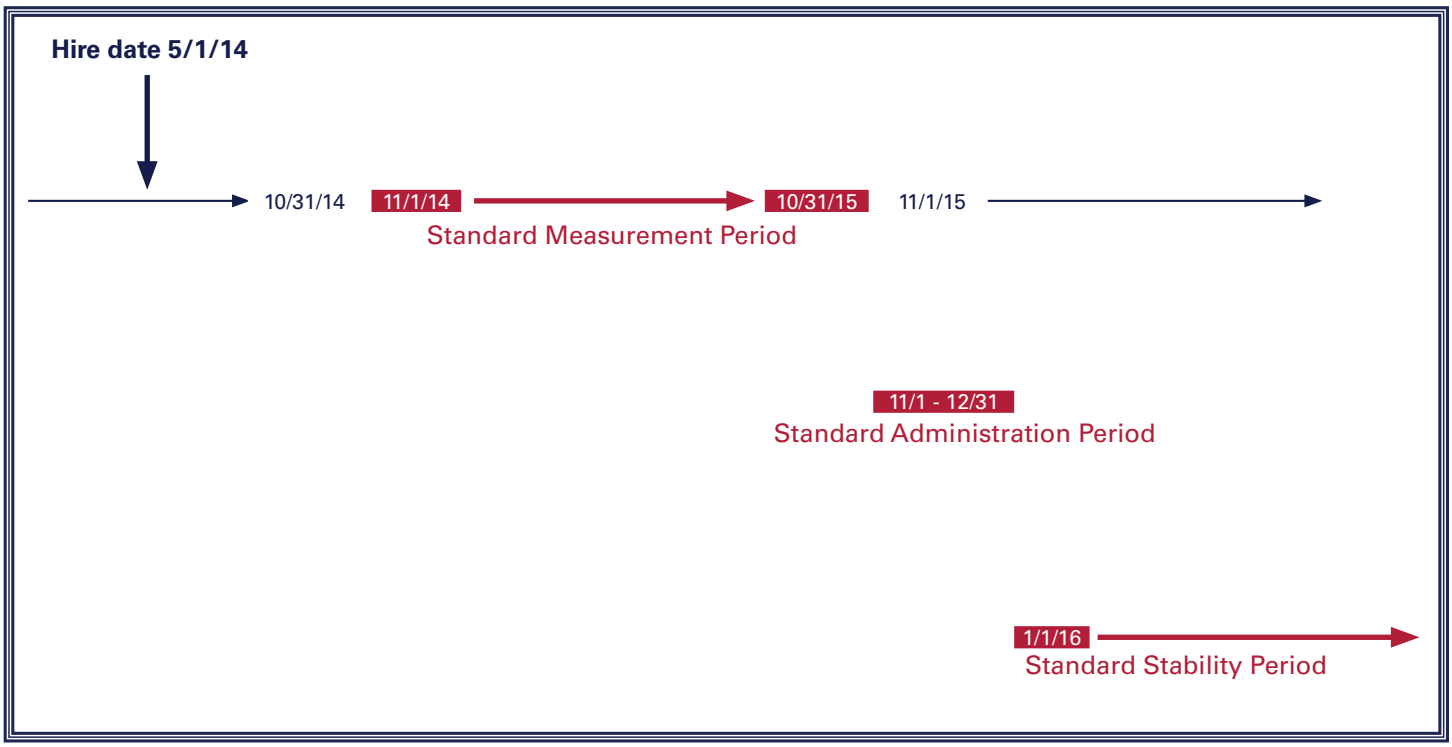
**Tracking is necessary for new hires starting during your initial standard measurement period. Part-time new hires should have their own new hire measurement period beginning on date of hire or very shortly thereafter.**

**Employers that adopt a 12 month measurement and stability period for ongoing employees must adopt a 12 month measurement and stability period for new hires. New hires not expected to work full-time should have their own measurement period beginning on the date of hire or shortly thereafter. Regulations require that new hires who are deemed full-time at the conclusion of their own measurement period should be entitled to enroll in the group health plan no later than the first day of the 14th month following date of hire.**

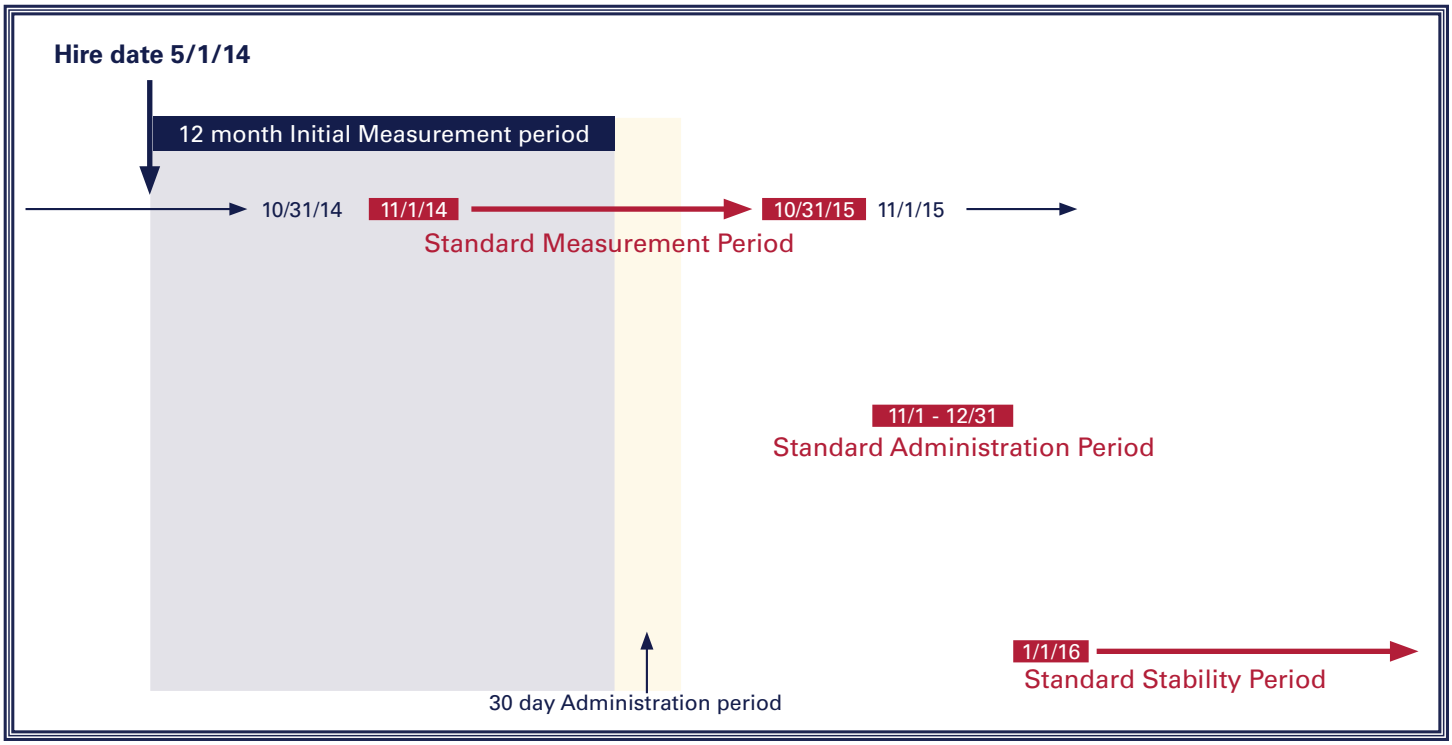
**Alternative measurement period for new hires: The regulations allow employers to use an 11 month measurement period with a 12 month stability period so that the administrative period can be longer. This alternative arrangement will give employers more than one short month to evaluate hours and offer coverage. Employees deemed full-time at the conclusion of the 11 month measurement must be entitled to enroll in the plan no later than the 14th month following date of hire as indicated above under the 12 month measurement approach.**

