



Paychex Employer Shared Responsibility Services

Frequently Asked Questions

The following provides you with information about the Employer Shared Responsibility (ESR) provisions of the Affordable Care Act and the Paychex ESR Services. Please refer to the [ESR Glossary](#) for definitions of key terms.

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ESR Provisions

1. What is Employer Shared Responsibility?

The ESR provisions state that applicable large employers (ALEs) must offer full-time employees health insurance coverage that meets the established minimum essential coverage (MEC) requirements and is deemed affordable at a minimum actuarial value (MAV) or be subject to potential penalties. To avoid potential penalties, ALEs must also offer MEC to the dependents of full-time employees.

ESR Reporting Requirements

2. What are the ESR reporting requirements, and who is required to comply?

Each year, ALEs are required to furnish Forms 1095-C to applicable employees and file Forms 1094-C and 1095-C with the Internal Revenue Service (IRS). Simplified reporting methods are available under certain circumstances.

The IRS also issued reporting requirements for other entities, such as health insurance carriers and self-insured businesses, which must file Forms 1094-B and 1095-B. For ALEs who are self-insured, the filing is combined, and they need only file Forms 1094-C and 1095-C.

3. Is the reporting different for self-insured employers?

All ALEs must furnish and file Forms 1094-C and 1095-C with the IRS each year, regardless of whether they are self-insured or not. Self-insured employers who are not ALEs must furnish and file Forms 1094-B and 1095-B.

4. What are the due dates for ALEs to furnish 2017 forms to employees and file with the IRS?

The following are the ALE deadlines for 2017 forms:

- Furnish 2017 Forms 1095-C to applicable employees by March 2, 2018 (The IRS extended the due date from the original furnishing deadline of January 31, 2018.)
- File 2017 Forms 1094-C and 1095-C with the IRS by
 - February 28, 2018, if filing paper forms
 - April 2, 2018, if filing electronically

Note: Paychex will file Forms 1094-C and 1095-C for our self-insured ESR Services clients who are ALEs. We do not file Forms 1094-B and 1095-B on behalf of clients.

5. Which employees do ALEs need to furnish the forms to?

If you're an ALE, you must provide employees with a Form 1095-C if they were employed by you full-time for at least one month of the filing year.

If your health insurance is self-insured, you must also provide Forms 1095-C to all part-time employees enrolled in coverage for at least one day of the year. You must also provide forms to certain non-employees enrolled in self-insured coverage during the year. This group may include terminated COBRA participants, retirees, or non-employee directors of the company.

6. What is the purpose of the reporting on Forms 1094-C and 1095-C?

This reporting provides the IRS with certification of whether an ALE is subject to potential penalties for not offering health insurance to applicable employees and their dependents that meets MEC, MAV, and affordability requirements.

Additionally, this reporting helps employees determine their eligibility for a premium tax credit through a government health insurance marketplace.

7. What is the penalty for filing late or inaccurate Forms 1094-C and 1095-C?

ALEs who fail to file 2017 Forms 1094-C and 1095-C and/or provide 2017 Forms 1095-C information returns to employees will be subject to penalties for failure to file correct information returns and/or failure to furnish correct statements, similar to the penalties for not filing Forms W-2.

For late/non-filing of 2017 Forms 1094-C and 1095-C with the IRS	For late/non-furnishing 2017 Forms 1095-C to employees	Penalty
If an ALE files/furnishes within 30 days of the due date:		<ul style="list-style-type: none"> If the business has gross receipts of more than \$5 million, the penalty is \$50 per return, with a maximum penalty of \$532,000 If the business has gross receipts of \$5,000,000 or less, the maximum penalty is \$186,000
If an ALE files with the IRS more than 30 days after the due date, but by August 1:	IF an ALE furnishes more than 30 days after the due date but by August 1:	<ul style="list-style-type: none"> If the business has gross receipts of more than \$5 million, the penalty is \$100 per return, with a maximum penalty of \$1,596,500 If the business has gross receipts of \$5,000,000 or less, the maximum penalty is \$532,000
If an ALE files after August 1 or doesn't file at all:	If an ALE furnishes after August 1 or doesn't furnish at all:	<ul style="list-style-type: none"> If the business has gross receipts of more than \$5,000,000, the penalty is \$260 per return, with a maximum penalty of \$3,193,000 If the business has gross receipts of \$5,000,000 or less, the maximum penalty is \$1,064,000
In the case of intentional disregard, the penalty is \$530 per return with no cap.		

