STATE OF CALIFORNIA   JOHN CHIANG,
                                                                          California State Controller

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: December 23, 2014   PERSONNEL LETTER #14-021
                                             (Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Lisa Crowe, Chief
        Personnel/Payroll Services Division

RE: **INTRODUCTION OF THE NEW AFFORDABLE CARE ACT SYSTEM (ACAS) DATABASE**

The Federal Patient Protection and Affordable Care Act (ACA) was enacted in March 2010 to ensure all Americans have access to quality and affordable health care. ACA compliance is critical, as the penalties are significant for non-compliance.

As outlined in Personnel Letter #14-011 (CS) and Personnel Management Liaison (PML) Memorandum 2014-038, the implementation of the Employer Shared Responsibility provisions will require changes to the current practices in human resources offices.

THE NEW ACAS DATABASE

Beginning in January 2015, departments will be responsible for updating information in the new Affordable Care Act System (ACAS) database. Departments will be provided with access to the database in **mid-January**. At that time, the database will be pre-populated with employee data for active employees through December 31, 2014.

The ACAS database will be used to track the offer, acceptance, decline or suspension/cancellation of health benefits. SCO will use the information keyed into the ACAS database to report employee information to the Internal Revenue Service (IRS).

HEALTH BENEFIT ELIGILBILITY/ADMINISTRATION

With the implementation of the ACA, there is no change in how benefits are offered or how health benefit eligibility is determined. Follow the same processes and procedures that are currently in place to determine employee health benefit eligibility as well as enrollment processing.

WEB-BASED TRAINING

Mandatory web-based training for the ACAS has been developed (http://www.calhr.ca.gov/state-hr-professionals/Pages/main.aspx) to assist with the changes this new system will bring. It is important that Personnel Specialists are prepared to process transactions in the ACAS and are educated on the importance of accurate and timely transaction entry to avoid significant penalties, which may impact departmental budgets. For additional information refer to PML 2014-038.

IMPACTED GROUPS

Reporting full-time employee information to the IRS begins in 2016 for the 2015 calendar year. This means that the State must begin capturing health benefit status information for each employee beginning in January 2015. This impacts Civil Service, California State University, and the Judicial Council as all of these entities are considered one employer for purposes of the Employer Shared Responsibility provisions.

INITIAL LOAD

All employees will be loaded into the ACAS database with the exception of the following:
- Employees that are Permanently Separated
- Employees that are Temporarily Separated and have not had pay issue in the last 12 months
- CSU A98 transaction Student Assistants that have not had pay issue in the last 12 months
- CSU Instructional Faculty that have not had pay issue in the last 12 months

Health benefit status codes will be populated for most employees that are loaded into the ACAS. Those codes will be identified based on Employment History (EH) data as of December 31, 2014 and payroll data as of December 2014 master payroll. Instructions for auditing the initial load data, as well as for addressing any groups of employees whose health benefit status could not be populated as part of the initial load, will be forthcoming in a Personnel Letter that will be issued at the same time the departments will receive access to the system.

AFTER THE INITIAL LOAD

The ACAS will be updated via a nightly batch process with employee data (e.g., SSN, name, position) based on EH transactions keyed after 12/31/14, regardless of the effective date. Departments will be able to enter the appropriate health benefit status codes into the ACAS on the next business day **after** the employee data has been entered into EH. Departments will need to keep track of any changes to employment history (i.e. appointment of new employee, employee separation, etc.) that will require an ACAS transaction which occur after 12/31/14 until system access is granted in mid-January. These transactions will need to be entered into the ACAS once the system is released for keying.

ACAS BENEFIT TRANSACTION WORKSHEET AND INSTRUCTIONS

The attached form is a keying job aid for personnel specialists to document an employee's health benefits status in the ACAS database for compliance with the Employer Shared Responsibility Provisions of the Affordable Care Act (ACA). Instructions for completion of this form may be found on the second page of the enclosed attachment.

AFFORDABLE CARE ACT SYSTEM USER GUIDE

SCO has created an ACAS User Guide to help departmental human resources offices with detailed instruction on handling this new workload. This extensive job aid will assist in processing all transactions in the new ACAS. The link will be provided in the subsequent Personnel Letter early January.

COMPLIANCE

Departments, CALHR and SCO must work together to ensure compliance with the ACA. A variety of compliance reports/mechanisms will be put in place to assist departments with monitoring ACA compliance. More information on the compliance program will be issued in Spring of 2015.

GENERAL INFORMATION

A subsequent Personnel Letter will be issued providing additional information regarding the details surrounding the ACAS database procedures, implementation updates and the publication of the user guide. In the meantime, if there are any questions, please contact:

ACA system support at (916) 322-3770 or acasupport@sco.ca.gov
ACA policy questions at aca.policy@calhr.ca.gov
ACA training request and questions at aca.training@calhr.ca.gov

LC:JR:PMAB

Attachment

ACAS BENEFIT TRANSACTION WORKSHEET

ACAS BENEFIT TRANSACTION WORKSHEET

THIS FORM IS A KEYING DOCUMENT FOR PERSONNEL SPECIALISTS TO DOCUMENT AN EMPLOYEE'S HEALTH BENEFITS STATUS IN THE ACAS DATABASE FOR COMPLIANCE WITH THE EMPLOYER SHARED RESPONSIBILITY PROVISION OF THE AFFORDABLE CARE ACT.

PLEASE READ THE INSTRUCTIONS ON THE BACK OF THIS WORKSHEET BEFORE COMPLETING.