# Measuring Hours of Service for Part-Time New Hires

## NEW PART-TIME EMPLOYEE HIRED MAY 1st 2014




## NEW HIRE INITIAL MEASUREMENT AND ADMINISTRATION PERIOD



# Hours of Service for Part-Time New Hires and Ongoing Employees

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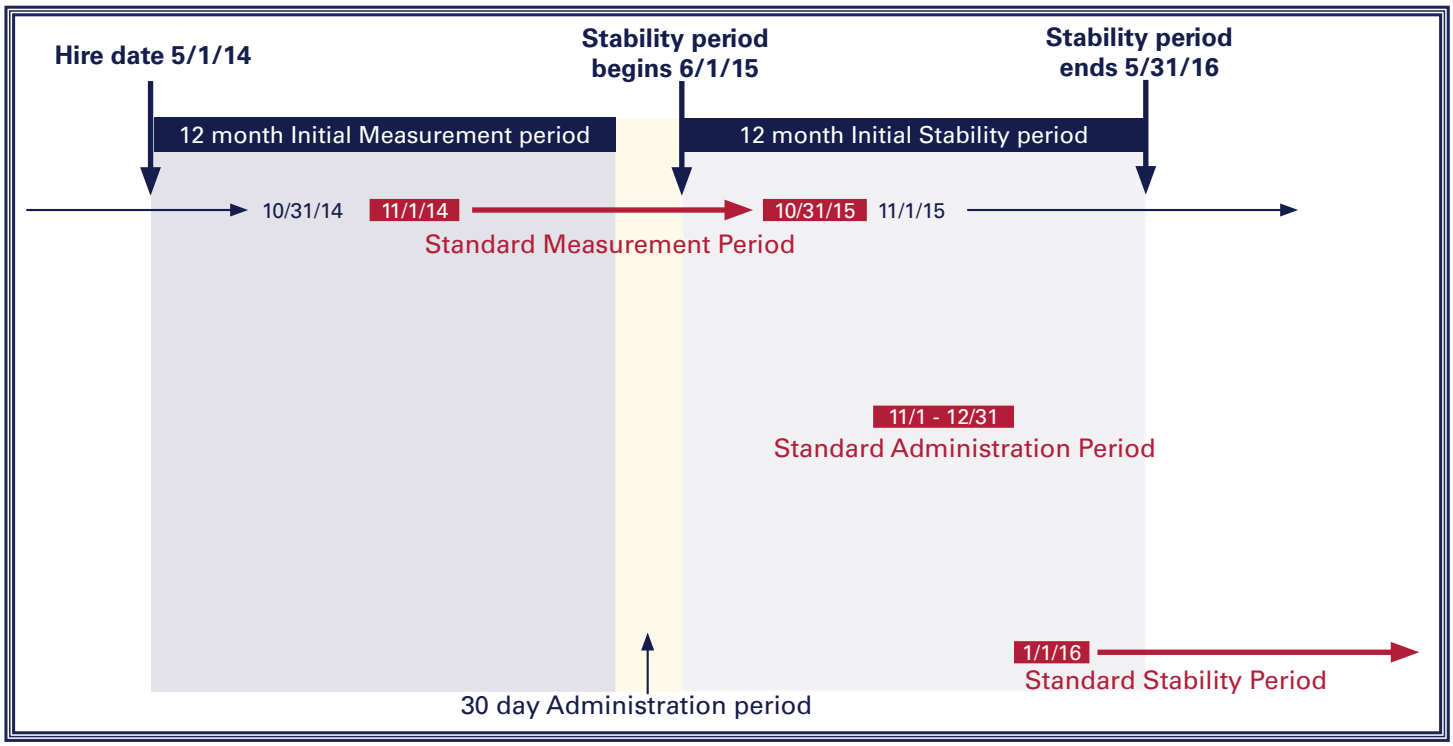
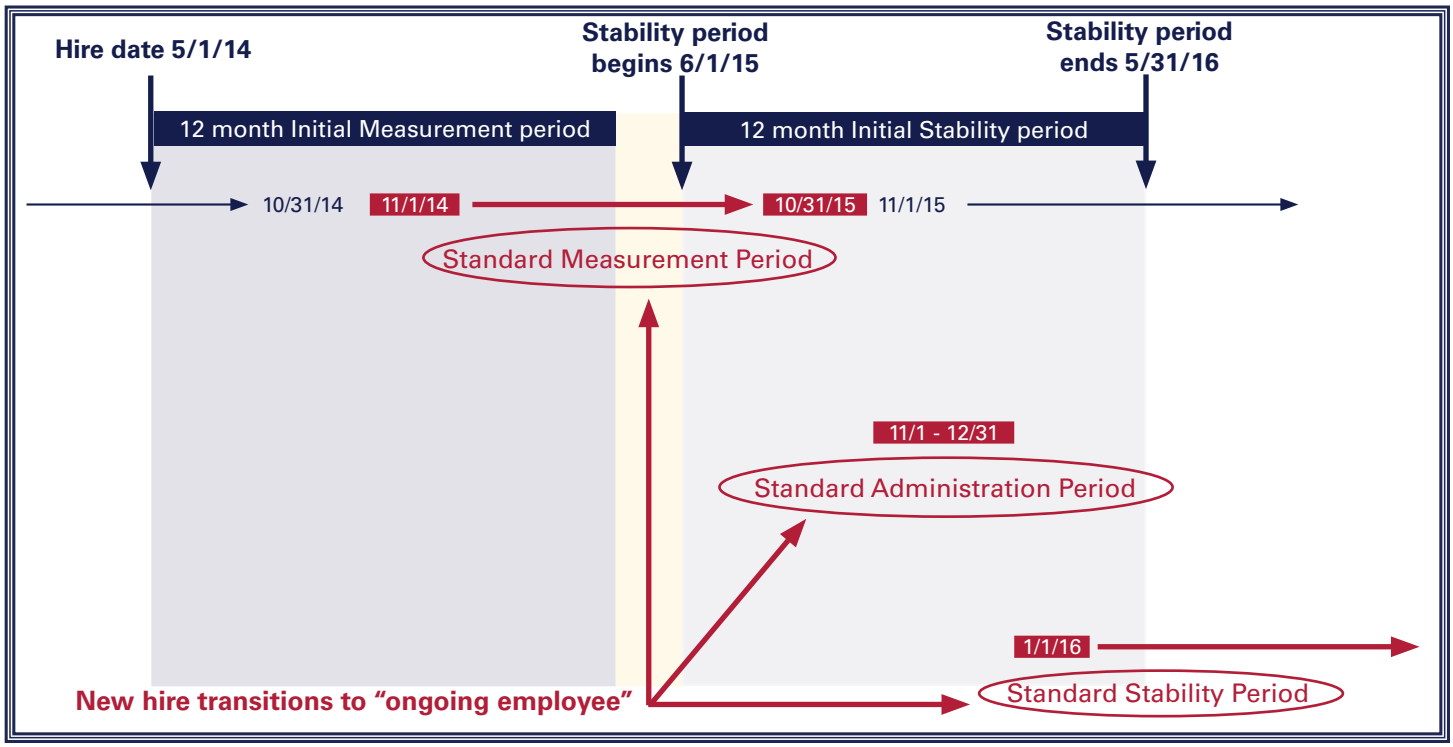
## NEW HIRE INITIAL STABILITY PERIOD




A new hire transitions to an ongoing employee when the individual is employed over the entire course of a standard measurement period.

