



IN THE BUSINESS OF YOUR SUCCESS®

ADP TOTALSOURCE®

Health Care Reform Employer Solutions

ADP TotalSource® offers a comprehensive solution to help businesses address their HR business strategy as it relates to Health Care Reform.

HR. Payroll. Benefits.



Health Care Reform Is Here to Stay – Now What?

Companies of all sizes are affected by the Affordable Care Act (ACA), also known as Health Care Reform (HCR). Trying to make sense of the law and the corresponding regulations and guidance can be overwhelming. This is particularly true for employers, who may need to revise their policies and procedures in order to remain compliant with the additional administrative and reporting requirements.

It's now a certainty that Health Care Reform is here to stay. So, what does an employer need to know about complying with the law? You can start by understanding key provisions and important dates and taking proactive measures in order to prepare for the still-pending requirements and deadlines of the Affordable Care Act.

A Trusted Partner

As a Health Care Reform trusted partner, ADP TotalSource® supports its clients in complying with mandated provisions and, in addition, provides educational guidance on the implications of new Affordable Care Act provisions in the evolving health and benefits environment. A PEO such as ADP TotalSource is uniquely positioned to assist clients in complying with the Affordable Care Act, as we manage payroll data, benefits plan information and employer tax withholding as part of the PEO relationship. With other outsourcing models, an employer may be responsible for doing additional work to comply, as those providers may not be actively managing all the information and data that may be required to determine compliance with certain ACA provisions. There is no better time than now to leverage the expertise and guidance of ADP TotalSource.

TotalBenefits, the ADP TotalSource Health Care Reform Employer Solution, provides an integrated administration solution, including fiduciary and compliance oversight coupled with integrated payroll and HR data management – all powered by the Web and the latest mobile technology. As a client, you'll have access to the ADP TotalSource Solution, which includes a cost-effective, high-end and robust product offerings through the Health and Welfare Plan sponsored by ADP TotalSource. In addition to Plan offerings, you'll also have access to other valuable benefits and programs.

THE ADP TOTALSOURCE SOLUTION

- Health, Dental & Vision coverage
- Consumer-driven health plans, including High Deductible Health Plan offerings and access to JPMorgan Chase Health Savings Account (HSA)
- Life & Disability coverage
- Flexible Spending Account (FSA)
- Employee Assistance Program (EAP)
- TotalChoice Voluntary Benefit Program
- Online Commuter Benefits (OCB) Program
- Health Advocate
- 401(k)
- Full plan administration, including COBRA/HIPAA administration
- Self-service enrollment tools

ADVANTAGES TO YOUR BUSINESS

- TotalSource® maintains fiduciary responsibility as Plan Sponsor and handles all ERISA reporting and disclosure requirements for the Health and Welfare Plan
- Flexibility and choice for your employees without the administrative burden
- Ability to attract top talent, reduce employee turnover and drive profits
- Enhance employee total compensation package
- Allows you to focus on your business strategies and growth initiatives

Medical Loss Ratio (MLR) Rebates

Employers/Plan Sponsors must evaluate available MLR rebates in accordance with regulatory guidance annually and determine whether to distribute MLR rebate dollars to all employees/former employees who were plan participants for the reporting plan year, reduce the cost of future participant premiums, or spend the rebate on enhancing their health and welfare programs.

THE ADP TOTALSOURCE SOLUTION

- As Plan Sponsor, TotalSource manages the administration and analysis of any MLR rebates received from our health insurance carriers annually
- Empowers employees with access to the ADP TotalSource Employee Service Center to address questions regarding rebate notifications

ADVANTAGES TO YOUR BUSINESS

- Reduces the administrative burden of rebate calculation analysis and distribution
- Increases employee satisfaction and engagement with timely and detailed answers
- Helps optimize rebate dollars most effectively to reduce total cost of healthcare

Summary of Benefits and Coverage (SBC)

Insurers and employers must provide SBCs during annual enrollment periods beginning on or after 9/23/12 and for other enrollments; and upon request, for plan years beginning on or after 9/23/12.

THE ADP TOTALSOURCE SOLUTION

- Distributes SBCs during open enrollment periods, qualified life status change events, new hire enrollment and upon request
- Supports electronic and/or paper delivery of SBCs to employees
- Empowers employees with access to the ADP TotalSource Employee Service Center to address questions

ADVANTAGES TO YOUR BUSINESS

- Mitigates risk of penalties due to noncompliance
- Reduces administrative burden of communicating SBCs to employees
- Empowers employees with access to coverage-related information upon demand



Form W-2 Reporting

Employers that issued 250 or more W-2s in 2011 must include the value of group health coverage provided to employees on Forms W-2 beginning with those issued for the 2012 tax year. This requires employers to confirm that their payroll system is set up to track and include this figure on Forms W-2 issued for tax years 2012 and beyond.

