

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

DATE: November 1, 2016

PERSONNEL LETTER #16-015

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

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

RE: 2015 ACA STATUS CODE CORRECTION PROCESS

This letter has been amended to:

- **Clarify the action needed by departments based on the correction reports (page 2)**
- **Extend the date that corrections need to be completed by (page 2)**
- **Clarify the action needed for report PDA1230A (page 3)**
- **Clarify the intent of and update sample information for reports PDA1230B (page 4) and PDA1233A (page 6)**

BACKGROUND:

In order to implement the Affordable Care Act (ACA) Employer Shared Responsibility provisions, the State Controller's Office (SCO) deployed the Affordable Care Act System (ACAS) database in January 2015. The ACAS database serves as the official tracking and reporting repository of ACA required information for Civil Service, California State University (CSU), and Judicial Council (JUD) employees. The ACAS provides a single centralized source of current and historical health benefit status data for employees.

Under the Affordable Care Act (ACA), the State of California is required to furnish a statement to federally qualified full time employees with information regarding the health coverage that was offered, if any, to the employee and their dependents, using IRS Form 1095-C. Any employee who was appointed to a time-base of $\frac{3}{4}$ or more for at least one month during 2015, and those who were appointed to an intermittent time base and averaged 130 or more hours of service during a 6-month measurement period have been issued a 1095-C.

The first file for ACA reporting containing all the employees that were sent a 1095-C has been submitted to the Internal Revenue Service (IRS) for processing. In order to validate the data submitted to the IRS, SCO audited all employees that were sent a 1095-C. The purpose of the audit was to ensure that the information keyed on the ACAS followed the ACA guidelines, specifically regarding effective dates and appropriate ACA status codes. The dates and ACA status codes directly impact the accuracy of the ACA reporting to the IRS.

The information SCO reports to the IRS must be accurate and complete to avoid penalties. Penalties assessed by the IRS due to incorrect data will be charged directly to the reporting agency. Departments/campuses are expected to review all ACAS entries for 2015 and ensure that the ACAS information correct.

SCO identified multiple scenarios where ACA Status Codes are frequently entered incorrectly into the ACAS. As an ongoing effort to help departments avoid penalties and maintain accurate ACA data, the SCO will reach out to departments/campuses to assist with data clean-up. This personnel letter is the first in a series of outreach attempts. The letter provides examples of four different errors, as well as examples of how the data should have been entered. These reports are a starting point to identify errors and correct the data as required. There will be employees not listed on these reports that will require correction. As we send out additional correction reports we expect these reports be used as tools for you to see how the data should be displayed, corrected and processed going forward.

REPORTS:

SCO has released four correction reports through ViewDirect to departments/campuses as follows:

- PDA1230A (PPS) SEP OR TEMP SEP EE W/OUT HB CANCELLATION CODE
- PDA1230B (PPS) ACTIVE EE WITH HEALTH BENEFIT CANCEL CODE (5C, 5D)
- PDA1230C (PPS) HB CANCEL CODE W/EFF DATE PRIOR TO END OF MONTH
- PDA1233A (PPS) HB ELIGIBLE PI EE W/O OFFER WHO RECEIVED 2015 1095-C

Data for the correction reports is as of 12/31/2015. This reflects the data that has already been sent to the IRS. If employees listed on the correction report for your agency have already been corrected, then consider this correction effort for that specific employee as complete.

ACTION:

****As stated above, some of the employees listed on the correction reports may have already been corrected in the ACAS database. Not all employees listed will need to have action taken. The four samples provided below are for informational purposes only. Not all employees will fit into the exact scenarios listed as samples.**

Review each of the above listed reports and verify the current ACA status for each employee listed. Make changes to employee records as needed.

Listed below is a sample of correct and incorrect ACA Status Code entries for each of the four correction reports. Use the samples as examples of how to make corrections as needed. Departments/campuses are required to **CORRECT** their database entries when applicable. Departments/campuses must review all ACA entries for 2015 and ensure that the information displayed is accurate. **All corrections must be completed by November 18, 2016.**

After the report samples located below, we have included a section on how to **void transactions** necessary for correcting ACAS data. These samples of voided transactions are not related to the correction reports. The voided samples are a mockup of various scenarios and they reflect the correction process for what is displayed.

For additional information regarding various scenarios please visit the SCO website, under the elearning tab. The document titled, [A Scenario Specific Job Aid for Updating the ACAS Database](#) has various scenarios to reference when entering ACA Status codes.

