

ACA COMPLIANCE ADMINISTRATION PROPOSAL

Prepared For
City of West Allis



UNIFY  HR

June 3, 2015



About UnifyHR

With the continuously evolving requirements associated with the Patient Affordable Care Act (ACA), where vague regulatory and compliance requirements are considered more the rule than the exception, leadership from your solutions vendor is critical in staying ahead of any potential pitfalls and liabilities facing your organization.

ACA compliance is complicated and one should anticipate continuing evolution and change for the foreseeable future. Most HR teams are already struggling to manage their existing day-to-day responsibilities with limited financial and technology resources. These teams understand that it is unrealistic to expect internal resources to be allocated to modify existing systems to accommodate the specialized ACA measuring, tracking and reporting requirements associated with this new law. Employers are looking for a trusted partner to understand and stay on top of these ever-changing regulatory requirements, leverage existing technologies, provide dashboard forecasting and reporting with thoughtful, consultative advice to help solve potential problems.

With UnifyHR you can count on a successful track record and proven leadership in benefits administration with nearly one hundred years of combined expertise specializing in government-mandated compliance, flexible benefits and eligibility verification solutions. Our executive management team is comprised of thought leaders in compliance administration, web-based delivery, collaborative and transparent solutions that empower the full spectrum of benefits professionals including plan sponsors, payors, third party administrators and consultants.

We understand that every organization has different needs and requirements. If you are concerned with the challenges your organization faces with the ACA *play or pay* employer mandate UnifyHR is prepared to help.

Why Outsource?

This is not the first time that government has gotten involved in mandating that employers provide certain guarantees or assurances when it comes their employees' benefit programs... and not likely to be the last. The Consolidated Omnibus Reconciliation Act (COBRA) was enacted in 1985.

The Health Insurance Portability and Accountability Act (HIPAA) was enacted in 1996, and now the Patient Protection and Affordable Care Act (PPACA)... by far the most complex of the three, representing the most severe penalties ever placed upon U.S. employers. See how the three compare.

Description	COBRA	HIPAA	PPACA
Excise Tax for Non-Compliance	\$100/day – Per Individual \$200/day – Per Family	\$100/day – Per Individual	\$2,000/year per eligible employee for failure to offer Minimum Essential Coverage (MEC) \$250 per month per affected employee, if unaffordable or does not provide minimum value
Maximum Penalty	10% or \$500,000	10% or \$500,000	NO MAXIMUM
<i>Example Penalties – 1,000 Employees</i>	<i>\$500,000</i>	<i>\$500,000</i>	<i>\$2,000,000+</i>

The ACA Employer Mandate clearly represents the most onerous government mandated regulations in this country’s history, representing serious risk to the wellbeing of your organization. With limited resources most employers simply cannot afford to allocate limited business-critical assets towards another non-revenue generating responsibility. Luckily UnifyHR has the solution!

Service Overview

Our compliance and technology experts have developed one of the industry’s most flexible, dynamic, cloud based ACA administrative management informatics systems available in the marketplace today.

The Affordable Care Act has brought a multitude of new compliance requirements to every employer in the country. Determining large employer status, calculating measurement and stability periods, determining affordability, interacting with the new Federal and State Health Insurance Exchanges (HIX), etc. ACA is a significant piece of legislation and it is unrealistic to expect any benefits team to keep track of these continuously changing requirements in addition to all the other day-to-day duties and responsibilities they manage.



Because the data required to manage your ACA obligation requires interfaces with several different existing systems (i.e. payroll, timekeeping, benefits, enrollment, HRIS, etc.) most employers will need to undergo *and sustain* extensive data clean-up and reconciliation in order to meet the compliance requirements. Overburdened HR departments will be required to resolve inquiries from employees, Health Insurance Exchanges, and myriad regulatory agencies. Unfortunately most existing systems simply do not contain all the information necessary to easily or adequately respond to these inquiries.

UnifyHR helps solve and respond to these inquiries, but goes further by providing you the consultative advice needed to protect your corporate bottom line. Our team will help analyze your previous labor history to design an optimal measurement schedule to meet your corporate objectives and much more.

Real time, easy-to-understand reports and dashboards for monitoring accessibility of benefits for eligible employees will keep you and your team informed of any potential compliance risks, help you identify the recipients of mandated employee communications, provide you the workforce management data necessary to manage benefits costs and provide you easy, real-time access to enable you to respond to any regulatory inquiries.