EMPLOYEE INFORMATION		HEALTH INSURANCE MARKETPLACE COVERAGE OPTIONS NOTICE	HEALTH BENEFITS ELIGIBLE? YES or NO	HEALTH BENEFITS NOT OFFERED (2a, 2b, 2d)		HEALTH BENEFITS OFFERED (1a)		HEALTH BENEFITS ACCEPTED (3a, 3b)		HEALTH BENEFITS DECLINED (4a, 4b)		HEALTH BENEFITS CANCELLED OR TEMPORARILY SUSPENDED (5a, 5b, 5c, 5d)		ACAS TRANSACTIONS COMPLETED (INITIALS)
		DATE		CODE	DATE	CODE	DATE	CODE	DATE	CODE	DATE	CODE	DATE	
.														
SSN	PERMITTING EVENT DATE													
POSITION NUMBER	TENURE/TIME BASE	COMMENTS												
EMPLOYEE NAME														
SSN	PERMITTING EVENT DATE													
POSITION NUMBER	TENURE/TIME BASE	COMMENTS												
EMPLOYEE NAME														
SSN	PERMITTING EVENT DATE													
POSITION NUMBER	TENURE/TIME BASE	COMMENTS												
EMPLOYEE NAME														
SSN	PERMITTING EVENT DATE													
POSITION NUMBER	TENURE/TIME BASE	COMME NTS												
EMPLOYEE NAME														
SSN	PERMITTING EVENT DATE													
POSITION NUMBER	TENURE/TIME BASE	COMMENTS												

ACAS DATABASE – EMPLOYEE BENEFIT TRANSACTION WORKSHEET

INSTRUCTIONS–This is a job aid intended to document an employee's health benefits status for entry in the ACAS Database.

EMPLOYEE INFORMATION–Complete (Name, SSN, Permitting Event Date, etc.) as indicated.

HEALTH INSURANCE MARKETPLACE COVERAGE OPTIONS NOTICE–Enter the actual date the Notice was provided to employee as reflected on the Affordable Care Act Notification Checklist (CalHR Form 782). Enter a date <u>only</u> if there is no existing date in the ACAS database.

HEALTH BENEFITS ELIGIBLE–Enter "Yes" or "No" to indicate whether the employee is eligible for state-sponsored health coverage.

HEALTH BENEFITS NOT OFFERED–If the employee is <u>not</u> eligible for health benefits or if the employee is newly eligible for health benefits, a "Health Benefits Not Offered" status should be processed using the following code(s):

- o **2a**–**Health benefits <u>not</u> offered to the employee because the employee does not meet the eligibility criteria** (e.g., Temporary/Intermittent employees, etc.). Enter the date that corresponds with the employee's date of hire in a class/tenure that does not meet the health benefits eligibility requirements.

- o **2b**–**Health benefits <u>not</u> offered to the employee because the employee must first qualify for health benefits during a control period** (this code is to be used for Permanent Intermittent employees only)*.* Enter the date that corresponds with the Permanent Intermittent employee's date of hire.

- o **2c**–This code applies to CSU only**.**

    HEALTH BENEFITS NOT OFFERED DURING ADMINISTRATIVE "WAITING PERIOD"

    - ▪ **2d**–**Health benefits <u>not</u> offered because the employee is in a waiting period for new hires or newly eligible**. Enter the employee's date of hire. Employees newly eligible for health benefits should always have a "2d" transaction documented from their permitting event date to the earliest date the employee is eligible for health coverage.

        Example #1: A Permanent/Full-Time employee was hired on March 10. The department would process a "2d" transaction effective March 10, then process a "1a" transaction effective April 1, the earliest date the health coverage could be effective.

        Example #2: A Permanent Intermittent employee qualified for health benefits during the January through June Control Period. The department would process a "2d" transaction effective July 1, and a "1a" transaction effective August 1.

HEALTH BENEFITS OFFERED–If the employee is eligible for health benefits, a "Health Benefits Offered" status should be processed using the following code:

- o **1a**–**Health benefits offered to the employee, the employee's spouse and all eligible dependents.** Enter the earliest date the employee is eligible for health benefits (refer to examples #1 & #2 above).

HEALTH BENEFITS ACCEPTED–If the employee accepts the offer of health coverage; the accepted status should be processed using the following code(s):

- o **3a**–**Employee has accepted the offer of health coverage for self, spouse and/or eligible dependents (if any) and is covered under the group medical plan.** This code is also used to reinstate coverage following a temporary suspension of health benefits (5c). Enter the date the employee's health benefits are effective.

- o **3b**–**Employee has accepted the offer of health coverage for self, spouse and/or eligible dependents (if any) and is covered under the group medical plan after serving a 90-day HIPAA waiting period**. Enter the date the employee's health benefits are effective. This date would be the first of the month following the 90-day HIPAA waiting period.

HEALTH BENEFITS DECLINED–If an employee declines the offer of health coverage; the decline status should be processed using the following code(s):

- o **4a**–**Employee declined health benefits for self, spouse and/or eligible dependents.** Enter the earliest date the employee is eligible for health benefits. The effective date of the "4a" transaction will always correspond with the effective date of the "1a" transaction.

- o **4b**–**Employee did not return health benefits documents - an administrative decline is documented.** Enter the date of the 61st calendar day following the event that qualified the employee for health benefits.

HEALTH BENEFITS CANCELLED OR TEMPORARILY SUSPENDED–If an employee loses health coverage; a canceled status should be processed using the following code(s):

- o **5a**–**Health benefits administratively cancelled due to loss of eligibility.** Enter the date the employee's health benefits cancellation became effective.

- o **5b**–**Health benefits voluntarily cancelled by the employee**. Enter the date the employee's health benefits cancellation became effective.

- o **5c**–**Health benefits temporarily suspended due to unpaid temporary separation (or some other unpaid status).** Enter the date the employee's health benefits suspension became effective.

- o **5d**–**Health benefits cancelled due to permanent separation, disability retirement or lay-off.** Enter the date the employee's health benefits cancellation became effective.