

Institutions of Higher Education – Separation Project

September 30, 2015 Q & A Session

Script Highlights

Opening (opening slide)

[Lisa Raihl] The last session, back on September 16th had around 100 people based on the roll call results, which is great. We have the webinar recording and it is posted to our website along with the PowerPoint and notes so you can refer back to them as needed. The notes for each of the previous sessions have also been published. We still recommend you use the notes in conjunction with listening to the webinars since additional items may have been discussed during the sessions that aren't in the notes and any questions that came up are in the webinars, not the notes. We are still updating the FAQs list; sorry it's taking me so long. Also, we're working on a general reporting list that will provide the reporting type and will reference the publication where you can find information such as filing requirements.

We also sent out a survey requesting processing information: FEINs, status update, dates pertinent to the timing of the project and lists of individuals for certain tasks. Thanks to all who responded so far, this helps us better understand as a whole what to expect and gives us the names of those to get set up for certain tasks/security roles. For those that have not yet responded, please do so at your earliest opportunity.

(Slide 1)

In this session, we will cover the process for reporting 2015 Affordable Care Act (ACA) employer information. We'll give an overview of the process and provide file layouts and then discuss the printing of the forms, creating the IRS file, and give critical dates for each task. Before we dive into that though, we have information as follow up to questions and concerns from the last meeting relating to the section 218 agreement, the processing flowchart, and child support information. We also have a couple of reminders for the 500 Misc file layout.

(Slide 2)

First, a notification was sent out last week regarding the section 218 agreement questions and concerns; I'd just like to restate what was communicated. The question was brought up about whether institutions would need to have their own Section 218 Agreement with the Social Security Administration (SSA). A Section 218 Agreement is a voluntary agreement between the state and the SSA to provide Social Security and Medicare or Medicare only coverage for state and local government employees. The agreements are called "Section 218" Agreements because they are authorized by Section 218 of the Social Security

Act. The State of Oklahoma has a 218 Agreement with the SSA that encompasses state government employees, including institutions of higher education.

Matt Stewart, Deputy General Counsel for OMES, contacted Oklahoma's State Social Security Administrator and explained that various universities and colleges in the State of Oklahoma are in the process of obtaining their own FEINs for all business processing. He inquired whether or not a modification to the state's Section 218 Agreement would be required as a result of the separation. The Social Security Administrator has confirmed to him that even though the universities and colleges are obtaining their own FEINs, no modification was necessary and the institutions will still be covered by the State of Oklahoma's current Section 218 Agreement. So that's good news for all.

There was also a request to provide a high level flowchart showing the entire process when the separation occurs. The flowchart was included in the notification with the section 218 agreement information.

We also discussed new hire reporting last week as it pertains to child support orders. When employees are reported as new hires, the information is used by child support agencies to see if there are income withholding or medical support orders in place that will need to be sent to the employer to begin the withholding. Since you are required to send in an initial new hire report listing all current employees to the OESC, this will begin the process of directing the orders to you and not OMES. I have been in contact with Oklahoma Child Support Services and the individual has suggested we provide to him a list of all institutions with address and contact information to be set up prior to the separation. He can then notify other State's child support agencies and let them know of the change for orders that may originate outside of Oklahoma. To do this, we are going to send a survey out requesting information for him to include the exact business name (as assigned to the FEIN), the FEIN for the institution, the exact address to send child support orders, a contact person with their direct line and fax number (they sometimes send faxes especially for termination of orders). Additionally, some employers have medical support orders sent to a different person or area so he's also requested an exact address for sending medical support orders along with a contact person and their direct line and fax number.

The Child Support Services rep also said that if you are willing to share with him with a copy of the initial new hire file, he could assist with the transition on getting the information entered and new orders sent out. You will be getting new orders showing your FEIN. Providing him a file does not relieve you from submitting the file to the OESC, it would only assist you (and child support) in this transition. We will include this as a question in the survey and then we'll provide contact information for submitting the file to him. The file can be sent to him in December before you go out on break which would give him plenty of time to work on it before the January 1 change.

(Slide 3)

This is just a reminder on the 500 Misc file for certain fields.

Do not include dashes or slashes in the date fields (this will shift other fields over). In the detail record, Field # 11 (positions 232-234), the Class ID, this should be the agency's three digit agency number. And, all Amount fields have an implied decimal; there should not be a decimal on the file. So if the dollar amount is \$87.50, the file will show a bunch of zeros then eight, seven, five, zero to complete the field.