The chart reflects penalties for returns due for the 2017 filing year.

Example:

Jack's Other Sandwich Shop is an ALE with 80 employees who should each receive a 2017 Form 1095-C. Paychex files Form 1094-C and 1095-C with the IRS by the April 2 deadline. But the company misses the March 2 employee furnishing deadline and is 30 days late in giving Forms 1095-C to its employees. Even though the IRS forms were filed on time, the company may be assessed a penalty of \$50 per return or a total of \$4,000 for late furnishing to employees. If Jack's Other Sandwich Shop is more than 30 days late but furnishes by August 1, 2018, the IRS could assess a penalty of \$100 per return or \$8,000. If Jack's Other Sandwich Shop furnishes forms to employees after August 1 or fails to furnish at all, the IRS could assess a penalty of \$260 per return or \$20,800.

These penalties are not assessed when the failure to file is for a reasonable cause, with no willful neglect. Other conditions may apply. Visit the [IRS Affordable Care Act Tax Provisions website](#) for more information.

Rules for Employee Hour Calculations and Measurement Periods

8. How are full-time employees and full-time equivalent employees (FTEs) calculated to determine ALE status?

In general, the calculation for determining the monthly total number of full-time employees and FTEs is:

(Total number of hours of service for all non-full-time employees * / 120) + Total number of full-time employees

*All employees (including seasonal employees) who were not full-time employees in a given month, capped at 120 hours per employee.

9. What hours are used when determining ESR eligibility?

An employee's hours of service include:

- time for which an employee is paid, or entitled to payment, for the performance of duties for the employer and
- time that is paid, but for which the employee may not work, such as paid vacation time, sick time, disability, jury duty, military duty and leaves of absence.

Note: Hours for employees on FMLA and disability must be considered in ESR calculations. Certain additional rules apply to determine these hours.

10. Do I need to include the hours worked by volunteer employees?

Hours worked by volunteers are excluded from the calculations of ESR hours, even if the volunteer receives a minimal payment or reimbursement.

11. One of my employees participated in a federal work study program. Should I include those hours in my ESR calculations?

No. Hours that are part of a federal work study program or a substantially similar state program should not be included in hours for ESR.

12. How should hours for adjunct faculty be reported for ESR?

The IRS has suggested that a reasonable method for crediting hours for adjunct faculty can be reported by crediting 2.25 hours for every classroom hour, plus any hours required outside the classroom, such as faculty meetings or office hours. For example, 12 classroom hours plus 8 hours of faculty meetings and office hours would be reported as 35 hours for ESR: $(12 \times 2.25) + 8 = 35$.

13. How should layover hours for airline personnel be reported for ESR?

Airline layover hours should be reported as follows, unless this substantially understates hours of service:

- Daytime layover: 8 hours
- Overnight layover: 16 hours

14. How do I calculate hours for international employees?

In general, if a business has employees who are overseas, then their hours need not be counted when determining ESR eligibility. This assumes those hours of service constitute foreign source income, consistent with the rules of federal taxation for determining whether compensation for services is attributable to services performed within or outside the United States. This also assumes that the employee is anticipated to work overseas for at least 12 months. If foreign employees come to the

United States (U.S.), they would be treated as newly hired employees, unless they were previously in the U.S., in which case rehire rules would apply.

15. What are the rules of setting up measurement and administrative periods?

- Measurement periods can be 3 through 12 months long. **Note:** If you use Paychex ESR Services, measurement periods must be 3 months or 6 through 12 months long.
- An administrative period must not exceed 90 days.
- For newly hired employees, the initial measurement period plus an optional administrative period cannot extend beyond the last day of the first calendar month following the one-year anniversary of the employee's start date. (This would total at most 13 months and a fraction of a month.)
- An administrative period must include any days worked by a newly hired employee prior to the initial measurement period within the 90-day period limit.

Coverage Requirements to Avoid Potential Penalties

16. How do I know if I am at risk for a coverage penalty under the ESR provisions?

If you're an ALE, you are at risk for potential penalties under the ESR provisions if you:

- do not offer health insurance to your full-time employees,
- do not offer MEC to substantially all of your full-time employees and their dependents,
- offer coverage that does not meet the MAV of 60 percent, or
- offer coverage that is deemed unaffordable to your full-time employees (based on calculations).