PDA1230A: (PPS) SEP OR TEMP SEP EE W/OUT HB CANCELLATION CODE

Sample: Employee was offered benefits (1A), accepted benefits (3A), and then permanently separated. The ACA database does not reflect the **separation**. The correct status code is **5D** (cancellation) effective on the last calendar day of the month after the separation date.

CORRECT:

EFF DATE TRAN
08/17/16 S70

SUFFIX	POS	SEQ	POSITION	NUMBER	STATUS	TENURE	TB	HEALTH COV NOTICE DATE
12/11/2015								
YEAR	EFFECTIVE	TRAN	ACA	ENTRY	SCO USE ONLY	POSITION NUMBER		
	DATE	CODE	STATUS	DATE	UPDATED BY			
2016	09/30/2016	ACA	5D	09/27/2016	SCO ADMIN	SEE PIMS		
2015	01/01/2015	ACA	3A	12/11/2015	INITIAL LOAD	SEE PIMS		
	01/01/2015	ACA	1A	12/11/2015	INITIAL LOAD	SEE PIMS		

INCORRECT:

SUFFIX	POS	SEQ	POSITION	NUMBER	STATUS	TENURE	TB	HEALTH COV NOTICE DATE
12/11/2015								
YEAR	EFFECTIVE	TRAN	ACA	ENTRY	SCO USE ONLY	POSITION NUMBER		
	DATE	CODE	STATUS	DATE	UPDATED BY			
2015	01/01/2015	ACA	3A	12/11/2015	INITIAL LOAD	SEE PIMS		
	01/01/2015	ACA	1A	12/11/2015	INITIAL LOAD	SEE PIMS		

Notes:

Use ACA Status Code 5C when an employee's health benefit coverage is interrupted by some type of non-permanent unpaid status where no pay – or not enough pay – is issued to deduct health benefits and the employee did not elect to continue health benefit coverage via accounts receivable or supplementation. See page 29 of the ACAS: A Scenario Specific Job Aid (link below) for more information.

Use ACA Status Code 5D when an employee's health benefits have been cancelled due to a permanent separation or layoff.

If an employee with health benefits is temporarily separated or goes on an unpaid leave AND their health benefit payments continue (e.g., accounts receivable or supplementation), then the employee's ACAS record will remain in an "Accepted (3A)" status. See page 32 of the ACAS: [A Scenario Specific Job Aid](#) for more information.

PDA1230B: (PPS) ACTIVE EE WITH HEALTH BENEFIT CANCEL CODE (5C, 5D)

Sample: Employee is currently Active, but their benefits are recorded as temporarily suspended (5C) or cancelled (5D) in ACAS.

CORRECT:

EFF DATE TRAN
12/02/15 A01

SUFFIX	POS	SEQ	POSITION	NUMBER	STATUS	TENURE	TB	HEALTH COV	NOTICE	DATE
					ACTIVE					12/31/2014
YEAR	EFFECTIVE	TRAN	ACA	ENTRY	SCO USE ONLY	POSITION	NUMBER			
	DATE	CODE	STATUS	DATE	UPDATED BY					
2015	12/02/2015	ACA	2A	09/27/2016	SCO ADMIN	SEE	PIMS			
	06/30/2015	ACA	5D	05/27/2015	SCO ADMIN	SEE	PIMS			
2014	12/31/2014	ACA	3A	01/01/2015	INITIAL LOAD	SEE	PIMS			
	12/31/2014	ACA	1A	01/01/2015	INITIAL LOAD	SEE	PIMS			

INCORRECT:

SUFFIX	POS	SEQ	POSITION	NUMBER	STATUS	TENURE	TB	HEALTH COV	NOTICE	DATE
					ACTIVE					12/31/2014
YEAR	EFFECTIVE	TRAN	ACA	ENTRY	SCO USE ONLY	POSITION	NUMBER			
	DATE	CODE	STATUS	DATE	UPDATED BY					
2015	06/30/2015	ACA	5D	05/27/2015	SCO ADMIN	SEE	PIMS			
2014	12/31/2014	ACA	3A	01/01/2015	INITIAL LOAD	SEE	PIMS			
	12/31/2014	ACA	1A	01/01/2015	INITIAL LOAD	SEE	PIMS			

PDA1230C: (PPS) HB CANCEL CODE W/EFF DATE PRIOR TO END OF MONTH

Sample: Employee that has **ACA status code** 5A, 5B, 5C, or 5D (cancellation) that was not effective on the last calendar day of the month. The correct entry shows the 5A, 5B, 5C, or 5D (cancellation) effective the last calendar day of the month after the separation date.

