

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

DATE: March 25, 2016

PERSONNEL LETTER #16-005

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Debra Spellman, Chief
Personnel and Payroll Services Division (PPSD)

RE: AFFORDABLE CARE ACT SYSTEM (ACAS): NEW STATUS CODE FOR COBRA OFFERS

This letter provides information regarding a new Internal Revenue Service (IRS) requirement that employers report COBRA offers for all active (not permanently separated) employees effective 01/01/16.

The State Controller's Office (SCO) has created status code '1C' in ACAS to capture offers of COBRA to active employees who lose their health benefits eligibility (for reasons other than permanent separation).

Note: There is no change to the business practice of offering COBRA coverage to eligible employees, nor the employer's obligation to offer COBRA coverage. The only change is that the IRS now requires the employer to report COBRA offers made to active employees who lose their health benefits eligibility.

KEYING COBRA OFFER '1C' STATUS CODE

Departments and campuses must use status code '1C' when offering active (not permanently separated) employees COBRA coverage on 01/01/16 and after.

To capture the COBRA offer, the department/campus must:

- Identify records for which a COBRA offer was made to an active employee who lost his or her health benefits eligibility effective 01/01/16 or later.
- Ensure that an ACA transaction has been keyed in ACAS with the appropriate health benefits cancellation code (ACA status code 5A, 5B, 5C). The transaction effective date should be the last day of the month in which the employee's health benefits coverage was effective.
- Key a separate ACA transaction with ACA status code '1C'. The transaction effective date should be the first day of the month following the canceled '5' status code.

ACAS USER GUIDE AND SCENARIO SPECIFIC JOB AID

SCO will update the ACAS User Guide and the ACAS Scenario Specific Job Aid by 04/08/16 to reflect these changes.

GENERAL INFORMATION

The ACA online application support group can be contacted at (916) 322-3770 or by emailing acasupport@sco.ca.gov

For inquiries specific to ACA policy and/or compliance, contact CalHR at aca.policy@calhr.ca.gov

DS:JR:PMAB