Note: These assessments are separate from penalties that may be assessed for not filing and furnishing Forms 1094-C and 1095-C by the deadlines (see question 7).

17. In what situations could an ALE incur penalties for not offering adequate and affordable insurance to my employees?

1.) When an ALE does not offer minimum essential coverage (MEC) or offers such coverage to less than 95 percent of its full-time employees (and their dependents), and at least one of the full-time employees receives a premium tax credit to help pay for coverage through a health insurance marketplace

*Special rule: If an ALE offered MEC to all but five of its full-time employees (and their dependents), and five employees is greater than 5 percent of the employer's full-time employees, the employer will not owe the employer shared responsibility payment that would otherwise apply under the rule for an employer that offers coverage to less than 95 percent of its full-time employees (and their dependents).

2.) When an ALE offers MEC to at least 95 percent of its full-time employees (and their dependents), but at least one full-time employee receives a premium tax credit to help pay for coverage through a health insurance marketplace, and this employee was not offered coverage or was not offered adequate and affordable coverage by the employer. The coverage offered to meet adequacy standards must meet minimum value requirements.

How are the ESR payments (penalties) calculated?

For circumstance 1 above: On an annual basis, this payment is equal to \$2,000 (plus inflation adjustments

by calendar year) for each full-time employee, with the first 30 employees excluded from the calculation. This calculation is based on all full-time employees (minus 30), including full-time employees who have MEC under the employer's plan or from another source.

For circumstance 2 above: On an annual basis, this payment is equal to \$3,000 (plus inflation adjustments by calendar year), but only for each full-time employee who receives the premium tax credit. The total payment in this instance cannot exceed the amount the employer would have owed had the employer not offered MEC to at least 95 percent of its full-time employees (and their dependents).

For either type of ESR payment to apply to an ALE, at least one full-time employee must receive a premium tax credit for purchasing coverage through a health insurance marketplace.

Each type of ESR payment is calculated on a monthly basis and is not a flat amount for all ALEs. Rather, the ESR payment amount will depend on either the number of full-time employees of the ALE (for an ALE not offering MEC to at least 95% of its full-time employees and their dependents) or on the number of full-time employees of the ALE who receive a premium tax credit for purchasing coverage through the marketplace (for an employer not offering coverage to an employee or offering coverage that is not affordable or does not offer minimum value).

The per-employee amount of the ESR payment (penalty) increases over time. Each calendar year, the applicable per-employee dollar amounts of \$2,000 and \$3,000 are increased based on the premium adjustment percentage (as defined in section 1302(c)(4) of the Affordable Care Act) for the year, rounded to the next lowest multiple of \$10. For 2017, the adjusted \$2,000 amount is \$2,260 and the adjusted \$3,000 amount is \$3,390.

18. Do self-funded (self-insured) groups have to offer qualified coverage or risk incurring a penalty?

Yes, self-funded groups must offer adequate and affordable coverage to full-time employees and dependents or face potential ESR penalties.

Controlled and Affiliated Service Groups

19. If my company is a "child" company within a controlled or affiliated services group, when would it be considered an ALE?

If a company is part of a controlled or affiliated service group with a combined total of 50 or more full-time employees and FTEs, it would be considered to be part of an aggregated ALE group and be subject to the ESR provisions.

20. How are hours calculated to determine if a controlled or affiliated service group and member entities are considered ALEs?

You must aggregate the hours of all employees across a controlled or affiliated service group to determine ALE status.

21. How do I determine the full-time status of employees who work across multiple members of a controlled or affiliated service group?

An employee's hours worked across the controlled or affiliated service group are aggregated when determining full-time status. Refer to IRS Instructions for Forms 1094-C and 1095-C for specifics on how to report these employees for each entity.

22. How are coverage penalties assigned to member entities within a controlled or affiliated service group?

The potential penalty for not offering adequate or affordable health insurance to full-time employees and their dependents is assigned to only one entity within a controlled or affiliated service group per month. For each month of the filing year, the employers must determine with which entity the employee has worked the most hours. This entity is the only one that would treat the employee as full-time for that month. Consequently, this entity is the only one that may be liable for a potential penalty associated with that employee for the given month. If hours of service are equal in a month among two or more entities, the entities may choose which one entity will treat the employer as full-time for the purpose of liability. Essentially, the employee will be treated as full-time for only one company per month across the group.