## NEW HIRE TRANSITIONING TO AN ONGOING EMPLOYEE

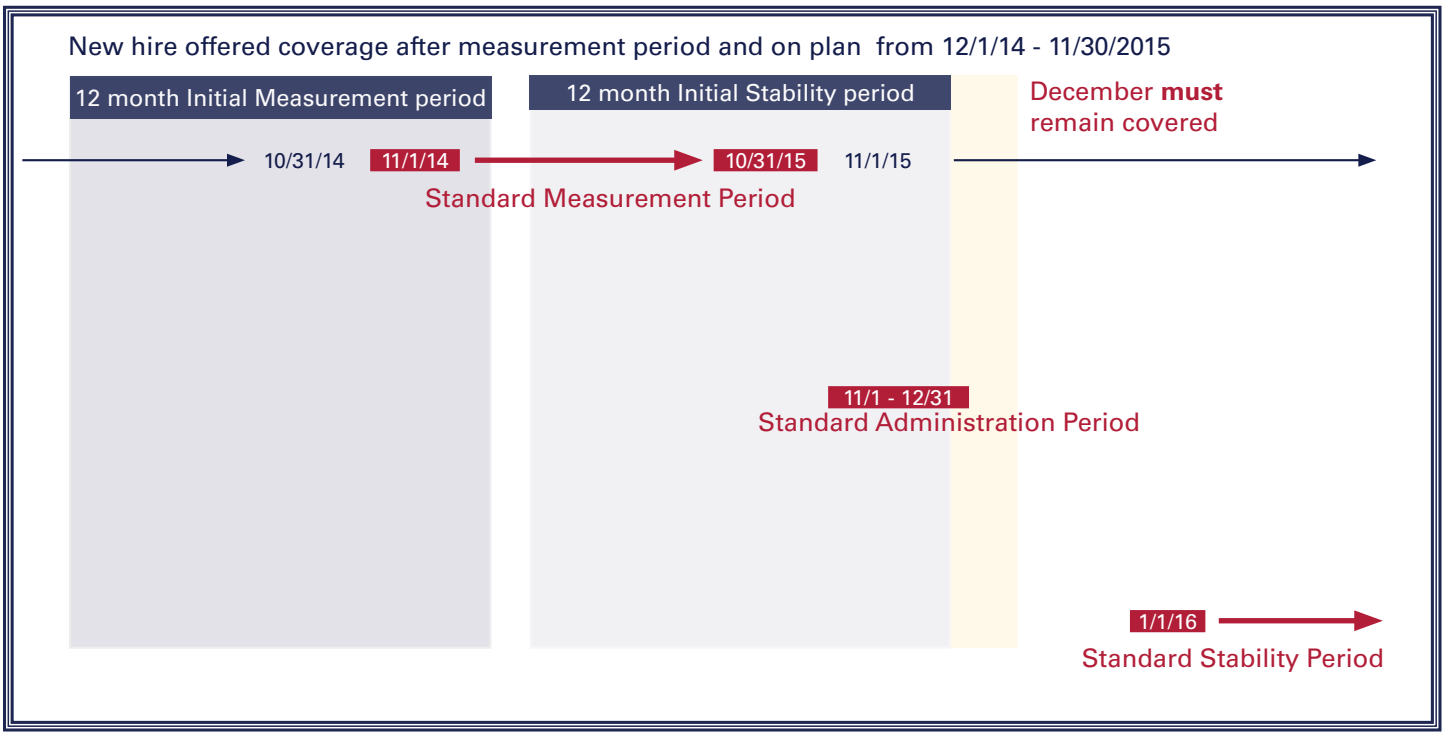


# Continuing Coverage for New Hires

### New employees hired shortly after standard measurement period for ongoing employees begins

In rare circumstances, a new hire could have a one-month gap with no coverage between the end of their initial stability period and the beginning of the company standard stability period. Should this occur, it is important to ensure there are no unusual gaps in the employee's coverage.

### HANDLING UNUSUAL GAPS IN COVERAGE AT THE END OF INITIAL STABILITY PERIOD




### New hire declines coverage for the initial stability period

If a new hire, determined to be full-time during the initial measurement period, declines coverage for the initial stability period, he can make a mid-year, prospective change in his election during the initial stability period that is consistent with IRS 125 mid-year change rules. The employer's Cafeteria plan must permit the change:

- assuming that the employer's cafeteria plan allows for mid-year prospective election changes due to such qualifying event; and
- for the remainder of the initial stability period.

Open enrollment for a company's standard stability period is not a qualifying event.

# Counting & Tracking Hours of Service

1

## Hours of services employers must count

1. Each hour for which an employee is **paid, or entitled to payment** for the performance of duties for the employer and

2. Each hour for which an employee is **paid, or entitled to payment** by the employer, for a period of time during which no duties are performed due to:
   - vacation
   - holiday
   - illness
   - incapacity (including disability)
   - layoff
   - leave of absence
   - co-paid Short-Term Disability benefits
   - co-paid Long-Term Disability benefits

3. Unpaid leave due to:
   - jury duty
   - military duty

4. Unpaid qualified leave (Family Medical Leave)

## Tracking hours of service in payroll

Work with payroll to assign special codes for:

- Family Medical Leave (FMLA)
- vacation
- worker's compensation
- receiving co-paid Short-Term Disability benefits
- receiving co-paid Long-Term Disability benefits
- paid layoff
- unpaid layoff
- jury duty
- military duty

Henderson recommends preparing ahead of time by being proactive in coming up with codes.

**ASK AN EXPERT**

Paid leave must be counted as hours of service when determining full-time status, regardless of length of leave time.

As of now, you can credit "0" hours for WC disability after qualified unpaid leave (FMLA) has expired. Additional guidance is needed.

# Counting & Tracking Hours of Service

**Crediting hours during disability when disability insurance premiums are paid by the employee**

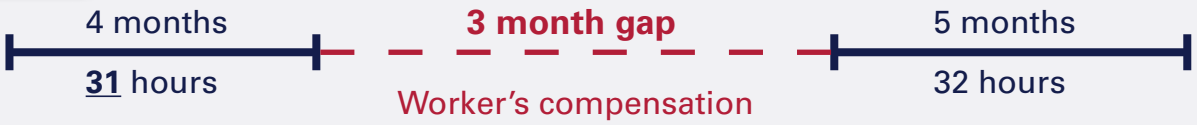
The ACA employer mandate regulations provide that an employee is entitled to credit for each hour of service for which an employee is "entitled to payment by the **employer** for a period of time during which no duties are performed."

The ACA employer mandate suggests that hours of service do not have to be credited for periods during which an employee receives disability benefits which are funded 100% by voluntary employee contributions.

It also makes a strong case for the argument that hours of service must be credited if the employee and the employer contribute towards the cost of disability coverage.

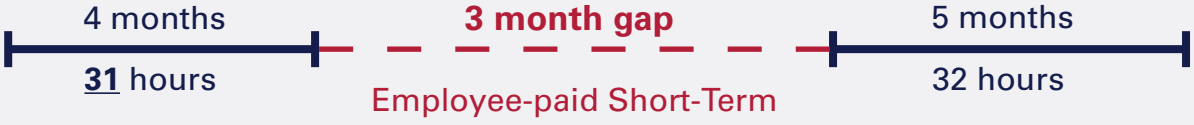
**However, ACA employer mandate regulations are vague and government agencies have not issued specific guidance on them. For now, the conservative approach to take is crediting hours of service when disability payments are provided under an employer's plan, regardless of whether premiums are paid (in whole or in part) by the employer or employee.**

## EXAMPLE 1 THREE MONTH GAP: WORKER'S COMPENSATION




**= "0" hours**

## EXAMPLE 2 THREE MONTH GAP: EMPLOYEE-PAID SHORT-TERM DISABILITY



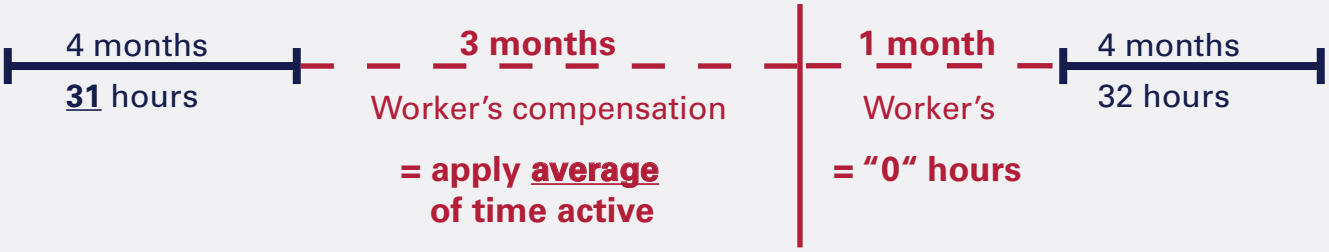

**= apply average of time active**

# Counting & Tracking Hours of Service

1

## EXAMPLE 3 THREE MONTH GAP: QUALIFIED FMLA


## EXAMPLE 4 FOUR MONTH GAP: WORKER'S COMPENSATION AND FMLA




## EXAMPLE 5 FOUR MONTH GAP: LONG-TERM DISABILITY AND FMLA

# Rehires & Continuing Employees

### Defining rehires and continuing employees

You may apply the following rules to determine whether a employee returning to work after a separation from employment is considered a **rehire** or a **continuing employee**:

## REHIRE (13 WEEK STANDARD)

An employee returning after **13 consecutive weeks or more** following the separation date (26 weeks or more for educational organizations) is a rehire. This 13 or 26 week period is referred to as a "break-in-service".