THE ADP TOTALSOURCE SOLUTION

- Year-end payroll processing and validation
- As W-2 employer of record and Plan Sponsor, ADP TotalSource reports the value of coverage provided through the ADP TotalSource Health and Welfare Plan
- Proactively reaches out to clients to confirm W-2 updates¹
- Answers W-2 inquiries from employees and clients

ADVANTAGES TO YOUR BUSINESS

- Reduces the risk of penalties for incorrect W-2s
- Reduces the administrative burden of tracking health premium values and analysis
- Increases transparency and helps employees understand their overall compensation package better
- Empowers employees with access to the ADP TotalSource Employee Service Center to address questions concerning payroll

Medicare Tax on Wages and Unearned Income

An additional Medicare tax of 0.9% will apply to wages earned over \$200,000 if filing single, \$250,000 if married filing jointly, and \$125,000 if married filing separately. Additionally, a new 3.8% Medicare tax will be imposed on unearned income for individuals that exceed those salary thresholds.



THE ADP TOTALSOURCE SOLUTION

- Conducts an analysis of payroll and deductions for high-income employees who may meet criteria for the new taxes, and shares with our clients

ADVANTAGES TO YOUR BUSINESS

- Increases employee satisfaction and allows highly compensated/executive associates to work with their tax advisors to plan for the future

¹ Employer must determine whether there are any benefits costs that should be reported on the W-2 that are not part of the ADP TotalSource, Inc. Health and Welfare Plan, and report to ADP TotalSource payroll for inclusion in the W-2.

Flexible Spending Account (FSA) Annual Limit

For plan years beginning on or after 1/1/2013, a \$2,500 limit applies to employee healthcare FSA pretax contributions.

THE ADP TOTALSOURCE SOLUTION

- As Plan Sponsor, TotalSource manages the Healthcare FSA administration and monitors employee pretax contribution limits
- Delivers communications on new limits and manages employee and client inquiries

ADVANTAGES TO YOUR BUSINESS

- Reduces the administrative burden of FSA product management
- Boosts employee engagement by providing informative communication and increasing participation



Employee Notice of Exchange

Pending additional guidance, Employers must provide current employees with notice describing the availability of exchange coverage no later than October 1, 2013. Notice must also be provided upon within 14 days of hire for employees hired on or after the effective date October 1, 2013.

THE ADP TOTALSOURCE SOLUTION

- Timely electronic and hard copy communications/notices to new hires as part of the onboarding process describing the availability of exchange coverage
- Answers inquiries from employees and clients

ADVANTAGES TO YOUR BUSINESS

- Helps ensure compliance with exchange notice requirements
- Reduces the administrative burden of communicating the exchange option to employees

Automatic Enrollment and Nondiscrimination Rule

There are two provisions that are pending guidance before they become effective in 2014 or later. The automatic enrollment provisions require that employers with 200 or more full-time employees must automatically enroll new employees in the employer's group health plan. In addition, new non-discrimination rules will be issued that apply to insured employer group health plans, regardless of size, which will prohibit certain practices that may discriminate in favor of highly compensated employees.

THE ADP TOTALSOURCE SOLUTION

- ADP TotalSource will assist larger clients with complying with the automatic enrollment provisions
- Managing application of nondiscrimination rules and testing

ADVANTAGES TO YOUR BUSINESS

- Reduces the administrative burden of complying with nondiscrimination testing and automatic enrollment requirements
- Mitigates the risk of penalties due to noncompliance

Annual Dollar Limits and Waiting Periods/Pre-Existing Condition Exclusions

For plan years beginning on or after 1/1/2014, employer group health plans may not impose annual dollar limits on essential health benefits, waiting periods of longer than 90 days, or pre-existing condition exclusions.

THE ADP TOTALSOURCE SOLUTION

- Compliant group health plan offerings
- Automated benefits eligibility system
- Consultation and education to employers regarding new requirements