About the Paychex ESR Services

23. What do the Paychex ESR Services do?

The Paychex ESR Services offer proactive data analytics and communications that will alert you to trends in your payroll information that may subject you to penalty assessments as well as assistance in preparing and filing Forms 1094-C and 1095-C. The services help you do the following:

- Define if your business is an ALE subject to the ESR provisions
- Calculate how many full-time employees you have based on IRS definitions
- Track your designated measurement, administrative, and stability periods and manage the transitions between these look-back periods (including from new hire to ongoing employee, between employee categories and others)
- Determine if your benefits coverage is considered adequate and affordable for full-time employees*
- Prepare and file Forms 1094-C and 1095-C

*Coverage Adequacy Analysis and Monitoring is available only to clients who retain health insurance through Paychex Insurance Agency or Paychex PEO, or to those whose benefits are managed through BeneTrac.

24. What is included in the Paychex ESR Services?

The Paychex ESR Services are comprised of:

- Complete Analysis and Monitoring Services
 - Applicable Large Employer Analysis and Monitoring
 - Full-Time Employee Analysis and Monitoring
 - Coverage Adequacy Analysis and Monitoring*
- End-of-Year Reporting

*Coverage Adequacy Analysis and Monitoring is available only to clients who receive health insurance through Paychex Insurance Agency or Paychex PEO, or to those whose benefits are managed through BeneTrac.

25. How do these services help me with the ESR provisions?

With the **Complete Analysis and Monitoring Services**, you can receive email alerts and notifications about when you reach thresholds that may make you subject to potential penalties. You'll also have access to the ESR web portal where you can view the following reports or run custom analyses on demand:

- **Applicable Large Employer Analysis and Monitoring** provides you with information that helps you determine whether or not you are an ALE and, therefore, subject to the ESR provisions.
- **Full-Time Employee Analysis and Monitoring** provides you with information on who your full-time employees are based on the ESR definition. It also shows your designated measurement, administrative, and stability periods so you can make an educated decision based on how these time periods will affect your specific business.
- **Coverage Adequacy Analysis and Monitoring*** identifies new and ongoing employees who are considered full-time under ESR and indicates if you are offering adequate insurance that meets the MAV and is affordable by applying the three safe harbor affordability tests to the lowest cost employee-only premium. The analysis also calculates an estimate of potential penalties that could be assessed if you do not offer adequate and affordable coverage by a certain date.

With **End-of-Year Reporting**, Paychex can prepare and file Forms 1094-C and 1095-C with the IRS and provide you with Forms 1095-C to furnish to your applicable employees. For the 2017 filing year, Paychex will also offer a service to mail 1095-C forms directly to employees on your behalf. If you elected to receive our Direct to Employee Forms 1095-C Service, Paychex will send Forms 1095-C directly to your applicable employees. For more information, please speak with your ESR representative.

*Coverage Adequacy Analysis and Monitoring is available only to clients who receive health insurance through Paychex Insurance Agency or Paychex PEO, or to those whose benefits are managed through BeneTrac.

Features and Functionality of Paychex ESR Services

26. How frequently does Paychex generate analyses and reports?

We generate reports automatically every month.

27. Can reports be generated on demand?

Yes, all reports can be generated on demand.

Paychex Clients: Log in to the web portal and go to the **Documents and Reports** menu and the **Custom Reports** tab.

BeneTrac Clients: Go to the ESR home page. Under **Administration** and **ESR Modeling**, click **Run Analysis**. The report will be available in **Documents & Reports**.

28. Can I model different scenarios?

Yes, with the Full-Time Employee Analysis and Monitoring service, you can model different measurement, administrative and stability periods. To do this, log in to the ESR web portal and go to the **Administration** menu.

29. What does “modeling” mean?

Modeling allows you to view what your employees’ status would look like if you used different measurement, administrative, and stability periods moving forward. It changes the current measurement and administrative periods, which, therefore, changes the subsequent stability periods. After viewing and analyzing models, you may choose to apply the model if you want.