Employees who were on the plan prior to break **must resatisfy the new hire wait.**

## REHIRE (RULE OF PARITY)

An employee whose break-in-service **exceeds 4 consecutive weeks and the number of weeks in which the employee was employed** is a rehire.

Employees who were on the plan prior to break **must resatisfy the new hire wait.**

If an employee worked six weeks and has a eight-week consecutive gap in employment during which no hours were credited, you can treat the employee as a rehire after the eight week period.

Sufficient records must be maintained if this rule is applied.

## CONTINUING EMPLOYEE

An employee returning to work **within 13 weeks** following termination of employment (26 weeks for education) **or** an employee returning to employment following a break that is **shorter in duration than employment prior to break** (rule of parity) is a continuing employee. The rule of parity will not apply to continuing employees.

The employee **must be on plan by the first day of the month following the return date if coverage is elected**.

If an employee who was insured on the plan prior to separation of employment returns to work April 3rd, coverage must be offered by May 1st.

# Rehires & Continuing Employees

1

### Knowing when to use the 13-week rule vs. the rule of parity

The **13-week rule** and **rule of parity** apply in different situations. **Rule of parity** is optional for employers.

If a rehired employee's break in service (i.e., period in which he or she is not credited with hours of service) lasts for at least 13 consecutive weeks, the returning employee may be treated as a new employee.

By contrast, the "rule of parity" applies, at the employer's option, only if:

1. the employer has adopted the rule of parity (i.e., it is a discretionary not mandatory rule), and
2. the rehired employee's break in service:
    - was at least 4 consecutive weeks but shorter than 13 consecutive weeks (the employer selects the length of this period and should apply this on a uniform and consistent basis), and
    - was longer than the individual's period of employment prior to the break.

The employer can choose not to use the **rule of parity** for breaks in service of between 4 and 13 weeks (and that are longer than the period of service prior to the break).

However, for breaks in service of at least 13 weeks, the **13 week rule** would apply. An employer may determine that it is not advantageous to use the rule of parity, and may, therefore, elect to treat an employee who had a break in service of between 4 and 13 weeks as a continuing employee.

**ASK AN EXPERT**

## REHIRE OR CONTINUING EMPLOYEE?


According to the **13 week standard**, the individual is a **continuing employee**.

According to the **rule of parity**, the individual is a **rehire**.

**Why is the individual a rehire according to the rule of parity?**

The break period is more than four weeks, **and it is longer** than the period of time that the individual worked prior to separation.

# Changes in Employee Status Shortly After Hire

### Change in job classification from full-time to part-time while on plan

You may begin to apply the **monthly measurement period** when a full-time individual changes to part-time status shortly after hire.

Employees working less than 30 hours per week (or 130 hours) in the first calendar month following the change in employment status can be offered COBRA beginning with that month.

However, if an employee works more than 30 hours per week (30 hours) during the second calendar month following the status change, COBRA coverage must cease and the employee must be offered "non-COBRA" coverage under the employer's health plan. Otherwise, the employer will face 4980H penalties, unless this occurs during the first three calendar months of the employee's employment.

### Change in job classification from part-time to full-time

If a change in employment status makes an employee eligible for coverage during the initial measurement period, affordable, minimum value coverage must be offered on the first day of the fourth calendar month following the change in employment status. Employers meeting this requirement will not be subject to assessable payment.

This rule also applies to employee changes from variable hour, part-time, seasonal status to full-time status during the initial measurement period.

Employers should apply their standard new hire wait following change in classification

**EXAMPLE** **STATUS CHANGE DURING INITIAL MEASUREMENT PERIOD**

Employee is expected to work 25 hours per week at the time of hire. Coverage is not offered and employee is classified as "part-time". New full-time position opens and employee is promoted to full-time employment (40 hours per week) on May 15th. Affordable Minimum Value Coverage is offered September 1st. No penalty is assessed.

# Changes in Employee Status During Stability Period

1

### Using the standard approach to a change in job classification during the stability period

If a part-time employee ineligible for coverage is promoted to full-time status during the stability period, the employee will remain ineligible for the remainder of that stability period.

An employee's status at the end of each measurement period determines eligibility during the stability period.

Similarly, if a full-time employee enrolled in coverage becomes part-time in the middle of a stability period, that employee will continue on the plan until the conclusion of that stability period.

### Using an alternative approach to a change in job classification during the stability period

Large employers may begin to apply the **monthly measurement method*** in lieu of maintaining coverage for an employee during the entire duration of the stability period when a change to part-time status occurs. The following criteria must be met before this approach may be used:

- The employee transfers to a position that would have been considered part-time if the employee had been originally hired in that position, and
- The employee actually averages less than 30 hours per week for each of the three full calendar months after the transfer, and
- The employer has continuously offered minimum-value coverage to the employee starting no later than the first day of the calendar month after the employee's first three months of employment up through the calendar month in which the job classification occurs (**it is not required that the employee be enrolled continuously since within four months of the date of hire**).

** Under the monthly measurement method the employer determines each employee's status as a full-time employee by counting the employee's hours of service for each calendar month.*

**The plan must continue to be affordablewhen a full-time employee changes to part-time during the stability period if the employer intends to limit its exposure to the subsection (b) $3,000 penalty**

# Affordability Safe Harbors

**Following this discussion you should be able to:**

- Evaluate contribution structure to determine whether the plan is deemed afforadable for single-only coverage

- Understand the affordability Safe Harbors to determine the proper course of action if afforability is a concern

# Unaffordable Plans & Available Safe Harbors

**What is unaffordable coverage?**

An "unaffordable" plan has a required employee single-only contribution exceeding 9.5% of the applicable taxpayer's household income (MAGI).

**What happens if the coverage is unaffordable?**

Subsection (b) penalty of $250 per month ($3,000 per year) will apply, but is only incurred when an employee enrolls in Exchange coverage, qualifies for subsidies, and reports your coverage as unaffordable and/or lacking minimum value coverage. The $3,000 penalty applies only to employees enrolling in Exchange coverage with federal assistance. This does **not** apply to every full-time employee.

## W-2 AFFORDABILITY SAFE HARBOR

**The employee contribution for single-only may not exceed 9.5% of the individual's W-2 Box 1 wage.**

Employers must use wages in Box 1 of the W-2. These wages include deferrals for Section 125 benefits, 401(k) or 403(b) contributions. This could be an issue for any low wage employees, especially if they are contributing towards Employee + Spouse or Family coverage.

This is a retrospective test conducted at the end of the calendar year.

## RATE OF PAY AFFORDABILITY SAFE HARBOR

Hourly rate of pay x 130 = Monthly Wage Amount

Monthly Wage Amount x .095 = Affordable single-only coverage

Use monthly salary for salaried employees.

This designed-based prospective test compares the month single-only contribution to employee's rate of pay x 130 hours.