Employers also need to understand and forecast the potential penalties and workforce dynamics to mitigate the negative financial impacts of ACA. While reporting requirements of ACA are continuing to evolve employers need a data repository and analytical tools in preparation for the broadest possible range of reporting requirements.

ACA Compliance Services

UnifyHR's proprietary technology and reporting tools help mitigate the potential penalties of ACA. Data integrity controls validate the information submitted to identify and resolve potential errors before they result in a breach. While we offer both Verification Services (validating employer-generated results) and Full ACA "play or pay" Compliance Services. Our standard suite of compliance services include;

Play or Pay Compliance Services	UnifyHR	Other Vendors
<p>Consultative Advice</p> <ul style="list-style-type: none"> Determine optimal look back or monthly method and timing <p>Compliance Administration</p> <ul style="list-style-type: none"> Validate submitted data for logical consistency Data integrity controls Process recurring, semi-monthly data feeds Optimization of Initial/standard measurement period calculations to minimize total health care spend Measurement and stability period dates for all employees Determine variable or full time employee status Calculate plan affordability Affordability Safe Harbors – Leave of Absence – Complex Compensation Types Analyze enrollment outcomes System generated alerts Review of HIX notices of credit subsidies <p>Employer Reporting</p> <ul style="list-style-type: none"> Easy to understand dashboard and real-time reports Proactive alert notifications of potential compliance issues Calculate potential 4980 h(a) liabilities Calculate potential 4980h(b) liabilities Workforce management alerts to notify employer when employees are at risk of changing full/part-time eligibility classifications Defense packets for erroneous HIX tax credit notifications <p>Federal Reporting and employee communications</p> <ul style="list-style-type: none"> 6056 IRS and employee information returns <ul style="list-style-type: none"> Form 1095c – employee coverage eligibility Form 1094c – employer IRS transmittal 6055 IRS and employee information returns <ul style="list-style-type: none"> Forms 1095b – employee/dependent enrollment Form 1094b – employer IRS transmittal Intelligent Mail Barcode (IMB) with USPS First Class mail delivery tracking. Return tracking, reporting and destruction Employer Coverage auto-generation tool 	<p>Included</p> <p>Included Included Included Included</p> <p>Included Included Optional</p> <p>Included Included Included Included</p> <p>Included Included Included Optional Included Included</p> <p>Optional</p> <p>Optional</p> <p>Included</p> <p>Included</p>	

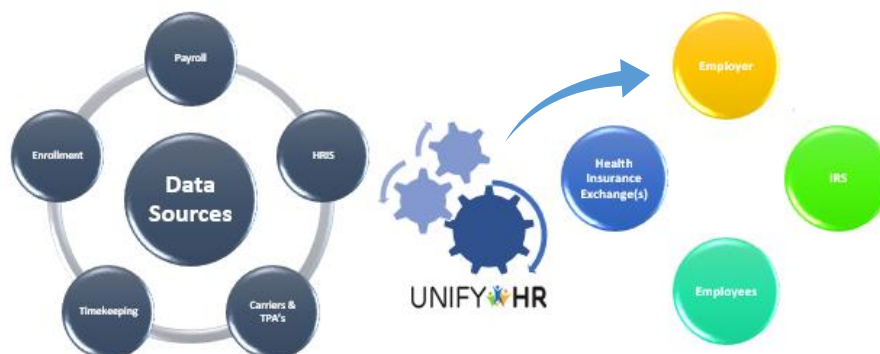
Compliance Expertise

As an early leader in the ever-evolving field of ACA employer mandated compliance, UnifyHR has spent significant time, effort and resources researching the most minutiae details of the law and how they might affect an employer. Our chief operating and compliance officer is responsible for understanding and interpreting guidance and changes on behalf of the organization. When additional legal advice is required UnifyHR retains the nationally recognized law firm of Alston and Bird. By leveraging their professional relationships within the IRS and other government agencies Alston and Bird is able to provide competent advice and recommendations when formal directions are lacking.

Client Service Teams

Our implementation strategy incorporates proven project management methodologies utilizing qualified, experienced personnel to proactively manage specific deliverables. UnifyHR assigns a designated Compliance Advisor who will not only manage the implementation process, but will remain your day to day contact to provide end-to-end continuity of service and account knowledge. Your Compliance Advisor is highly trained to take a consultative approach to meet your needs, tailoring our services to meet the unique needs of virtually any client.