30. What if the analysis appears to have incorrect payroll-related information?

Check with your payroll representative first to see if the payroll data is correct. If the payroll data is correct but the analysis still looks incorrect, you should contact your ESR service representative to research.

Note: The data on the ESR reports may not match data on your payroll reports exactly because it undergoes specific calculations to comply with the ESR provisions. When you are reviewing, do not compare the sums and totals, but rather the employee demographic and setup information.

31. Will I receive a notification if I am missing information?

Yes, if there is missing information that prevents us from performing the calculations, you will see a notification on the reports.

32. Are there situations when ESR data may not match my payroll reports?

The source data should match, and you will be able to view how the data is set up in payroll (such as the employee name, average/standard hours per week, or hourly/salary status). The ESR analysis data will not necessarily match your payroll reports when we use ESR-specific calculations that are not typically used for payroll purposes, such as the calculation for full-time employees.

33. Will I be alerted if I’m approaching thresholds that put my business at risk for potential ESR penalties?

We provide alerts in the form of email notifications and notifications on the ESR web portal in the following situations that may put your business at risk for potential penalties:

- when you are approaching or exceeding 50 full-time employees and FTEs
- when you have employees identified as part-time approaching or exceeding 30 hours per week during their current administrative or measurement period

If you qualify to receive the Coverage Adequacy Analysis and Monitoring Service, you will also receive alerts:

- when our records show that you have not offered affordable or adequate health insurance to some full-time employees and
- when your business has employees in a current administrative period who show a coverage status of “not enrolled/not waived.” To avoid a potential penalty, you should offer these

employees adequate and affordable health insurance before the start date of their upcoming stability period.

Note: If your company is part of a controlled or affiliated service group and you are not designated as the parent company, the email alerts and notifications you will receive for the Applicable Large Employer analysis will not include information on the entire group. Consult with the designated contact for the group parent to determine your ALE status. ALE status is determined by the total hours across the controlled or affiliated service group, and, for security purposes, only the parent company will have access to this analysis.

34. What kind of customization is available for my reports?

You can run an Applicable Large Employer analysis for any 12-month date range you choose. This report can also be run with one of three different methods to help you estimate your full-time employee and FTE employee calculation (based on the pay period ending in the month, allocating pay periods across months based on the percentage of the month they were in, or using a year-to-date calculation instead of a monthly calculation).

Note: The Applicable Large Employer analysis tracks payroll hours per pay period (not per calendar day). In the event your pay period includes portions of two months, the calculation is an estimation of your actual full-time employee and FTE calculation. To determine your actual full-time and FTE calculation, you will need to allocate hours of service to the specific calendar month in which they occurred.

The Full-Time Employee and Coverage Adequacy analyses can be run on demand at a point in time. The Full-Time Employee analysis also allows you to model different measurement, administrative, and stability periods. This modeling would then be applied to the Coverage Adequacy analysis.

35. How far back in time can I run an ESR analysis?

As a client, you will be able to run an ESR analysis for the shorter of the time you have been with Paychex or three years of prior payroll information. For example, if you have processed payroll with Paychex for three years, you can run an ESR analysis on your prior three years of payroll information.

36. If I am part of a controlled group, will I see data for the entire controlled group in my analyses?

Applicable Large Employer Analysis

If you are designated as the parent company in a controlled or affiliated service group, then on the Applicable Large Employer analysis you will receive the aggregated data for the entire controlled or affiliated service group on the **Summary** page and data for all the employees across the group on the **Detail** page.

If you are not designated as the parent company, then you will see only the data for your single company on the Applicable Large Employer analysis. If you are not the parent, then the numbers on the **Summary** page are for informational purposes only, and you should consult with the contact designated as the parent to determine your ALE status.

Full-Time Employee Analysis

On the Full-Time Employee analysis, each company will receive a list of the employees who have hours for its individual entity. The analysis will include hours worked for the individual entity as well as an aggregated number for the hours that employee worked across the entire controlled or affiliated service group.

Coverage Adequacy Analysis

On the Coverage Adequacy analysis, each company will receive a list of the employees who have hours for the individual entity. The analysis will include hours worked for the individual entity as well as an aggregated number for the hours that employee worked across the entire group.

37. What if I have a company not on Paychex payroll?

If the company is not on Paychex payroll, we won't have complete data for reporting, and you're responsible for providing payroll data.