## FEDERAL POVERTY LEVEL AFFORDABILITY SAFE HARBOR

This design-based safe harbor uses the federal poverty line for a single individual.

Use the most recently published poverty guidelines as of the first day of plan year (maximum $92 for 2014).

# Affordability Test: Hourly Rates & Contribution Ceiling

2

**Affordability Test - 9.5% Single-only Contribution Ceiling**

| 40 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (2080 hrs) | $16,640 | $18,720 | $20,800 | $22,880 | $24,960 | $27,040 | $29,120 | $31,200 | $33,280 | $35,360 |
| 9.5% Annual | $1,580.80 | $1,778.40 | $1,976.00 | $2,173.60 | $2,371.20 | $2,568.80 | $2,766.40 | $2,964.00 | $3,161.60 | $3,359.20 |
| **9.5% Mthly** | **$131.73** | **$148.20** | **$164.67** | **$181.13** | **$197.60** | **$214.07** | **$230.53** | **$247.00** | **$263.47** | **$279.93** |

| 39 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (2028 hrs) | $16,224 | $18,252 | $20,280 | $22,308 | $24,336 | $26,364 | $28,392 | $30,420 | $32,448 | $34,476 |
| 9.5% Annual | $1,541.28 | $1,733.94 | $1,926.60 | $2,119.26 | $2,311.92 | $2,504.58 | $2,697.24 | $2,889.90 | $3,082.56 | $3,275.22 |
| **9.5% Mthly** | **$128.44** | **$144.50** | **$160.55** | **$176.61** | **$192.66** | **$208.72** | **$224.77** | **$240.83** | **$256.88** | **$272.94** |

| 38 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (1976 hrs) | $15,808 | $17,784 | $19,760 | $21,736 | $23,712 | $25,688 | $27,664 | $29,640 | $31,616 | $33,592 |
| 9.5% Annual | $1,501.76 | $1,689.48 | $1,877.20 | $2,064.92 | $2,252.64 | $2,440.36 | $2,628.08 | $2,815.80 | $3,003.52 | $3,191.24 |
| **9.5% Mthly** | **$125.15** | **$140.79** | **$156.43** | **$172.08** | **$187.72** | **$203.36** | **$219.01** | **$234.65** | **$250.29** | **$265.94** |

| 37 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (1924 hrs) | $15,392 | $17,316 | $19,240 | $21,164 | $23,088 | $25,012 | $26,936 | $28,860 | $30,784 | $32,708 |
| 9.5% Annual | $1,462.24 | $1,645.02 | $1,827.80 | $2,010.58 | $2,193.36 | $2,376.14 | $2,558.92 | $2,741.70 | $2,924.48 | $3,107.26 |
| **9.5% Mthly** | **$121.85** | **$137.09** | **$152.32** | **$167.55** | **$182.78** | **$198.01** | **$213.24** | **$228.48** | **$243.71** | **$258.94** |

| 36 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (1872 hrs) | $14,976 | $16,848 | $18,720 | $20,592 | $22,464 | $24,336 | $26,208 | $28,080 | $29,952 | $31,824 |
| 9.5% Annual | $1,422.72 | $1,600.56 | $1,778.40 | $1,956.24 | $2,134.08 | $2,311.92 | $2,489.76 | $2,667.60 | $2,845.44 | $3,023.28 |
| **9.5% Mthly** | **$118.56** | **$133.38** | **$148.20** | **$163.02** | **$177.84** | **$192.66** | **$207.48** | **$222.30** | **$237.12** | **$251.94** |

| 35 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (1820 hrs) | $14,560 | $16,380 | $18,200 | $20,020 | $21,840 | $23,660 | $25,480 | $27,300 | $29,120 | $30,940 |
| 9.5% Annual | $1,383.20 | $1,556.10 | $1,729.00 | $1,901.90 | $2,074.80 | $2,247.70 | $2,420.60 | $2,593.50 | $2,766.40 | $2,939.30 |
| **9.5% Mthly** | **$115.27** | **$129.68** | **$144.08** | **$158.49** | **$172.90** | **$187.31** | **$201.72** | **$216.13** | **$230.53** | **$244.94** |

| 34 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (1768 hrs) | $14,144 | $15,912 | $17,680 | $19,448 | $21,216 | $22,984 | $24,752 | $26,520 | $28,288 | $30,056 |
| 9.5% Annual | $1,343.68 | $1,511.64 | $1,679.60 | $1,847.56 | $2,015.52 | $2,183.48 | $2,351.44 | $2,519.40 | $2,687.36 | $2,855.32 |
| **9.5% Mthly** | **$111.97** | **$125.97** | **$139.97** | **$153.96** | **$167.96** | **$181.96** | **$195.95** | **$209.95** | **$223.95** | **$237.94** |

| 33 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (1716 hrs) | $13,728 | $15,444 | $17,160 | $18,876 | $20,592 | $22,308 | $24,024 | $25,740 | $27,456 | $29,172 |
| 9.5% Annual | $1,304.16 | $1,467.18 | $1,630.20 | $1,793.22 | $1,956.24 | $2,119.26 | $2,282.28 | $2,445.30 | $2,608.32 | $2,771.34 |
| **9.5% Mthly** | **$108.68** | **$122.27** | **$135.85** | **$149.44** | **$163.02** | **$176.61** | **$190.19** | **$203.78** | **$217.36** | **$230.95** |

| 32 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (1664 hrs) | $13,312 | $14,976 | $16,640 | $18,304 | $19,968 | $21,632 | $23,296 | $24,960 | $26,624 | $28,288 |
| 9.5% Annual | $1,264.64 | $1,422.72 | $1,580.80 | $1,738.88 | $1,896.96 | $2,055.04 | $2,213.12 | $2,371.20 | $2,529.28 | $2,687.36 |
| **9.5% Mthly** | **$105.39** | **$118.56** | **$131.73** | **$144.91** | **$158.08** | **$171.25** | **$184.43** | **$197.60** | **$210.77** | **$223.95** |

| 31 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (1612 hrs) | $12,896 | $14,508 | $16,120 | $17,732 | $19,344 | $20,956 | $22,568 | $24,180 | $25,792 | $27,404 |
| 9.5% Annual | $1,225.12 | $1,378.26 | $1,531.40 | $1,684.54 | $1,837.68 | $1,990.82 | $2,143.96 | $2,297.10 | $2,450.24 | $2,603.38 |
| **9.5% Mthly** | **$102.09** | **$114.86** | **$127.62** | **$140.38** | **$153.14** | **$165.90** | **$178.66** | **$191.43** | **$204.19** | **$216.95** |

| 30 HOURS | $8 | $9 | $10 | $11 | $12 | $13 | $14 | $15 | $16 | $17 |
|---|---|---|---|---|---|---|---|---|---|---|
| Annual (1560 hrs) | $12,480 | $14,040 | $15,600 | $17,160 | $18,720 | $20,280 | $21,840 | $23,400 | $24,960 | $26,520 |
| 9.5% Annual | $1,185.60 | $1,333.80 | $1,482.00 | $1,630.20 | $1,778.40 | $1,926.60 | $2,074.80 | $2,223.00 | $2,371.20 | $2,519.40 |
| **9.5% Mthly** | **$98.80** | **$111.15** | **$123.50** | **$135.85** | **$148.20** | **$160.55** | **$172.90** | **$185.25** | **$197.60** | **$209.95** |

# Adopting No Safe Harbor

### Adopting W-2 Safe Harbor

| Couple files Joint Tax Return | Income | Employer elects W-2 safe harbor for affordability (.095 of Box 1) | Employer penalized | Qualifies for Premium Assistance |
|---|---|---|---|---|
| Household (MAGI) | $28,000 | | | |
| Employee (FT @ $9) | $18,720 | **$148.00** single only (co. charges .095 of current box 1 wage to date) | No | No * |
| Spouse (PT @ $8) | $9,280 | Eligible to enroll as spouse (E+S $800 per month) | No | No * |