It is our goal to minimize the amount of effort our clients' IT and HR teams must invest throughout the engagement by remaining flexible in terms of EDI sources, reporting delivery and data error corrections. We understand that no single system exists today that captures all the necessary data to properly manage and execute the complex mathematical calculations and determinations required to maintain proper compliance, which is why the UnifyHR system was built to aggregate data from a host of different platforms including payroll, timekeeping, benefits, enrollment, HRIS, health plans and third-party administrators with minimal employer IT intervention or involvement.





Once the implementation phase has been completed your designated Compliance Advisor remains involved as an integral part of your continuing support to answer various Employer Mandate questions. Our team members have extensive benefits and compliance experience and are trained to assist clients with the day-to-day process and interpreting their ACA data. Client services team members are available toll-free Monday through Friday (excluding holidays and scheduled company closures) from 8 a.m. to 5 p.m. CT.

Technology

UnifyHR has leveraged the industry's leading cloud solution called Microsoft Azure. This open and flexible cloud platform allows UnifyHR to quickly build, deploy and manage our proprietary application across a global network supported by Microsoft-managed datacenters making UnifyHR incredibly nimble, infinitely scalable and highly secure.

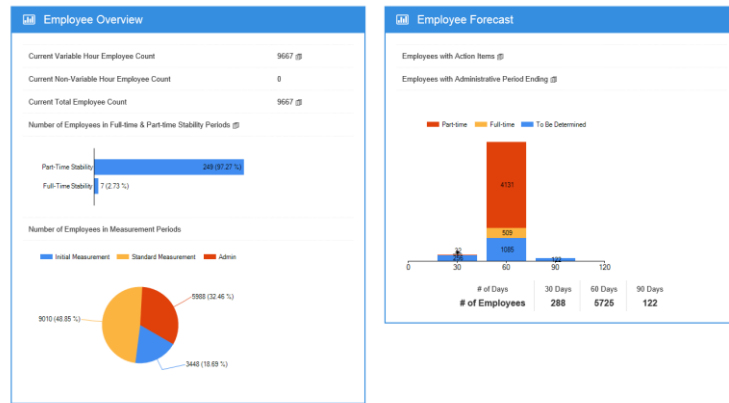
Microsoft Azure provides world-class data encryption utilizing SSL and TLS cryptography, and intrusion detection with automated penetration testing and tools designed to help identify and mitigate potential threats.

Security

Ensuring strict compliance with applicable laws, regulations and contract requirements is a key component of our administrative services. The UnifyHR team sets the foundation for our steadfast commitment to compliance and manages ongoing privacy and security initiatives. Our chief operating officer leads the team and oversees the established network of administrative, technical and physical safeguards to prevent disclosure of sensitive information. Dedicated security team members are available 24/7 and responsible for the development and implementation of security policies, procedures, and controls to ensure our systems, as well as the data within our systems are fully protected.

Reporting

The proprietary UnifyHR system surpasses the competition with its unique cloud-based reporting capabilities, providing employers access to a robust suite of easy-to-understand reports and dashboards. Scheduled reports will be delivered automatically on a mutually-determined frequency. HIPAA-compliance encryption protects all scheduled reports. In addition to the wide variety of standard reports, custom ad-hoc informatics reporting is available depending on the customer needs and ability to provide the source data.



Real-time dashboard reporting

About our proposal and fees

Flexibility is key with UnifyHR's ACA Compliance administration. As you review our administration fees on the following page, please keep in mind that **ALL** our services can be selected in a **bundle**, or on an **à la carte** basis. Therefore only the implementation setup fees for the corresponding monthly administration and/or annual reporting fees will apply depending on selected services (no recurring renewal or plan maintenance fees). Our ACA Employer Mandate administration includes;

- **30 Hour Coverage Tracking Administration** – Comprehensive lookback measurement or 30 hour full/part-time tracking as required by the Affordable Care Act.
- **Participant Affordability Administration** – Determination of participant plan affordability utilizing the accepted W2 or Rate-of-Pay Safe Harbor methods.
- **6055/6056 Reporting** – As a total outsource solution, UnifyHR can provide the production, printing, postage, mailing and tracking of returned mail of all 1095c (and 1095b when applicable) along with corresponding 1094 employer IRS transmittals. 6055/6056 fulfillment can be selected as an optional service with our monthly administration or as a stand-alone service.

