

Affordable Care Act Surcharges

Last Modified on 02/05/2018 8:34 am CST

When it comes to Affordable Care Act fines and penalties, guesswork can be risky business! Our ACA tool will take the guesswork out of the equation, keeping you in compliance no matter what happens in Washington. It's flexible enough to adapt to changing regulations in a timely manner.

View the Affordable Care Act webinar: [ACA - The Affordable Care Act Webinar](#)

The cost of Affordable Care Act can be staggering. Most companies understand this cost and are open to having surcharges extended to them. This will help tremendously to offset your cost.

Surcharges can be calculated in a number of different ways. They can be based on different statuses and pay codes. Surcharges can be extended "across the board" or can be set to be branch, customer, department and order specific.

Administration Set Up

From your Employer/Administration/ACA Set area, you'll see the Surcharge area:

The screenshot shows the 'High Tech Staffing' software interface. The top navigation bar includes the company logo, name, address (701 Main St., Duluth MN, 70139), and several notification icons. Below the navigation bar is a sidebar menu with categories like 'accruals', 'adjustment', 'authorities', 'branch', 'business code types', 'company', 'custom data', 'drop downs', 'employers', 'aca setup', 'employer setup', 'funding', 'jurisdiction setup', 'suta setup', 'evaluations', 'external services', 'old account man', and 'employee'. The main content area is titled 'employer setup' and contains various configuration fields. A red box highlights the 'Surcharge Enabled' checkbox, which is checked, and an 'Advanced Settings' button. Below this is a section for 'branch level configurations' with a table of settings for different branches.

employer setup

Transitional Period: 12 Months
 Administrative Period: 60
 Insurance Cutoff: 1
 Stability Period: 12 Months
 Stability Period Start Date: 3/1/2016
 Surcharge Enabled:
 Surcharge Type and Rate: Amount Per Hour 0.25000000

branch level configurations

Use this area to setup branch specific settings for ACA Employee Qualified Groups

Branch	Admin Period	FTE Threshold	Day Insu...	Delay Initial...	Initial Meas...	Look Back	Stability	Stabili...
Memphis NE	90	29.00	1	<input type="checkbox"/>	11 Months	11 Months	11 Months	1/1/20...

Surcharge Enabled

Click to put an X in the box if you would like to activate ACA surcharges for your customers. An ACA surcharge is a percentage of billings that will be added to the customer invoices to recoup some of your costs associated with ACA.

Surcharge Advanced Settings

If surcharges are going to be billed to help offset the cost of ACA insurance, you can also determine what hours, paycodes, adjustments, and offer statuses will be used to determine the surcharge amount.

General Settings: Select each type of hours/pay that should be used in calculating the surcharge.

The screenshot shows a user interface for managing surcharge settings. At the top, there is a blue header with a user icon and the text "manage surcharge settings". Below the header, there are four tabs: "General Settings", "Paycodes", "Adjustments", and "Insurance Offer Statuses". The "General Settings" tab is active. It contains a list of six calculation options, each with a green "Yes" button to its right:

Calculate on Regular Hours	Yes
Calculate on Overtime Hours	Yes
Calculate on Doubletime Hours	Yes
Calculate on Salary	Yes
Calculate on Units	Yes
Calculate on Discounted Portion of Invoice	Yes

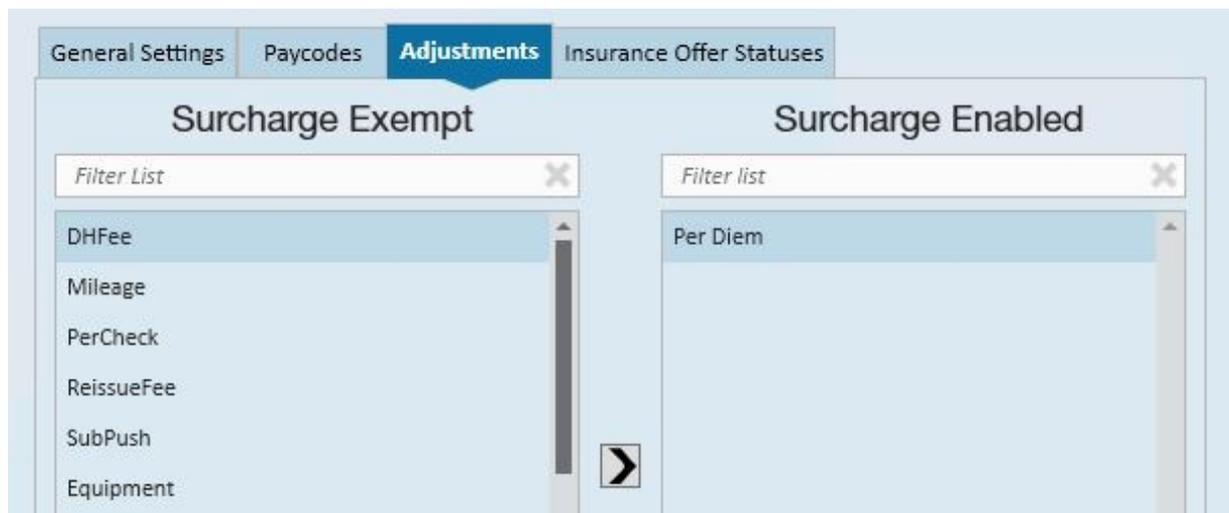
At the bottom of the interface, there is a "Save" button and a warning icon.