38. How do I make changes to my ESR data?

You can make changes to payroll data as you typically would. If you need to change other information, contact your ESR representative.

39. How do I make stability and measurement period changes?

You can change the stability and measurement periods by contacting your ESR representative

40. How do I change the setup of my controlled or affiliated service group?

You can change your controlled or affiliated service group setup by contacting your ESR representative.

41. How do I access my reports?

You can access reports on the ESR web portal under **Documents and Reports**.

42. What is the email address the notifications and alerts will come from?

- Paychex ESR clients will receive email notification alerts from ESR_Services@paychex.com.
- Paychex PEO clients will receive alerts from PEO_Insurance@paychex.com.
- BeneTrac clients will receive alerts from noreply@benetrac.com.

End-of-Year Reporting

43. What is included with my End-of-Year Reporting service?

With ESR End-of-Year Reporting, Paychex will prepare and file Forms 1094-C and 1095-C with the IRS on your behalf, unless you notify us not to. We'll also provide you with employer reference copies of Forms 1094-C and 1095-C as well as Forms 1095-C for you to distribute to your applicable employees. You will be able to review a Year-End Summary Report that includes the company and employee data used to create your Forms 1094-C and 1095-C. The report alerts you to missing information and/or conflicting data that requires your action as well as situations (informational alerts) that could result in penalties.

44. Can I receive ESR End-of-Year Reporting without subscribing to the full suite of Paychex Employer Shared Responsibility Services?

No. Our ESR solution includes year-round analysis and monitoring of employee wage, hour, and coverage information needed to create accurate and complete year-end reports. Therefore, we only offer ESR End-of-Year Reporting as part of the Paychex Employer Shared Responsibility Services package.

45. Is there any information I need to provide to Paychex to ensure my reporting is complete and accurate?

To help ensure your reporting is accurate, you must:

- provide and maintain accurate birth dates and new hire, rehire, and termination information for all employees;
- ensure employees' standard/average hours are accurate when entering payroll; report the actual number of hours that employees work on a per-pay-period basis, avoiding lump sum calculations;
- provide us with your benefits coverage information (if you don't retain your health insurance through Paychex Insurance Agency or Paychex PEO, or your benefits are not managed through BeneTrac);
- use a "reasonable" method to credit hours of service for employees whose hours can be challenging to track, such as adjunct faculty, commissioned salespeople, per-diem, piece-rate, and airline employees. (A "reasonable" method should be consistent with IRS section 4980H. Clients should consult with their legal or tax advisor for more information.)

46. Will I be able to review my data for accuracy before you file Forms 1094-C and 1095-C on my behalf?

Yes, we encourage you to review your Year-End Summary Report on an ongoing basis and preview your 2017 Forms 1094-C and 1095-C on the ESR web portal in December for accuracy. We will prepare the forms based on the information we have on file for your company and the default information described in your service agreement with Paychex. Notify your ESR representative if you need to make any changes or corrections before the forms' printing date.

47. Will Paychex remit my returns directly to the IRS?

Yes, Paychex will electronically file (e-file) your Forms 1094-C and 1095-C directly with the IRS unless you notify us not to.

If you notify us not to e-file for you, or if Paychex is otherwise unable to e-file, we'll provide you with paper forms containing the information Paychex has on file for your company and the default information described in your service agreement with Paychex. You would then be solely responsible for completing any missing information and filing the forms in accordance with IRS regulations.

48. Will Paychex mail the employee Forms 1095-C directly to my employees?

Similar to how we handle Forms W-2, Paychex will prepare the Forms 1095-C and mail them to you to distribute to your employees. If you have elected to receive our Direct to Employee Forms 1095-C Service, we will send Forms 1095-C directly to your employees. Please contact your ESR representative for more information.

49. Can you prepare forms for my business if I don't retain health insurance through Paychex?

Yes, we can prepare Forms 1094-C and 1095-C for clients who don't receive health insurance through Paychex Insurance Agency or Paychex PEO; however, to ensure accurate information is included on the forms, you'll need to provide us with health insurance coverage information. Contact your ESR service representative for details.

50. How do I let Paychex know that I'm ready to file Forms 1094-C and 1095-C with the IRS?

You will be working directly with your ESR representative every step of the way. Once we send you a completed Year-End Summary (YES) Report to review in December, you will need to review this report and let your ESR representative know that there are no further corrections needed. Once we have an approved YES Report, we'll be ready to process and file your Forms 1094-C and 1095-C.