(Slide 4)

2015 ACA reporting will be completed as one employer. Since we don't have all the information for institution employees in our system to complete ACA reporting, we had to look at how we can report for everyone. In addition, each employee is only to receive one 1095-C form. So if an employee works for more than one institution or agency, we have to combine all reporting onto one form. We will be requesting a file from each institution listing all employees that are required to be reported. We will combine all these files with a file of state agency employees and identify those that are in multiple agencies or institutions. We will then send out a file to each institution listing employees that have been identified as multiple agency employees for ACA reporting. After you receive this file from us, you will then need to send us back a file with the information you were going to report on the 1095-C for each of the employees so that we can create one form for the employee. You will also have to somehow flag those employees to exclude them from your print or file since we will be doing them centrally.

For all other reportable employees, you will need to either print the forms yourselves (this includes third party outsource printing) or provide to us all the information that needs printed on the forms. The file we receive back with the information on the multiple agency employees should include all other employees if OMES is going to print your forms. The 1095-C forms will then be printed and distributed with other year end forms (W-2s, 1099s, etc.) in January 2016.

We are then required to report to the IRS the 1095-C and 1094-C information. This will be done electronically and must be filed by the end of March 2016, same as the W-2 filing requirement. If you are doing your own print, you will need to provide to us the file so we can submit it to the IRS. If we are doing your form printing, we will create the file for submission to the IRS.

The State will file the authoritative 1094-C. There can be only one authoritative transmittal, so no others should be marked as authoritative in the files. Along with sending us the files to be submitted to the IRS, we will need the employee counts that are required for the authoritative transmittal.

That, in a nutshell is the ACA reporting process for 2015. We'll now get into the file layouts and then discuss critical dates for each step of the process.

(Slide 5)

First we have the initial information file from the institutions. We need you to tell us who all is to be reported on a 1095-C for your institution. Each of these files will be loaded into our system to do a statewide employee compare for multiple agency reporting. It is critical you identify all employees that

require reporting in order for this to be accurate. For the file, employees must have only one record in the file and you should only include those employees you intend to issue a 1095-C form to. We've got the 3 digit agency number, the employee's SSN, the higher Ed EmplID, and then the State EmplID, the State EmplID is optional. The next field, 'Issue 1095C', you should only send us those you intend to issue a 1095-C to so everyone would be marked 'Y'. But if you do a file with all employees, you will need to indicate which ones are going to be reported and which ones are not. Then we need the employee's name. After that is the field 'Full-Time*', this is full-time as defined by ACA and the field also includes those employees in a stability period. The last field, 'Self-funded' is needed to complete Part III of the form if the employee was enrolled in a self-funded plan.

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The file layout for the return file is the format in which the state will send data back to each institution. The file will contain a list of the employees who had multiple agencies or institutions indicate they are planning to issue a 1095C, yours being one of them. Employees in this list will have the final 1095C processed by the state. Each institution is responsible for sending in their 1095C data for the employees on the list. The state will consolidate data from different agencies and institutions to create one 1095C for these employees as required by the IRS. Again, this layout is pretty basic, we are just telling you who we need information on to do combined reporting for 2015. We will provide you the SSN, Higher Ed EmplID, State EmplID, and name of each employee that have reportable information from more than one agency and/or institution, to include yours. The final line will be a total line that will show how many employees we processed from your file and the number of employees in your file that are reportable with multiple agencies or institutions. The layouts for both the initial information file from the institutions and the subsequent return file from the state are both contained in one Excel file on separate tabs. The name of this Excel file is "Hi Ed Multiple 1095C List Data Layout.xlsx"

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Once you receive back the list of employees, you will need to create a file providing us with the information you would have included on each employee's 1095-C form. This information will be combined with others to create one form for each employee. Additionally, if you want OMES to print your 1095-C forms, you will need to include every reportable employee in this file with their specific information so we can print them. We can only print employees; non-employees covered under a self-insured plan are not in our system and cannot be loaded to print. If you have a self-insured plan and have non-employees to report, you may want to report on the 1095-B form or do your own print for all to be on 1095-C forms. This file layout is in the Excel file named "Hi Ed 1095C Data Layout.xlsx". There is a tab for the Part II layout and a tab for the Part III layout.

This file layout pretty much follows the layout of the 1095-C form. Some initial information to be aware of:

There are only P2 and P3 records in this file. P2 represents Part II of the 1095C and P3 represents Part III of the 1095C. The data for Part I of the 1095C will be populated by the data in the state HCM system or information we request from you.

