STATE OF CALIFORNIA   BETTY T. YEE
                                                        California State Controller

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

DATE: November 17, 2017   PERSONNEL LETTER #17-027

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 UPDATES & CHANGES**

To be compliant with the Internal Revenue Service's (IRS) mandated Affordable Care Act (ACA) employer shared responsibility provisions, the State Controller's Office (SCO) must collect and report accurate 1095-C data. In an effort to provide the most accurate data, SCO has made the following updates in the Affordable Care Act System (ACAS):

- Expiration of ACA Status Code 5D
- Establishment of ACA Status Code 6A
- Completion of ACA Status Code 6A mass update
- Implementation of ACA Status Code 6A nightly auto population program
- Update to ACA Status Code sequence criteria and error messages
- Creation of Administrative Override function

EXPIRATION OF ACA STATUS CODE 5D
Effective immediately, discontinue use of ACA Status Code 5D. Any further use of ACA Status Code 5D will result in an error message and the transaction will be rejected. There is no action required for records with an existing ACA Status Code 5D.

ESTABLISHMENT OF ACA STATUS CODE 6A
Effective immediately, ACA Status Code 6A will indicate permanent separations*. The effective date for ACA Status Code 6A is the first calendar day of the month following an employee's month of separation. Entering ACA Status Code 6A for any other day of the month will result in a rejection and error message. When you must void an existing ACA Status Code 5D, enter ACA Status Code 6A in its place as appropriate. See pages 32 & 33 of the ACAS Job Aid.

ACA STATUS CODE 6A MASS UPDATE
SCO will process an ACAS mass update the evening of November 20, 2017, to populate ACA Status Code 6A for records with permanent separations effective January 1, 2017, or later. ACA Status Code 6A will not populate if the record's most recent ACA Status Code is 5D. Updated records will display "SCO MASS UPD" in the UPDATED BY column.

* Permanent separations include all S01, S02, S03, S04, S05, S10, S20 S21, S30 S31, S34, S35, S40, S41, S70, S71, S80, S90, S95, S99 and A54 separation transactions

To assist departments/campuses in correcting ACAS codes, ViewDirect Report PDA1550A, "ACA 6A MASS UPDATE ERROR REPORT FOR 2017," will be available on December 4, 2017. The report will identify records that resulted in a rejection of ACA Status Code 6A during the mass update. Departments/campuses must make the necessary corrections in the ACAS prior to December 31, 2017.

AUTO POPULATION OF ACA STATUS CODE 6A

Effective November 20, 2017, the auto population program will run nightly. When a permanent separation is entered into Employment History, an ACA Status Code 6A will be automatically populated into the employee's corresponding position in ACAS. The effective date will be the first calendar day of the month following the month of separation and the transaction will display "SCO AUTO GEN" in the UPDATED BY column. Departments must ensure that all ACA Status Codes are accurate at the time of an employee's separation. Records with blank or incorrect ACA Status Codes may result in an error or a rejection of the ACA Status Code 6A. If the auto population program is unable to enter an ACA Status Code 6A, Human Resources staff must manually enter the ACA Status Code 6A. Refer to your monthly and quarterly compliance reports for records that need correction.

ACA STATUS CODE SEQUENCE CRITERIA AND ERROR MESSAGE UPDATES & CHANGES

The criteria for ACA Status Code sequencing has been updated. Certain previously allowed entries will now result in an error message (two examples provided below).

- Attempting to enter an ACA Status Code that is the same as the current ACA Status Code
- Attempting to enter an ACA Status Code other than 2A, 2B & 2D as the initial ACA Status Code

The table below identifies ACA Status Codes that will result in a rejection and error message when entered. For example, ACA Status Codes 1A, 1C, 2D, 3B, 5A, 5B, and 5C cannot be entered after ACA Status Code 1A.

Current ACA Status Code	Will be rejected with error message when entered after current ACA Status Code								
1A	1A	1C	2D	3B	5A	5B	5C		
1C	1A	1C	3A	3B	4A	4B	5A	5B	5C
2A	1A	1C	2A	3A	3B	4A	4B	5B	5C
2B	1A	1C	2B	3A	3B	4A	4B	5B	5C
2D	1C	2D	3A	3B	4A	4B	5A	5B	5C
3A	1A	1C	2D	3A	3B	4A	4B		
3B	1A	1C	2D	3A	3B	4A	4B		
4A	1A	1C	2D	3B	4A	4B	5A	5B	5C
4B	1A	1C	2D	4A	4B	5A	5B	5C	
5A	1A	3A	3B	4A	4B	5A	5B	5C	
5B	1A	1C	2D	3B	4A	4B	5A	5B	5C
5C	1A	1C	2D	3B	4A	4B	5C		
6A	1A	1C	3A	3B	4A	4B	5A	5B	5C	6A
[BLANK]	1A	1C	3A	3B	4A	4B	5A	5B	5C	6A

SCO ADMINISTRATIVE OVERRIDE FUNCTION

SCO has created an Administrative Override function to assist departments/campuses with transactions that ACAS users cannot enter based on the updates to the ACA Status Code sequencing provided above. Users should contact ACA Support to request an override. The ACAS training materials (User Guide and Job Aid) have been updated; users should refer to these materials prior to contacting ACA Support to request an override. ACA Support may ask for additional information and/or supporting documentation. Requests will be reviewed and a decision or recommendation will be provided within two business days. Override records will display "SCO AUTH" in the UPDATED BY column.

The monthly compliance reports will be updated effective December 2017 to reflect changes and updates. SCO will send a communication when the updates are complete.

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

DS:BJ:ACAS