51. How do I know if I have received an alert message on my YES report?

You'll see three different types of alert messages on the Reporting Summary tab of your YES report: Missing Information, Conflicting Information, and Informational.

- **Missing Information** – generally indicates that there is information missing on our system pertaining to either an employee or your company that will be needed in order for us to successfully file for you.

Example: Missing enrollment status for an employee totally, missing the state for an employee when using the Federal Poverty Level safe harbor code, missing the ALE count for the prior year.

- **Conflicting Information** –An employee's status conflicts with itself.

Example: A self-insured client with an employee who shows his covered individuals enrolled in benefits, but not the employee himself.

- **Informational** – A notice pertaining to specific employees. These alerts should be reviewed and corrected if possible. Not resolving an informational alert will not prevent a successful filing with the IRS, but could result in a penalty.

Example: An employee fails the affordability test with the selected Safe Harbor code.

The Reporting Summary tab will list all three alert types for both the 1094-C and 1095-C with numbers beside them to indicate how many of each alert type exists. You can find the details of any alerts on the 1094-C Alerts and 1095-C Alerts tabs. If no alerts exist, you should still review all data for accuracy.

52. What does the IRS say about incomplete or incorrect 2017 Forms 1094-C and 1095-C filed with the IRS or furnished to employees?

On December 22, 2017, the IRS extended good-faith transition relief, which states that the IRS will not impose penalties for incorrect or incomplete forms for 2017 as long as employers can show they have made a good faith effort in preparing them. However, there is no relief for late furnishing of forms to employees or late filing of forms with the IRS, so it's still important to meet the deadlines. No good-faith transition relief has been announced for the 2018 filing year.

53. When will Paychex file my company's 2017 Forms 1094-C and 1095-C with the IRS?

Paychex plans to electronically file (e-file) 2017 Forms 1094-C and 1095-C with the IRS between February 1, 2018, and April 2, 2018. We will send you an email to confirm that the IRS has accepted your company's transmission or if the IRS needs additional information.

54. I was expecting forms for all of my employees, including part-time employees. Why do some employees not have a Form 1095-C?

In general, employees who worked full-time for at least one month in 2017 receive Forms 1095-C. If you have part-time employees who were not full-time for at least one month in 2017, they will not receive a Form 1095-C unless you offered insurance under a self-insured medical plan. In that case, you would provide a Form 1095-C to any part-time employee enrolled in coverage for at least one month of the year.

55. What do I do if I or my employees find an error on their Form 1095-C?

Please reach out to your ESR representative and let him/her know what needs to be corrected. If changes are made after the information is filed with the IRS, you will need to file an amended return.

Billing*

56. How is the "per employee per month" fee calculated?

These fees are based on the number of active employees (excluding 1099s).

57. When am I billed?

You will receive a statement each month for Paychex ESR Services. You'll receive your first statement the month after you are set up for the services. Please note that this statement is separate from the statement you receive from us for payroll processing.

58. Does it cost extra for Paychex to file Forms 1094-C and 1095-C for my business?

There is not an additional cost for Paychex to file Forms 1094-C and 1095-C; it is included in the ESR Services package.

59. How does a controlled or affiliated service group get billed?

There is a one-time setup fee, an ongoing monthly administrative fee, and an ongoing monthly per employee fee. The setup and administrative fees will be charged to the designated parent of a controlled or affiliated service group, and all employees in the group are combined into one number for the monthly per employee fee (also charged to the parent). Employees who work across multiple IDs in a group are billed once per ID because our service monitors them on each ID under which they are actively working. Only the parent company receives an invoice.

60. Will my bill change month-to-month based on employee count?

Yes, the bill could potentially change based on employee count as your per-employee fee is based on the number of active employees you have each month.

61. Will I receive a bill, or will my account be automatically debited?

You will receive a monthly statement confirming the amount that will be debited from your bank account for Paychex ESR Services.

***Note:** The fee for Paychex ESR Services is included in certain bundled packages and will not be billed separately in these situations. Contact your payroll representative for more information.

The information in this document is not legal or accounting advice and it should not substitute for legal, accounting, or other professional advice. Should you require legal or accounting advice, please consult with your attorney or accountant.

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