All employees must have a P2 record, and only one P2 record.

The P2 record for an employee must be listed in the file with the corresponding P3 records listed immediately after the P2 record, if there are any P3 records for that employee.

Only include a P3 record if the employee is enrolled in an employer-sponsored self-insured medical plan.

If an employee is enrolled in an employer-sponsored self-insured medical plan, the field value for self-insured (position 277) must be Y and you must include at least one P3 record.

Each covered individual included in Part III of the 1095C must have a separate P3 record, including the employee.

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This slide shows the first several fields of the file. The record Code will be "P2" to indicate Part II of the 1095-C form. The next several fields are all basic information related to the employee you are reporting. Field position 108-109 begins the fun. This is where the Employee Offer and Coverage information begins. Part II Line 14 on the actual form is the Offer of Coverage. We need to know for each employee the offer of coverage by using the IRS codes from the form instructions. If the offer of coverage was the same for the entire calendar year, you can populate the 'all 12 months' field and not have to enter codes in each individual month. If the offer of coverage code is not the same for the entire calendar year, then you must enter the specific codes in the month fields on the file. For presentation purposes I have not include the file layout for February through December but the layout and information requirements for those months are the same as January.

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Continuing down the file layout we come to field position 134 which relates to Line 15 in Part II of the actual form. Line 15 is for entering the employee share of lowest cost monthly premium for self-only minimum value coverage. This field is required to be completed only when certain codes are used on Line 14. Please refer to the form instructions for entering data in this field. If the amount was the same for the entire calendar year, you can populate the 'all 12 months' field and not have to enter the amount in each individual month. If the amount is not the same for the entire calendar year, then you must enter the specific amounts in the month fields on the file. Again, for presentation purposes I have not included the

file layout for February through December but the layout and information requirements for those months are the same as January.

The next segment of the file starts in field position 251 which relates to Line 16 in Part II of the actual form. Line 16 is for entering any applicable section 4980H safe harbor codes. The safe harbor codes are listed in the form instructions. If the safe harbor code was the same for the entire calendar year, you can populate the 'all 12 months' field and not have to enter codes in each individual month. If the safe harbor code is not the same for the entire calendar year, then you must enter the specific codes in the month fields on the file. For presentation purposes I have not included the file layout for February through December but the layout and information requirements for those months are the same as January.

The last field for the P2 record is the Self Insured field, position 277. If the employee is enrolled in the employer-sponsored self-insured medical plan, the field value for self-insured (position 277) must be Y and you must include at least one P3 record.

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Next, we have the layout for the P3 record. Remember; only include a P3 record if the employee is enrolled in an employer-sponsored self-insured medical plan. Also, all covered individuals under an employee's enrollment must be included on the form so we must have each individual's information on a separate P3 record, including the employee. This slide shows the first several fields of the file. The record Code will be "P3" to indicate Part III of the 1095-C form. The next three fields are basic information related to the employee. Field position 29 begins the reporting for each covered individual, including the employee. We will need the individual's name and SSN (or other TIN). If the SSN, or other TIN, is not provided, then you must enter the individual's date of birth. If the individual was covered for at least one day per month for all 12 months, you can populate the 'all 12 months' field with a 'Y' and not have to enter anything in each individual month. If the individual was not covered for all 12 months, then you must enter 'Y' or 'N' in the month fields on the file. For presentation purposes I have not included the file layout for February through December but the layout and information requirements for those months are the same as January.

(Slide 11)

The final forms and instructions for the 1094C and 1095C have been posted on the IRS website. If you go to forms and publications part of the website though, the links (as of yesterday) still went to the 2014 reporting. If you follow the link provided in this slide and go about half way down the page, you will find information reporting on health coverage by employers. The links in that section will take you to the 2015 forms and instructions.

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Once we have the print files from the institutions, we will enter the information in our system and review multiple agency/institution employees and combine data received for full year reporting on only one form. If an institution would like for us to print their other reportable employees, then they too should be included in the print file.

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OMES will create a file to submit to the IRS for all 1095-C forms that we print. Institutions will be required to send us their 1095-C file if printing is not done by us (if it's completed in-house or by a 3rd party administrator). For those with self-insured plans that have to report on non-employees, if you've printed them on 1095-C forms, they will need to be included in the 1095-C file submitted to us. If you printed non-employees on 1095-B forms, the plan will need to submit the file to the IRS.