### Charging a Flat Amount to All Employees

| Couple files Joint Tax Return | Income | Employer Does **Not Elect A Safe Harbor** for Affordability. Charges same single-only rate to all employees. Employee & spouse qualify for premium assistance in Exchange if single-only exceeds .095 of MAGI | Employer penalized | Qualifies for Premium Assistance |
|---|---|---|---|---|
| Household (MAGI) | $28,000 | | | |
| Employee (FT @ $9) | $18,720 | **$200.00** single only (same charged to all employees) | No | No * |
| Spouse (PT @ $8) | $9,280 | Eligible to enroll as spouse (E+S $800) | No | No * |

| Couple files Joint Tax Return | Income | Employer Does **Not Elect A Safe Harbor** for Affordability. Charges same single-only rate to all employees. Employee & spouse qualify for premium assistance in Exchange if single-only exceeds .095 of MAGI | Employer penalized | Qualifies for Premium Assistance |
|---|---|---|---|---|
| Household (MAGI) | $28,000 | | | |
| Employee (FT @ $9) | $18,720 | **$225** single-only (same charged to all employees) | Yes | Yes |
| Spouse (PT @ $8) | $9,280 | Eligible to enroll as spouse (E+S $800) | No | Yes |

Compare estimated co. subsidy between approaches.

Could overall co. cost be less if ABC does not elect a safe harbor and charges $225 single only contribution to all, expecting that it is less than .095 of MAGI for majority of employees?

$28,000 (MAGI) x .095 = $2,660
$2,660 / 12 = **$221.67** (maximum single-only based on MAGI)
If Employee and spouse file joint tax return and both are entitled to enroll in ABC plan, coverage just has to be affordable for Employee.

* Employee and spouse can qualify for premium assistance if the contribution for single-only is greater than .095 of MAGI (this can occur even if single-only coverage with ABC Co. for employee is less than .095 of W-2 box 1 wage). This scenario occurs when MAGI is LESS than Box 1 wages (i.e., child support)

# Exchange Notice

**Following this discussion you should be able to:**

- Recognize updated language for the 2015 Exchange OE
- Understand when disclosure is required

## ACTION

- Distribute within 14 days of hire

# Exchange Notice

### Distribution

The exchange notice must be distributed to employees within 14 days of hire. It is not necessary to customize notices for each individual employee.

### Electronic disclosure

Electronic distribution possible provided that the plan participant:

- has the ability to access documents at any location where the participant reasonably could be expected to perform employment duties; and
- whose access to the electronic information system is an integral part of those employment duties.

If you choose to distribute the exchange notice electronically, the Department of Labor Electronic Disclosure Safe Harbor will apply.

### COBRA statement

Henderson Brothers has included a statement regarding COBRA in the sample exchange notice provided here, because we found it necessary due to the interplay between COBRA and the Federal Exchange.

# Healthcare Reform Q&A


## Health Insurance Marketplace Coverage Options and Your Health Coverage

### Part A: General Information

Key parts of the health care law have taken effect in 2014 and there is a new way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about new Marketplace and employmentbased health coverage offered by your employer.

**What is the Health Insurance Marketplace?**

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away.

**Can I Save Money on my Health Insurance Premiums in the Marketplace?**

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings you may be eligible for depends on your household income.

**Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?**

Yes. If your employer offers you health coverage that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing. If the cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the "minimum value" standard set by the Affordable Care Act, you may be eligible for a tax credit.

**Note:** If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution as well as your employee contribution to employer-offered coverage is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

**What if I'm losing job-based insurance?**

If you lose your job-based health insurance, you have two primary options for health insurance:

- Get an individual Marketplace plan. If you leave your job for any reason and lose your job-based coverage, you can choose to buy coverage from the Marketplace. This is true even if you leave your job outside the Marketplace open enrollment period beginning October 1st. By using the Markeplace, you'll learn whether you qualify for lower costs on your monthly premiums on private insurance or if you will qualify for lower out-of-pocket costs. Through the Marketplace you'll also learn whether you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP).

- Get COBRA coverage. You may be able to keep your job-based plan through COBRA continuation coverage. COBRA is a federal law that may let you pay to keep yourself and your family on your employee health insurance for a limited time (usually 18 months) after your employment ends or you otherwise lose coverage. It is important to note that not all health plan participants are entitled to COBRA coverage when they lose coverage. If you are eligible for COBRA and you buy COBRA continuation coverage, you won't be able to get any of the lower costs on premiums and out-of-pocket costs that people may get using the Marketplace. You'd also have to pay the full monthly premium, including any part of the premium that your employer had contributed.

**If I sign up for COBRA continuation coverage, can I switch to coverage in the Marketplace? What about if I choose Marketplace coverage and want to switch back to COBRA continuation coverage?**

If you sign up for COBRA continuation coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. You can also end COBRA continuation coverage early and switch to a Marketplace plan if you have another qualifying event such as marriage or birth of a child through something called a "special enrollment period." But be careful though - if you terminate your COBRA continuation coverage early without another qualifying event, you'll have to wait to enroll in Marketplace coverage until the next open enrollment period, and could end up without any health coverage in the interim. We suggest you contact the Marketplace to find out if you qualify for a special enrollment period for another reason if you have already elected COBRA.

Once you've exhausted your COBRA continuation coverage and the coverage expires, you'll be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

If you sign up for Marketplace coverage instead of COBRA continuation coverage, you cannot switch to COBRA continuation coverage under any circumstances.

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Visit HealthCare.gov for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area. You can also call 1-800-318-2596 (TTY: 1-855-889-4325) 24 hours a day, 7 days a week.

**How Can I Get More Information?**

For more information about your coverage offered by your employer, please check your Summary Plan Description or contact _____.

**Note:** An employer-sponsored plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs.

## PART B: Information About Health Coverage Offered by Your Employer

This section contains information about any health coverage offered by your employer. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

| Employer name | | Employer Identification Number (EIN) |
|---|---|---|
| Employer address | | Employer phone number |
| City | State | ZIP code |

Who can we contact at this job?

| Phone number (if different from above) | Email address |
|---|---|

Here is some basic information about health coverage offered by this employer:

As your employer, we offer a health plan to:

- ☐ All employees
- ☐ Some employees. Eligible employees are:

With respect to dependents:

- ☐ We do not offer coverage.
- ☐ We do offer coverage. Eligible dependents are:

☐ If this box is checked, this employer's health coverage meets the minimum value standard and the cost of the coverage to you is intended to be affordable, based on employee wages.

**Note:** Even if your employer intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week (perhaps you are an hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

# IRS Reporting 6055 & 6056

**Following this discussion you should be able to:**

- Understand 6055 & 6056 to determine where data deficiencies may occur

ACTION

- If self-insured, make second solicitation for missing TINS by **December 31st, 2015**

# 6055 Purpose & Requirements

## Purpose for 6055

6055 is used to help with the administration of the individual mandate. Entities must report for the individuals enrolled in minimum essential coverage.

**Plan sponsors are the reporting entities for self-insured plans** and should use the Transmittal form 1094-C with 1095-C employee statement, and any other forms designated by the IRS.

Insurers report are the reporting entities for Fully-insured Plans and should use the Insurers & Multiemployer Plans Form 1095-B with Transmittal Form 1094-B, as well as any other forms designated by the IRS.

Separate reporting for coverage that supplements the primary plan of the same plan sponsor, including HRAs that supplement an HDHP that is minimum essential coverage is NOT required.

**Employers providing fully-insured major medical coverage are not subject to this requirement.**

## Information to disclose to the IRS

- Name, address, and EIN of plan sponsor
- Name, address, and TIN* of primary insured and covered family members
- Months that were covered under the plan during year
- Insurer must identify whether the coverage offered is a QDHP through a qualified Exchange, as well as if premium subsidy or cost-sharing assistance is applicable to the member
- Any other information the IRS may require to administer the new tax credit for eligible small employers

** Reporting entity must solicit TIN twice, if not received, may report DOB*

# 6056 Purpose & Requirements

4

## Purpose for 6056

6056 is used to help determine if "play or pay" penalties are assessable, as well as if subsidized Exchange coverage is available to full-time individuals. Entities must report for all full-time employees.