CORRECT:

EFF DATE	TRAN
12/25/15	S70

SUFFIX	POS	SEQ	POSITION	NUMBER	STATUS	TENURE	TB	HEALTH COV	NOTICE DATE
									09/16/2015

YEAR	EFFECTIVE	TRAN	ACA	ENTRY	SCO USE ONLY	POSITION NUMBER			
	DATE	CODE	STATUS	DATE	UPDATED BY				
2016	01/31/2016	ACA	5D	02/01/2016	SCO ADMIN	SEE PIMS			
2015	10/01/2015	ACA	3A	12/04/2015	SCO ADMIN	SEE PIMS			
	10/01/2015	ACA	1A	12/04/2015	SCO ADMIN	SEE PIMS			
	09/16/2015	ACA	2D	12/04/2015	SCO ADMIN	SEE PIMS			

INCORRECT:

SUFFIX	POS	SEQ	POSITION	NUMBER	STATUS	TENURE	TB	HEALTH COV	NOTICE DATE
									09/16/2015

YEAR	EFFECTIVE	TRAN	ACA	ENTRY	SCO USE ONLY	POSITION NUMBER			
	DATE	CODE	STATUS	DATE	UPDATED BY				
2016	01/09/2016	ACA	5D	02/01/2016	SCO ADMIN	SEE PIMS			
2015	10/01/2015	ACA	3A	12/04/2015	SCO ADMIN	SEE PIMS			
	10/01/2015	ACA	1A	12/04/2015	SCO ADMIN	SEE PIMS			
	09/16/2015	ACA	2D	12/04/2015	SCO ADMIN	SEE PIMS			

PDA1233A: (PPS) HB ELIGIBLE P I EE W/O OFFER WHO RECEIVED 2015 1095-C

Background: Under the Affordable Care Act (ACA), the State of California is required to furnish a statement to federally qualified full time employees with information regarding the health coverage that was offered, if any, to the employee and their dependents, using IRS Form 1095-C. Employees appointed to an intermittent time base who averaged 130 or more hours of service during a 6-month measurement period meet the federal definition of a full-time employee eligible for benefits and have been issued a 2015 1095-C.

**** Before entering an offer (1A) into ACAS for employees listed on this report, verify that the employee meets the state's health eligibility requirements of working at least 480 hours in a 6-month control period.**

Sample: PI employee was determined to meet the federal definition of a full-time employee eligible for benefits for one or more months in 2015 because they worked an average of 130 or more hours in a 6-month measurement period. The employee also met the 480 hours required in a 6-month control period to be eligible for health benefits, but an ACA Status Code of 1A (offer) was not entered. The correct entry would be a 2B (control period), 2D (waiting period), 1A (offer), and then an appropriate acceptance or decline ACA Status Code.

CORRECT*:

SUFFIX	POS	SEQ	POSITION NUMBER	STATUS	TENURE	TB	HEALTH COV NOTICE DATE
02/01/2015							
YEAR	EFFECTIVE DATE	TRAN CODE	ACA STATUS	ENTRY DATE	SCO USE ONLY	UPDATED BY	POSITION NUMBER
2015	08/01/2015	ACA	3A	08/01/2015	SCO ADMIN		SEE PIMS
	08/01/2015	ACA	1A	08/01/2015	SCO ADMIN		SEE PIMS
	07/01/2015	ACA	2D	07/01/2015	SCO ADMIN		SEE PIMS
	02/01/2015	ACA	2B	02/01/2015	SCO ADMIN		SEE PIMS

INCORRECT:

SUFFIX	POS	SEQ	POSITION NUMBER	STATUS	TENURE	TB	HEALTH COV NOTICE DATE
02/01/2015							
YEAR	EFFECTIVE DATE	TRAN CODE	ACA STATUS	ENTRY DATE	SCO USE ONLY	UPDATED BY	POSITION NUMBER
2015	02/01/2015	ACA	2B	02/01/2015	SCO ADMIN		SEE PIMS

*With this example, if the employee does not meet the hours in the subsequent control period and loses their health benefits, then a 2B (control period) must be entered to indicate the employee is no longer eligible.

