



SMALL BUSINESS HEALTH PLAN TAX COMPLIANCE CHECKLIST

Revised 2/19/2015 by Tony Novak, CPA, MBA, MT

1. EMPLOYEE NOTIFICATION AND EMPLOYEE ACCESS

- MARKETPLACE NOTIFICATION:** Verify that all employees have been given written notice of Affordable Care Act provisions and individual health insurance coverage options available through the Health Insurance Marketplace. Is this notification documented?
- EMPLOYER-SPONSORED PLAN NOTIFICATION:** If the employer offers a group health plan, is eligibility clearly documented and communicated to employees? Have eligible employees been notified of eligibility? Is this notification documented? Who makes this eligibility determination and notification for the employer regarding individual employees?
- EMPLOYEE SUPPORT:** Ensure that employees have easy access to an internal HR representative who is fluent in health coverage options or an external health plan adviser, or both, who can provide assistance with health plan questions.

2. COVERAGE OPTIONS AND PLAN DESIGN

- NON-DISCRIMINATION:** Verify that the employer-sponsored health plan meets non-discrimination requirements both in eligibility and the benefit design.
- EMPLOYEE CHOICE:** Is employee choice offered? If so, determine the benchmark plan.
- BENCHMARK PLAN:** Determine whether benchmark plan coverage meets minimum essential benefit requirements, meets grandfathered requirements or is exempt from this requirement.
- EXPENSES NOT COVERED BY INSURANCE:** Evaluate how employees will cover insurance policy deductibles and co-payments. Is an HSA, HRA or FSA available to employees?
- SUPPLEMENTAL INSURANCE:** Determine whether supplemental coverage is available to executives or all employees and whether this coverage can be offered on an employer-paid pre-tax basis or through salary reduction election.
- NON-INSURANCE BENEFITS:** Determine what non-insurance coverage options are available and how they interact with insurance.

3. PLAN DOCUMENTS

- DOCUMENT VERIFICATION:** Determine whether a written Plan Document and Summary Plan Description exist, whether these are updated for the current year. How are these accessible on demand?
- DELIVERY OF DOCUMENTS:** Determine whether copies of the Summary Plan Description have been distributed to employees. Are delivery records maintained?
- USABILITY OF SUMMARY PLAN DESCRIPTION:** Evaluate whether the Summary Plan Description is in a plain language or Q&A format that helps employees understand the important points of the health plan and their coverage options

4. COST CONTROLS

- AFFORDABILITY;** Determine how future cost increases will be allocated between the employer and the employee and whether this allocation is compatible with the cash flow forecasts of the business and employee affordability guidelines of the ACA.
- TAX TREATMENT:** Verify the proper tax reporting treatment of employee health benefits, paying special attention to S Corporation shareholder/employees.
- TAX FILING REQUIREMENTS:** Determine whether the employer must file a Form 8829 for excise tax penalty calculation for 2014 or 2015. If so, verify the strategy including support for assertion and follow-up of an unintentional violation.

This checklist is meant for small businesses that are not subject to the shared responsibility provisions of the Affordable Care Act. A separate checklist is available for larger firms. The checklist may not be inclusive. For more information, contact Tony Novak, CPA, MBA, MT at (800) 609-0683 x2 or onlineadviser@live.com. "Freedom Benefits", "OnlineAdviser" and "OnlineNavigator" are trademarks of Tony Novak.

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