(Slide 14)

When we create the IRS file for all employees we printed, we will also do the authoritative 1094-C transmission. There can be only one authoritative file, so when you send us your IRS files, you will not have information related to the authoritative transmittal. You will however need to supply us with employee counts for each month of the year. We will need to know your full time employee count per month and your total employee count per month. The employee counts will be as of the first day of the month for each month. Details on how we will get this from you will come later.

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To make this as smooth as possible and taking into consideration everyone's time off during the winter break, we have come up with some critical dates for exchanging information in order to have the data we need to print the employees' 1095-C forms.

December 1st is the due date for submitting test files. This is to just test the file formats that you have created to make sure they are correct before submitting actual data.

By December 7th we will need a file from each institution listing employees requiring a 1095-C form. We will send a notification out in November and then a reminder the beginning of December.

By December 11th we will have determined those employees who have reporting obligations from multiple agencies or institutions. We will create a file for each institution that will list employees identified so that you can begin identifying the reporting requirements to send back to us.

By December 18th we need to have files from all the institutions for the multiple agency/institution employees. On that file, we will also need other employees if you'd like for us to complete your form 1095-C printing.

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January 11th to the 18th of 2016 we expect to complete the printing of all the 1095-C forms we'll be doing. We'd like to get these printed in advance of the other year end forms print so it could be earlier, but we'll hold on to all forms until all are ready to be distributed.

February 19th 2016 is the deadline for getting us any corrections to printed forms (forms we printed) and for getting us the IRS file for reporting of 1095-C information if you did your own printing of the forms. We also need the employee counts for the authoritative 1094-C by this date.

And lastly, March 31, 2016 is the deadline for OMES to submit the 1094/1095-C files.

(Slide 17)

I know we just covered a tremendous amount of information but I think if you go back and look at the forms and read the instructions, it should begin to make more sense. Remember, slide 11 shows the area of the IRS website with the links for the 2015 forms and instructions.

If you have any questions after the session today, please email to: Ayana.Wilkins@omes.ok.gov

(Slide 18)

As I briefly mentioned early, we are sending out a survey for the 2015 ACA reporting to determine, in advance of the printing and filing season, the path each institution will be taking to meet ACA reporting requirements. Some may be contracting out the form printing and/or the IRS file creation; some may be planning to complete these tasks themselves, while others may not have the resources to complete one or both tasks. We ask that you please complete the survey no later than October 14th so that we can compile the results and identify those we will be providing print or file creation services for. This will help us to plan our year end processing. The survey for ACA will have three questions. If you answer "no" to questions 1 and 2; "no you will not be printing the employee 1095-C forms in-house or using a third party to print the forms"; "no you will not be creating the 1094/1095-C file in-house or using a third party to create the file", then we know we will need to do this for you. Remember, if OMES is going to be printing the forms and/or creating the file information, we will require the data from the institution in order to do so.

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We'd like to reiterate some important project dates. By October 26th we need your FEINs so that we can enter them in for testing purposes. I believe most of you have provided us your FEINs when you completed the last survey, thank you very much!

November 16 we need to have the ACES and Participant Maintenance OST security forms and by November 30 we need the 301JE security forms 301 security forms (to be published soon). Please send all information to: Ayana.Wilkins@omes.ok.gov

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Also, we are preparing for submission of test files and have been requested to ask institutions to delete old files you may still have out on the secure server. I have shown the area where the files are located. Files prior to 2015 can be removed from the server, 2015 can be kept out there for now. If you need assistance deleting the files, please contact Jane Swart or Carlos Hopkins and they can assist.

Jane Swart, jane.swart@omes.ok.gov, (405) 521-4786

Carlos Hopkins, Carlos.Hopkins@omes.ok.gov, (405) 521-4788

For test files submission, they will be sent to a central test directory as listed on the slide. Please include your agency number in the file where the 'xxx' is at the beginning of the file name. Also include a "T" for test in the file before the 'dot RECD'. This naming convention is similar to what you use today. For Production files that are FTPed to us, these will be placed in each agency's directory like is done today. The naming convention is also shown on the slide.

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ACA test files will also be sent to the central test directory as shown on the slide. Production files FTPed will go into the agency's directory as others are. The naming convention will be as shown.

(Slide 22)

Our next session will be on October 14 from 2:00 to 4:00 pm. The agenda has not been fully developed yet. We will provide a project update. Another topic will be security and the termination of institution employees after the separation. Security being access to PeopleSoft HCM and Financials along with other system accesses. We will also discuss roles changes in both HCM and Financials going forward.