ACA REPORTING

The rules governing the ACA reporting are complex. This document is meant as a general guide to help the user understand the process. For a full overview and official guidance, see:


The ACA Play or Pay applies to Large Employers with 50 or more Full Time Employees (including Full Time Equivalents).

Full Time Employee generally means an employee that averages 30 or more hours of service per week or 130 hours in a month.

Full Time Equivalent (FTE) means an employee other than a Full Time Employee. FTEs are counted only for the purpose of determining whether the employer is subject to Play or Pay. There is no requirement to offer coverage to employees that are not Full Time Employees.

Each employee with 120 or more hours of service in a month counts as one Full Time Equivalent. The number of FTEs is calculated by totaling the hours of service of all non-full time employees in a month and dividing by 120.

For Hourly Employees, Hours of Service means each hour for which an employee is entitled to be paid. In addition to actual worked hours, vacation, holiday, sick, disability, layoff, jury duty, military leave and leave of absence are also included.

For Salaried or other non-hourly employees, there are two methods to calculate the hours.

“Days-worked equivalency method” - this method assumes 8 hours per day. If the salary employee normally works 10 hour days, you cannot use the “days worked equivalency method” as that would under report the hours.

“Weeks worked equivalency method” – this method assumes 40 per week worked.
In order for the ACA employee counts to be correct, the employee’s payroll record must be updated using an effective date. The ACA Status is located in Employee – EE Entry – in the hire status section.

Do not be confused with the Position Status field. The Position Status field has nothing to do with ACA reporting.

The ACA Status field relies on an Effective Date. When changing this field, make sure you are using the correct effective dates. While on the ACA Status field, right click. A box will appear, select Effective Period.

Another box will appear showing the current status. The default dates will always be 1/1/1900 to 12/30/9999.

Click the + Create button. Enter the correct Begin Effective Date - this should always be the first day of a month - and then select the correct ACA Status. The system will not allow you to change the End Effective Date. The End date should remain 12/30/9999 unless the status changes. In the case where an Employees status does change, click the + Create again and enter the date of the change in the Begin Effective Date field.

Ex. If the person was Part Time from 1/1/2015 until 03/31/2015 and then switched to Full Time effective 04/01/15, this screen will look like this once your entries have been completed.

There is a Delete option on this screen. Please do not delete any of the data lines. If you feel something should be deleted, please contact your Client Service Representative so that they may assist you with this process.

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PayData has 3 reports available to assist you in the ACA reporting:

**ACA Eligibility Analysis Report (S2713)** –

If the employer cannot determine whether the employee will average 30 hours/week or more they are classified as Variable Hours Employees. In this case, the ACA Eligibility Analysis report will help you determine if your Variable Hour Employees should be classified as a Full Time Employee. There are three main filters within this report: Measurement Period, Stability Period and Date of Hire.

**Measurement Period** – Employers should select a period between 3 and 12 consecutive months. The same period must apply uniformly to all Variable Hour Employees. Exceptions may be established for the following categories of employees: Salary versus Hourly, Union employees, employees in different states.

For new hires, the Initial Measurement Period begins on the date of hire or on a date between hire date and the first of the month immediately following the hire date. This means that the Initial Measurement Period starts on different dates depending on the employee’s hire date.

For ongoing employees, the Standard Measurement Period begins on a fixed date each year.

If the employee meets the 30 hour/week average over the Measurement Period, they are a Full Time Employee. They should be offered medical coverage beginning the first day of the Stability Period. If the employee does not achieve the 30 hour/week over the Measurement Period, they are not eligible for the subsequent Stability Period.

**Stability Period** – The period between 6 and 12 consecutive months, and not shorter than the Measurement Period. For new hires, the Initial Stability Period begins after the Initial Measurement Period so coverage will start on different dates depending on each employee’s hire date. For ongoing employees, the Standard Stability Period begins on a fixed date each year.

**Date of Hire** – Since the measurement period can differ between ongoing and new hire employees, this report offers a hire date range in the parameters to filter the report on new hires for a specific date range.

**ACA FTE Report (S2711)** -

This report will count all of your employees that have ACA Status of Full Time and total them at the bottom of the report in the Full Time Employee Count. It is important to update all known ACA statuses before running this report.

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All other employees are used to compute the Full Time Equivalent count reflected at the bottom of the report in the

Full Time Equivalent Employee Count: 39

The parameters on this report are:

**Report Mode** - summary, or detail. PayData recommends running this in detail so that you can see the employees that are being used in the counts.

**Detail Sort** – EE code or EE Last Name

**Calculate Hours** – This option should only be used if you want to assume 8 daily hours for salary

**Use Monthly Average** – When checked, this option will total all hours up to 120 per employee for the entire time period selected. It will then divide that number by 120, and again by the number of months in the range selected to give the FTE count. When unchecked, the report will total all hours regardless of how many and divide that by 120 hours, and again by the number of months in the range selected. This option will typically return a slightly elevated FTE count. Any employee with an ACA Full time status will be excluded from the FTE Count.

**ED Group** – As indicated above, the ACA is designed to look at all hours. If you chose to control which earning hours are used in the report, please contact your Client Service Representative and ask them to setup a specific ED Group for this report.

Based on the effective dates used on the employees and the date range selected, the report will total up the hours. Depending on the Use Monthly Average option checked, the ACA report will total up the hours and then divide the sum by 120 hours and the resulting figure is the FTE. When determining if you have 50 or more employees, you must add together the Full Time Employee Count and the Full Time Equivalent Count.

There is a special provision regarding seasonal workers. If the average number of employees is 50 or more for not more than 120 days, or not more than four months due to seasonal workers, the employer may subtract the seasonal workers.

This report should be run for the prior calendar year; for 2015 only there is an exception that allows employers to count employees during any period of at least six consecutive months in 2014. This optional rule is not available if the employer has used the seasonal worker provision.

**ACA Rule of Parity (S2834)** –

The final report that can be used to help determine which employees fall under the category for requiring healthcare is the ACA Rule of Parity report. Parity is the state or condition of being equal. With regards to the ACA reporting, this report helps determine when an employer can make use of the “rule of parity” that determines whether a rehired employee can be treated as a new hire based on how long

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the break of service was. If the break in service is at least four weeks, and the original service period was
greater than the break in service, then the “rule of parity” is applicable and the employee falls under the
category of requiring healthcare.