ADVANTAGES TO YOUR BUSINESS

- Reduces the administrative burden
- Helps ensure compliance and mitigate risk



Employer Shared Responsibility

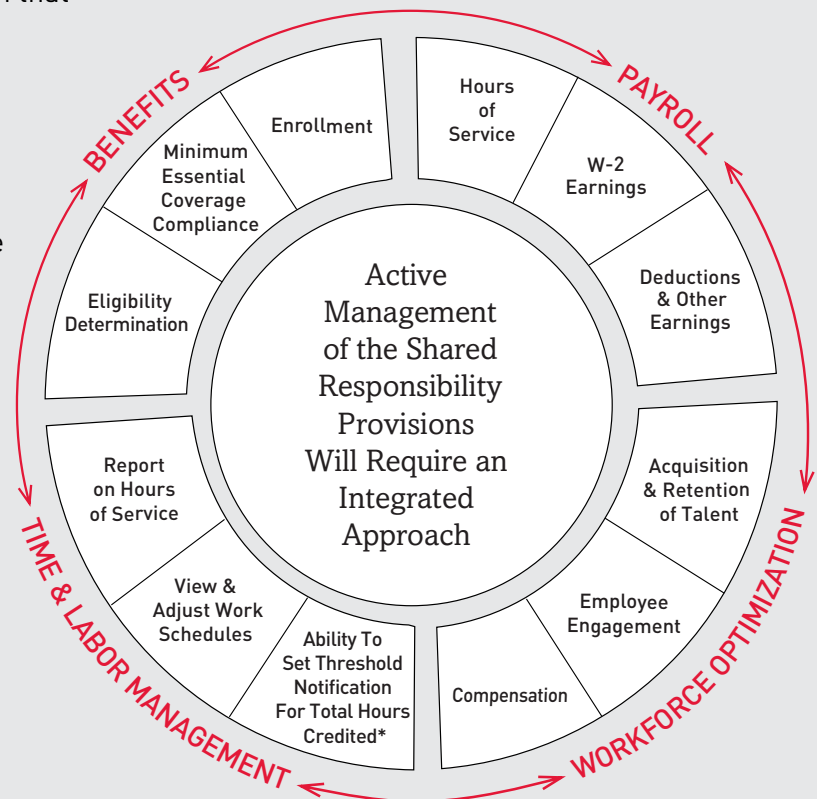
Employers with 50 or more full-time employees, including full-time equivalents, must offer affordable coverage that also provides a “minimum value” to their full-time employee workforce or potentially be subject to penalties. The IRS has issued Final Regulations which state that penalties will not be imposed in 2015 on employers with 50-99 full-time equivalent workers as long as the employer meets certain requirements, including not reducing its workforce in 2014 in order to fall below the 100 full-time equivalent threshold, and not reducing or eliminating any health coverage offered, if any, as of February 9, 2014.

THE ADP TOTALSOURCE SOLUTION

- Provides tools to assist you in calculating your large employer status (i.e., number of full-time employees and/or full-time equivalents) and whether you are subject to a Shared Responsibility requirement
- Provides guidance and benefit options through the TotalSource Health and Welfare Plan that meets, or exceeds, minimum value requirements
- Conducts an analysis of the employees eligible to purchase benefits to determine if all full-time employees are offered coverage and if the coverage is affordable
- Makes recommendations on benefits thresholds relative to wage trending to mitigate the risk of penalty in accordance with the employer affordability safe harbor provisions
- Provides assistance in determining benefits eligibility for employers that may have a variable workforce

ADVANTAGES TO YOUR BUSINESS

- Helps mitigate the penalty risk related to the offering of benefits
- Aids compliance regardless of company size
- Helps reduce the administrative burden in determining the cost of benefits to employees relative to employee wage levels



Active Management of the Shared Responsibility Provisions



IN THE BUSINESS OF YOUR SUCCESS®

Partnering with a Professional Employer Organization

A COLLABORATIVE APPROACH

In this uncertain, quickly changing environment, employers need a guide. PEOs can relieve businesses of the compliance and administrative burdens that are associated with the Affordable Care Act, allowing them to focus on their core competencies and build their businesses.

For example, ADP TotalSource has been working since the inception of the ACA legislation to ensure that we have the most up-to-date information on reform guidance. As an organization supporting more than 200,000 worksite employees, we have contracted with industry-leading consulting and legal firms that also advise Fortune 500® companies. But the expertise of ADP TotalSource isn't exclusively on the large-employer level. Because we work with thousands of small-to-mid-sized businesses nationwide, we're also focused on issues that may be specific to those businesses.

The primary question small businesses are asking about the Affordable Care Act is: How is it going to affect my company? By using the resources of a trusted PEO such as ADP TotalSource to help manage the complexity of the Affordable Care Act, businesses can focus on their future success. The ADP TotalSource integrated HR management solution is driven by a powerful combination of benefits expertise, marketplace insight and exceptional client service.

For more information, please go to: adptotalsource.com or call 1-800-447-3237.

ADP TotalSource is committed to keeping you informed about how Health Care Reform will affect your business. Our goal is to minimize your administrative burden across the entire spectrum of payroll, tax, HR and benefits, so that you can focus on running your business. Neither the content nor the manner in which this notice is presented reflects the thoughts or opinions of ADP or its employees. This notice is provided as a courtesy, to assist in understanding the impact of certain regulatory requirements, and should not be construed as tax or legal advice. Such information is by nature subject to revision and may not be the most current information available. ADP encourages interested readers to consult with appropriate legal and/or tax advisors.