**Both fully-insured and self-insured applicable large employers are considered reporting entities for this requirement**.

All Applicable Large Employers: 1094-C (transmittal form) along with 1095-C (employee statement) or other forms the IRS designates. Self-insured employers complete the entire 1095-C form, fully-insured employers complete a portion of the form.

The regulations do not include the same "supplemental coverage" exemption illustrated in Section 6055.

## Information to disclose to the IRS

- Name, address, and EIN of employer
- Telephone number of contact person
- Calendar year reported
- A certification by calendar month as to whether MEC was offered to full-time employees and dependents
- Months coverage under the plan was available
- Each full-time employee's share of the lowest-cost monthly premium (self-only) for coverage providing
- minimum value offered to that full-time employee by calendar month
- The number of full-time employees the applicable large-employer member had for each month during the calendar year
- The name, address and TIN for each FT employee and the months, if any, in which the employee was
- covered by the plan
- Certification that coverage meets minimum value standards and spouses are entitled to enroll
- Total number of employees, by calendar month
- Whether an employee's effective date of coverage was affected by a permissible waiting period by calendar month
- Assorted information pertaining to employers contributing to a multi-employer plan
- Whether coverage was offered to the employee only, the employee and the employee's dependent's only, the employee and the employee's spouse only, or the employee and the employee's spouse and dependents
- Coverage not offered to the employee because the employee was in a limited non-assessment period for certain employees, not full-time, not employed by employer during that month, not full-time for that month but coverage was offered, under the plan, or that the employer met a specific safe harbor for affordability with respect to the employee
- Any other information the IRS may require

# Procedures for 6055 & 6056

| Procedures | Section 6055 & 6055 |
|---|---|
| **Controlled Groups Reporting** | Each separate employer entity of a controlled group is responsible to report for its employees, but one group member may file returns and furnish statements on behalf of other members. |
| **Transmittal Due Date** | The required return and transmittal form is due the year following the calendar year in which the entity provided MEC to individuals.<br><br>First transmittals for 2015 are due February 28th, 2016 (March 31st if filed electronically) |
| **Participant Statements Due Date** | A reporting entity must furnish a statement to each responsible individual (subscriber participant) by January 31st of each year. The statement identifies information reported to the IRS for the participant:<br><br>• Name, address, and contact information of the reporting person<br>• Information required to be shown on the IRS return with respect to that individual<br><br>Reporting entities may apply for a maximum 30 day extension to furnish statements and permit the entity to furnish Form 1095-B or 1095-C w/ the Form W-2 in the same mailing.<br><br>Due by January 31st, 2016 |
| **Electronic Filing** | Required if the reporting entity is required to file at least 250 Forms. |
| **Mailing Participants Statements** | Participant statements must be sent to the individual's last known permanent address or temporary address, if no permanent address is known. This is acceptable even if the statement is returned. |
| **Electronic Disclosure** | Each employee must consent that electronic disclosure is acceptable in writing. The reporting entity must identify the specific statement to be sent electronically in its request for the participant's consent. |

# Transitional Reinsurance Fee

**Following this discussion you should be able to:**

- Understand how to make the Transitional Reinsurance Fee payment
- Get acquainted with the process for registering, calculating enrollment, uploading data, and scheduling payment

ACTION

- **The deadline for this requirement has passed**

# Key Facts About the Transitional Reinsurance Fee

## Paying the Transitional Reinsurance Fee

The following two pages summarize the process for payment of the Transitional Reinsurance Fees.

Self-insured health plan sponsors should become familiar with the steps involved now so that proper payment can be scheduled no later than **11:59 p.m. on December 5th, 2014**.

1. Register on pay.gov, so payment can be made when the time comes.
2. Enter your plan's enrollment data in online form "ACA Transitional Reinsurance Program Annual Enrollment and Contributions Submission Form."
3. Prior to the submission of the form:
    - Attach "supporting documentation."
    - Attest to the accuracy of the information.
    - Schedule payment for early 2015.

# Your EXPERT guide to:

# Completing the Transitional Reinsurance Fee payment



## 1 Review information

Review CMS Webinar Presentations (labeled "A", "B", "C"), which are referenced in this guide.

## 2 Select counting method

Carefully review potential counting methods and select one.
Henderson recommends the **three quarter Snapshot Method**:

| Date for Quarter | Total number of covered lives for the quarter | Number of Days | Calculation |
|---|---|---|---|
| March 5, 2014 | 1,600 | | |
| June 5, 2014 | 1,650 | | |
| September 5, 2014 | 1,650 | | |
| Total | 4,9 | 3 | A = 4,90<br>A = 1,6 333<br>A = 1,6 33 |

B, pages 2 -3

## 3 Gather data

Gather the enrollment data needed to calculate the fee from your third party claims payer, HRIS, or human resources department.

Counting methodology is almost identical to PCORI fee formulas, but data is averaged for nine months instead of 12.

## 4 Consider payment plan options

Contribution payment can only be made on Pay.gov using Automated Clearing Hours (ACH) payment.

- **Two-part collection**
  First Collection: 50 due 1/ /15 (for Program Payments & Program Administration)
  Second Collection: .50 due 11/15/2015 (for General Fund of the US Treasury)
- **Combined collection**
  $63.00 due 1/ 015

A, page 17

## 5 Format enrollment data documentation

Place all supporting documents into a comma separated value (CSV) file. Use a new line to record each contributing entity and its information, and use commas to separate each data element within a record. A File Layout document is available on REG.TAP under **Reinsurance-Contributions**.

Your documentation **cannot** exceed 2MB in size or contain special characters:

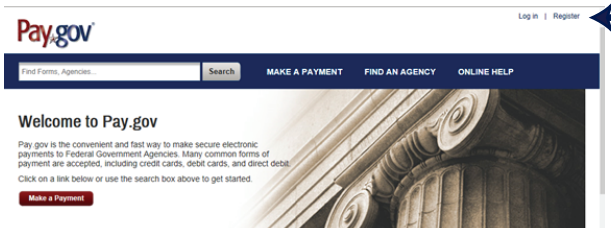
| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| * | < | > | / | \ | % | ^ | , | + | ? |
| ` | { | } | [ | ] | ! | ~ | & | = | |

The total of all enrollment counts in the file **must not exceed** 1,587,301.58 covered lives if remitting a Combined Collection or 1,904,761.90 covered lives if remitting a two-part collection.

In the future, CMS will alllow users to cut and paste data from supporting documents through Job Aid.

B, page 13-33

## 6 Register your account




Go to Pay.gov
Click "Register" in the top right corner.
You can register your account at any time

A, pages 8-13

**The Annual Enrollment Contribution Submission Form is now available on Pay.gov**

## 7 Complete Annual Enrollment Contributions Submission Form

A, pages 15-16

## 8 Select payment plan

Enter one bank account per submission form.

A, page 17

## 9 Select benefit year 2014

Your contribution rate will auto-populate.

A, pages 18-19

## 10 Enter group annual enrollment count

Enter one of the approved counting methods and verify by re-rolling the same number again.

A, pages 20-21

## 11 Verify supporting documentation

Check box next to "Acknowledgement" to confirm the enrollment count submitted matches the enrollment count in your supporting documentation.

A, pages 22-24

## 12 Upload supporting information for enrollment count

All Form submissions require the submission of Supporting Documentation

A, pages 25-26

## 13 Complete information for payment process and select payment date

A, pages 27-29

## 14 Schedule payment by December 5th

Complete the banking information in the boxes.

If you select "First Collection", you will need to duplicate the Form and schedule payment for the Second Collection. If you select Combined Collection, you will have only have to submit the form one time.