Administration Fees

Assumptions	
Measured employee lives – All FTE's (Includes fulltime, part-time, variable and seasonal employees)	700
Reportable employee lives – Eligible to receive 6056/6055 (Includes all eligible, eligible turnover, COBRA and retirees)	700
Fee Guarantee Period	2 Years
Proposed Effective Date	July 1, 2015

Implementation / Set-up Fees	Event(s)	Price	One Time Fee(s)
General Implementation	1	\$5,000	\$5,000
30 Hour Tracking Setup (<i>if selected</i>)	1	\$1,500	\$1,500
Participant Affordability Setup (<i>if selected</i>)	0	Not Quoted	\$ 0
6055 and 6056 Reporting Setup (<i>if selected</i>)	1	\$1,500	\$1,500
TOTAL SET-UP FEE(S)			\$8,000
4980h(a) / 4980h(b) Service Fees	Lives	PEPM	Annual Fee(s)*
30 Hour Tracking Administration – 4980h(a) <ul style="list-style-type: none"> ▪ Includes print-ready 1095 statements and employer submission-ready electronic 1094 transmittal files 	700	\$1.40	\$11,760
Affordability Administration – 4980h(b)	700	Not Quoted	N/A
6055/6056 Reporting*	Lives	Per Item	Optional Fee
1095 Mailing fulfillment – With Monthly Admin (Includes production, printing, USPS First Class postage and mail tracking. Fee per statement)	700	\$4.00	\$2,800
1095 Mailing fulfillment – Stand-Alone Service (Includes production, printing, USPS First Class postage and mail tracking. Fee per statement)	700	\$7.00	\$4,900
Potential 2015 4980h(a) ACA Penalty			\$1,240,000

*Estimated annual fee(s) are calculated using provided lives. Estimated number mailed 1095 statements (if elected). UnifyHR reserves the right to adjust fees should the actual number of employees vary by more than 20% of the estimated lives provided above. \$2,500 annual fee minimum may apply. All illustrated fees are valid for 60 days beyond the proposed effective date.



UnifyHR is the Right Choice

- **ACA Certified.** With a combined half century of industry leadership to address employer mandate challenges. Benefits administration is our sole focus.
- **Expert ACA Legal Support.** UnifyHR utilizes the expert advice and guidance from the nationally recognized law firm of *Alston & Bird, LLP*.
- **Cloud-based infrastructure.** Our SaaS solution ensures the scalability and security to match the evolving needs of your organization.
- **HIPAA/ HiTech ready data partner.** We understand the difficulties you face in procuring IT and financial resources, so we make it easy for you to get started by accommodating your existing data layouts.
- **Real-time client dashboards.** Our easy-to-understand dashboards will provide an instant view on your ACA compliance status.
- **Proactive exception reports.** Scheduled management and exception reports are automatically provided to your team delivering greater confidence your data is being received, processed and utilized.
- **Exception alerts.** Our scheduled and automated data interchange process contains controls that alert stakeholders when exceptions occur.
- **Respond to IRS inquiries.** We will review any employees' subsidy filings with our defense packet. It contains a concise view of wage data, enrollment outcomes, and affordability analysis allowing you to quickly respond to any inquiries.
- **Dedicated account management.** Your dedicated account manager will lead regularly-scheduled meetings to ensure your team understands the reports, message content, and intervention strategies.
- **UnifyHR.** Will provide you detailed line-of-sight through real time access to your plan affordability and employee ACA data to allow you to stay in front of the law.

Contact us today

The ACA employer mandate is more than just analyzing numbers and pushing reports. It is about interpreting a series of complex rules and mathematical calculations, and after the analysis has been performed utilizing organizational expertise and proven experience to provide guidance and recommendations on specific courses of corrective actions. This is where UnifyHR's experience and background in government-mandated compliance differentiates itself in the marketplace.



As your ACA compliance partner, you can trust UnifyHR to stay on top of the ever-changing regulatory requirements on your behalf, and provide the real-time reporting, forecasting and thoughtful advice to help solve or mitigate potential problems.

We look forward to working with City of West Allis and supporting its efforts to comply with the employer mandate requirements of the Affordable Care Act. We are confident that we can meet the challenges ahead, and stand ready to partner with you in delivering an effective compliance solution.

Best regards,

A handwritten signature in black ink, appearing to read "Brad Inghram", with a long horizontal flourish extending to the right.

Brad Inghram
Vice President of Sales
(916) 220-8000
binghram@unifyhr.com

Important Note: The fees illustrated in this proposal assume an employer structure with single technology support unless otherwise noted. Single technology support would be one Payroll platform, one ben admin or HRIS system, one Time & Attendance system, one FMLA/LOA or COBRA vendor, etc... decentralized organizations that utilize more than one of each of these systems will be subject to additional implementation and setup fees.