HOW TO VOID TRANSACTIONS:

When correcting employee data, voiding transactions is required. Here's an example of voiding a transaction that is not the most current transaction. All of the transactions keyed above the incorrect transaction must be voided then re-keyed. Listed below are examples of how to fix incorrect data on ACAS. As stated above these samples do not refer to the examples listed above.

Before:

The 5D was incorrectly keyed with an effective date of 07/01/2015. The SEP date was 06/18/2015 so the effective date should have been 07/31/2015.

SUFFIX	POS	SEQ	POSITION	NUMBER	STATUS	TENURE	TB	HEALTH COV	NOTICE DATE
05/02/2016									

YEAR	EFFECTIVE DATE	TRAN CODE	ACA STATUS	ENTRY DATE	SCO USE ONLY	UPDATED BY	POSITION NUMBER		
2016	06/01/2016	ACA	3A	05/11/2016	SCO ADMIN		SEE PIMS		
	06/01/2016	ACA	1A	05/11/2016	SCO ADMIN		SEE PIMS		
	05/02/2016	ACA	2D	05/11/2016	SCO ADMIN		SEE PIMS		
2015	07/01/2015	ACA	5D	08/13/2015	SCO ADMIN		SEE PIMS		
2014	12/31/2014	ACA	3A	01/01/2015	INITIAL LOAD		SEE PIMS		
	12/31/2014	ACA	1A	01/01/2015	INITIAL LOAD		SEE PIMS		

Void most current transaction until the 5D is voided:

1. Void 3A with Effective Date 06/01/2016
2. Void 1A with Effective Date 06/01/2016
3. Void 2D with Effective Date 05/02/2016
4. Void 5D with Effective Date 07/01/2015

After voiding:

SUFFIX	POS	SEQ	POSITION	NUMBER	STATUS	TENURE	TB	HEALTH COV	NOTICE DATE
05/02/2016									

YEAR	EFFECTIVE DATE	TRAN CODE	ACA STATUS	ENTRY DATE	SCO USE ONLY	UPDATED BY	POSITION NUMBER		
2016	06/01/2016	ACAV	3A	09/26/2016	SCO ADMIN		SEE PIMS		
	06/01/2016	ACAV	1A	09/26/2016	SCO ADMIN		SEE PIMS		
	05/02/2016	ACAV	2D	09/26/2016	SCO ADMIN		SEE PIMS		
2015	07/01/2015	ACAV	5D	09/26/2016	SCO ADMIN		SEE PIMS		
2014	12/31/2014	ACA	3A	01/01/2015	INITIAL LOAD		SEE PIMS		
	12/31/2014	ACA	1A	01/01/2015	INITIAL LOAD		SEE PIMS		

Key transactions with correct effective dates:

1. Key 5D with Effective Date 07/31/2015
2. Key 2D with Effective Date 05/02/2016
3. Key 1A with Effective Date 06/01/2016
4. Key 3A with Effective Date 06/01/2016

After keying with correct effective dates:

SUFFIX	POS	SEQ	POSITION	NUMBER	STATUS	TENURE	TB	HEALTH COV	NOTICE	DATE
05/02/2016										

YEAR	EFFECTIVE	TRAN	ACA	ENTRY	SCO USE ONLY	POSITION NUMBER				
	DATE	CODE	STATUS	DATE	UPDATED BY					
2016	06/01/2016	ACA	3A	09/26/2016	SCO ADMIN	SEE PIMS				
	06/01/2016	ACA	1A	09/26/2016	SCO ADMIN	SEE PIMS				
	06/01/2016	ACAV	3A	09/26/2016	SCO ADMIN	SEE PIMS				
	06/01/2016	ACAV	1A	09/26/2016	SCO ADMIN	SEE PIMS				
	05/02/2016	ACA	2D	09/26/2016	SCO ADMIN	SEE PIMS				
	05/02/2016	ACAV	2D	09/26/2016	SCO ADMIN	SEE PIMS				
2015	07/31/2015	ACA	5D	09/26/2016	SCO ADMIN	SEE PIMS				
	07/01/2015	ACAV	5D	09/26/2016	SCO ADMIN	SEE PIMS				
2014	12/31/2014	ACA	3A	01/01/2015	INITIAL LOAD	SEE PIMS				
	12/31/2014	ACA	1A	01/01/2015	INITIAL LOAD	SEE PIMS				

If you have any questions, please contact the SCO ACAS Online Support Group at (916) 322-3770 or ACASupport@sco.ca.gov.

DS:SH:PMAB