**EXPECT AN EXPERT**

# Health Plan Identifier

**Following this discussion you should be able to:**

- Understand the definition, purpose, and process for obtaining an Health Plan Identitfier (HPID)

**Enforcement of Health Plan Identifier (HPID) final rule has been delayed. HIPPA covered entities, including healthcare providers, health plans, and healthcare clearinghouses are not required to obtain a HPID by November 5, 2014 or use the HPID in HIPAA transactions until further notice.**

# Key Facts about the HPID

## What is an HPID?

The HPID is a 10 digit number similar to a credit card number which will be used to facilitate the routing of HIPAA protected electronic transactions.

Plan sponsors of self-insured health, dental and vision plans are required to obtain their own HPIDs.

The health insurance issuer for fully-insured employers is generally required to obtain the HPID.

Non-excepted FSAs and stand alone HRAs that cover more than dental and vision expenses are subject to the HPID requirement if 50 or more employee participants are enrolled. The vast majority of FSAs and HRAs will NOT be subject to this new HPID requirement. HSAs are always exempt.

## What is the due date for obtaining the HPID?

Health plans with more than $5 million in annual receipts must obtain an HPID by **November 5th 2014**. Self-insured plan sponsors should use the total amount paid for health care claims by the plan during the plan's last full fiscal year to determine if they are to report this year. Stop loss premiums should not be included.

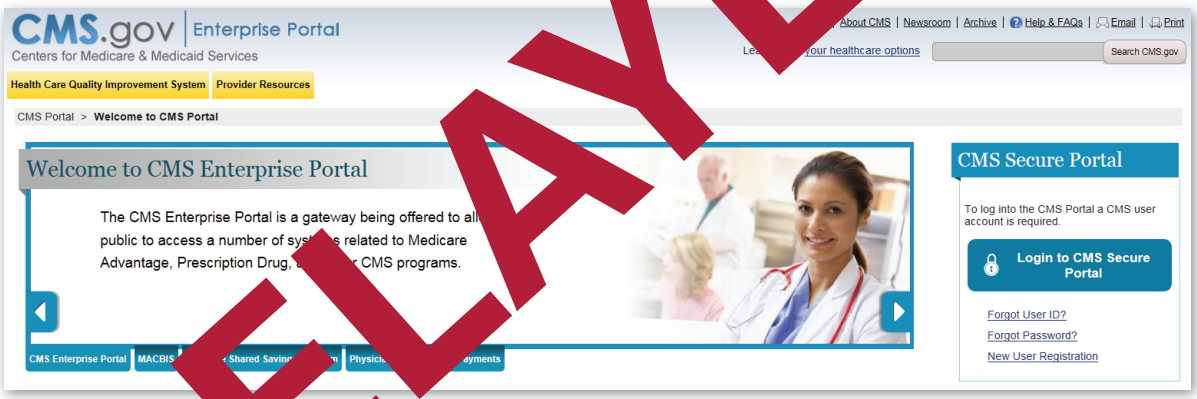
# Your EXPERT guide to:

# Obtaining a Controlling Health Plan HPID

To obtain a Controlling Health Plan (CHP) Health Plan Identifier (HPID), go through the CMS Enterprise Portal, access the Health Insurance Oversight System (HIOS), and apply for an HPID from the Health Plan and Other Entity System (HPOES).



## 1 Access CMS Enterprise Portal and HIOS




**Step 1:** Navigate to the CMS Enterprise Portal (https://portal.cms.gov) and click "New User Registration" on the right side of the page.

**Step 2:** Complete the New User Registration process and receive email confirmation of user registration.

**Step 3:** Navigate back to the CMS portal and login using new credentials.

**Step 4:** To establish access to HIOS through the CMS Enterprise portal, click "Request Access Now" and select HIOS from the system catalog. Select "HIOS User" from the second dropdown that appears on the following page.

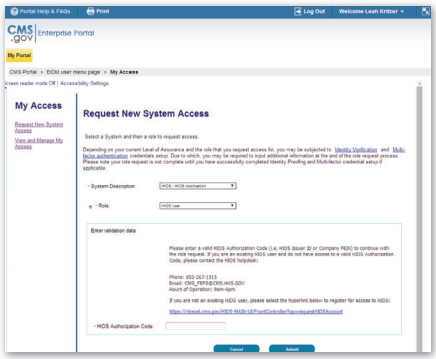
**Step 5:** Navigate to the HIOS registration page using the URL provided on bottom of page and complete HIOS user registration process.

**Step 6:** Once the HIOS user registration request has been reviewed and approved by the HIOS Helpdesk, an email containing the HIOS authorization code will be provided.

**Step 7:** Repeat steps 3 and 4 in the CMS Enterprise Portal and enter the authorization code on the "Request New System Access" page.

**Step 8:** Log out of CMS Enterprise Portal and log back in. You should see a yellow "HIOS" button on the top left of dashboard indicating successful access established to HIOS.

**Step 9:** Click on the yellow HIOS button, followed by the "Access HIOS" link on the left side of page to navigate to the HIOS Homepage..




## 2 HIOS Organization Registration

**Step 1:** Click on the "Manage an Organization" button on l… f the HIOS homepage. Select "Create New Organization" from the first drop…n and sp…fy organization type in the second dropdown.

**Step 2:** To determine if your organization alread…xists in H…S, se…h by Federal Employer Identification Number (FEIN). If the …aniza…n doe… exist in HIOS, click "Create Organization" at the bottom of th…page… ll out the required fields on the next 2 pages.

**Step 3:** After submitting the organization …uest, y… will …ceive an email notification once it has been reviewed and approve… the …IOS He…sk.

DELAYED

## 3 HIOS Role Mana…ent

**Step 1:** Once organization has be… successfully registered, click "Role …agement" … the HIOS home page.

**Step 2:** Navi…e to t… Request …le" tab, select the H… ES m…dule, … the Submitter Role, and id…fy … compan… association for the user by enter… the FI….

**Step 3:** …mit … request.

**Step 4:** R…ive an email notification once the role request is r…ewed and approved by HIOS Helpdesk.

**USERS MAY OBTAIN MORE THAN ONE CONTROLLING HEALTH PLAN HPID PER ORGANIZATION**

If you wish to complete more than one HPID application per organization registered within HIOS, proceed with the same application process but differentiate each CHP by using 'CHP Description' field displayed on CHP application page. This field is optional for first CHP application but will be required for subsequent applications.

## 4 CHP HPID Application

**Step 1:** Click on the "HPOES" button on the left side of the HIOS homepage.

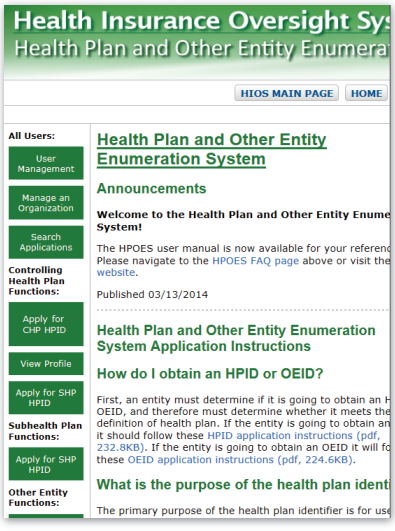
**Step 2:** Select the "Apply for CHP HPID" button under the Controlling Health Plan (CHP) Function section on the left side of the HPOES homepage to initiate a CHP HPID application for the associated organization.

**Step 3:** Select the organization from the dropdown, provide a CHP Description (if desired) and provide either an NAIC number or Payer ID. If you do not wish to provide either, enter "Not Applicable" in the Payer ID field.

**Step 4:** Certify to the accuracy of the application and submit it for system approval.

**Step 5:** Receive email confirmation of application submission.

**Step 6:** Receive a separate email confirmation of the approval of CHP application




## 6 HPID number has been assigned

You will receive an email notification once the application has been approved with the assigned HPID number. The HPID number will also be available to view within HPOES.

**EXPECT AN EXPERT**