

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

DATE: August 31, 2018

PERSONNEL LETTER #18-017

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

FROM: Marissa Revelino, Chief
Personnel and Payroll Services Division

RE: AFFORDABLE CARE ACT SYTEM UPDATES AND 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 health benefit information. In an effort to provide the most accurate data the following ACA COBRA Status Codes will be effective January 1, 2018 in the Affordable Care Act System (ACAS):

- 1B (new code) = offer of COBRA continuation coverage to active employee only
- 1C (existing code) = offer of COBRA continuation coverage to active employee and dependent(s)
- 1D (new code) = offer of COBRA continuation coverage to active employee and spouse
- 1E (new code) = offer of COBRA continuation coverage to active employee, spouse and dependent(s)

ESTABLISHMENT OF ACA STATUS CODE 1B

ACA Status Code 1B is a new code that indicates a COBRA continuation health coverage offer has been made to an active employee only (not their dependent(s) or spouse).

REDEFINITION OF ACA STATUS CODE 1C

ACA Status Code 1C is an existing code that has been redefined to indicate that a COBRA continuation health coverage offer has been made to an active employee and their dependent(s) only (not their spouse).

**Note: Prior to this update, ACA Status Code 1C was entered to indicate any offer of COBRA continuation coverage. This is no longer an acceptable use for this ACA Status Code.*

ESTABLISHMENT OF ACA STATUS CODE 1D

ACA Status Code 1D is a new code that indicates a COBRA continuation health coverage offer has been made to an active employee and their spouse only (not their dependent(s)).

ESTABLISHMENT OF ACA STATUS CODE 1E

ACA Status Code 1E is a new code that indicates a COBRA continuation health coverage offer has been made to an active employee, their spouse and dependent(s).

EFFECTIVE DATE FOR ACA STATUS CODES 1B, 1C, 1D & 1E

The effective date for ACA Status Codes 1B, 1C, 1D and 1E is the first calendar day of the month following the month in which an active employee's health benefits are cancelled due to a COBRA qualifying event.

COBRA CORRECTION REPORT

In September 2018 SCO will release report PDA0043, a one-time report to notify agencies and campuses of any ACA Status Code 1C entered in or with an effective date at any point during 2018. Agencies and campuses are required to review each record and verify that the appropriate code was entered into the ACAS based on who the COBRA offer was extended to, using the newly defined COBRA codes. Inaccurate codes must be voided and replaced by the accurate code prior to December 31, 2018, to avoid potential information reporting penalties. Penalty B assessments may apply to an employee that was offered COBRA, but qualified for a premium tax credit towards the purchase of coverage through the exchange because the health coverage offered by the state was not affordable. If after verifying the employee's record, the ACA Status code is correct, no update is necessary.

COBRA COMPLIANCE REPORTS

To assist in the accurate capturing and tracking of COBRA offers to employees, SCO is releasing compliance report PDA2050H. The report lists employee records with ACA Status Codes 1B, 1C, 1D, or 1E that have been effective for longer than 18 months on an ongoing basis. For all employees listed on the report, Personnel Specialists must verify each record and update the employee's ACA Status Code when applicable. For example, if an employee on the report is still not eligible for state-sponsored health coverage, Personnel Specialists will need to enter a 2A or 2B ACAS Status Code following the COBRA ACAS Status Code to indicate that the employee is no longer eligible for COBRA continuation coverage, even though his/her dependents may be eligible for COBRA continuation coverage for up to 36 months. The effective date of the 2A or 2B ACA Status Code shall be the first of the month following the employees 18 months of COBRA coverage eligibility.

For the September 2018 report only, Personnel Specialists must review each record to verify that the appropriate code was entered into ACAS based on who the COBRA offer was extended to, using the newly defined COBRA codes. As is the process with the COBRA Correction Report, inaccurate codes must be voided and replaced by the accurate code. If after verifying the employee's record, the ACA Status Code is correct, there is no update necessary.

The SCO will send the September 2018 report to departments through a secure email. Beginning in October 2018, the report will be available on ViewDirect.

For inquiries specific to Personnel staff authorized to access ViewDirect, contact PPSD Decentralized Security by emailing dsa@sco.ca.gov. For more information on accessing and printing ViewDirect reports, refer to the [ViewDirect User Manual](#).

USER GUIDE AND JOB AID UPDATES

The following resources have been updated to reflect the changes to the COBRA ACA Status Codes and will be available September 7, 2018 to assist agencies/campuses with data entry/corrections in ACAS:

- [ACAS: A Scenario Specific Job Aid](#)
- [ACAS User Guide](#)

For questions regarding the information provided above or any other inquiries related to the ACAS, please contact the SCO ACAS Online Support Group via phone (916) 322-3770 or by emailing acasupport@sco.ca.gov.

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

MR:MV:LH:ACAS