Paycodes: Select the paycodes that should be used in calculating the surcharge.

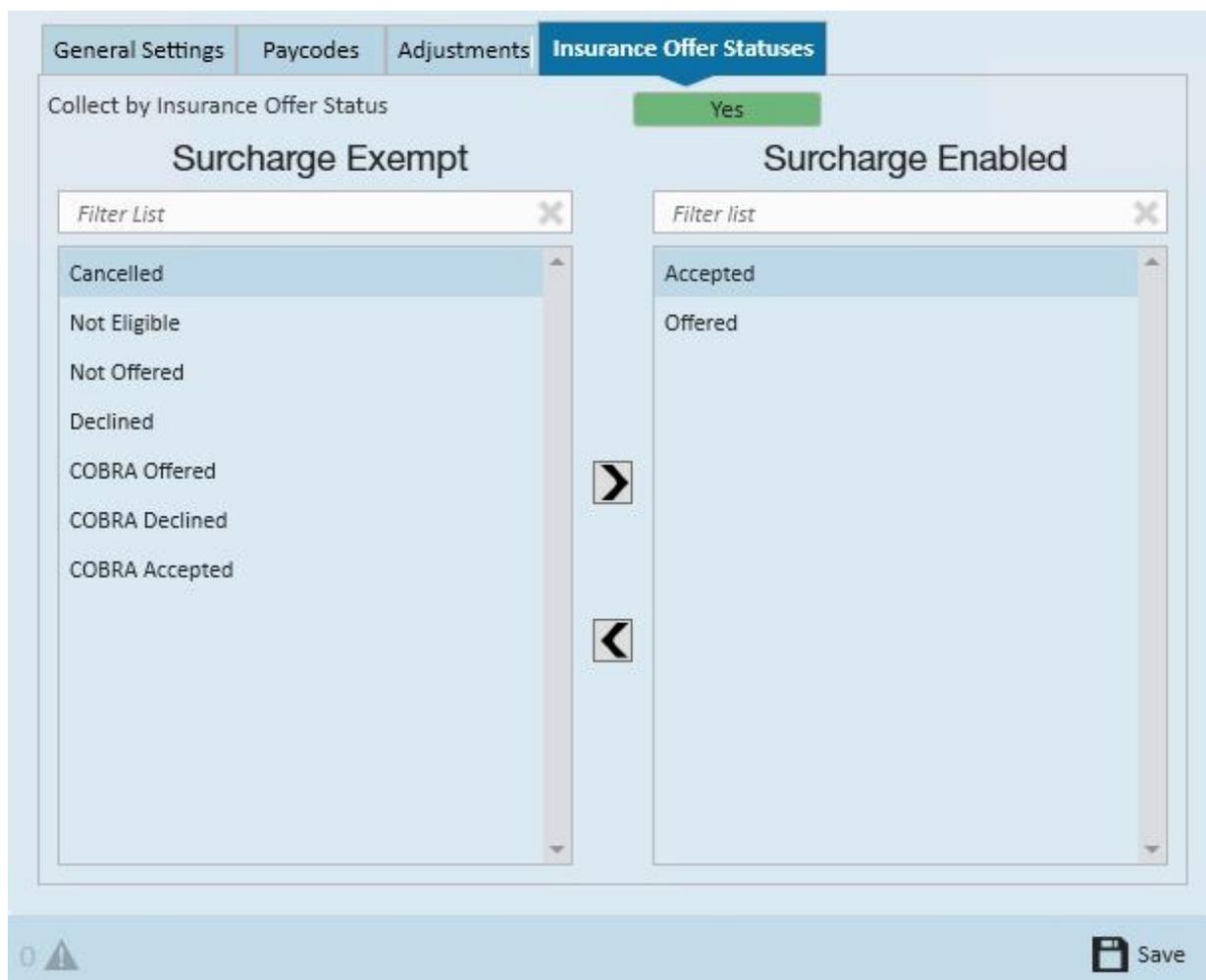
The screenshot shows the "Paycodes" tab in the "manage surcharge settings" interface. It features two side-by-side lists for selecting paycodes:

- Surcharge Exempt:** A list with a "Filter List" search box. The items listed are Bonus, Vac1, BillRev, and billcor.
- Surcharge Enabled:** A list with a "Filter list" search box. The items listed are Hol and Reg.

Adjustments: Select the adjustment codes that should be used in calculating the surcharge.



Insurance Offer Statuses: Select the insurance offer statuses that should be used in calculating the surcharge.



***Note** - to select the options in the paycodes, adjustments, and insurance offer status forms click to select the options desired on the left (exempt), then click the right facing arrow to move the option to the enabled (right) side.

***Note** - for insurance offer status only, if you would like to extend the surcharge based on status,

make sure the yes/no toggle to set to yes.

Surcharge Type and Rate

Select from the drop down the basis for the surcharge; percentage of payroll cost, amount per hour, flat rate per aldent or percentage of invoice.

If you select *percentage of payroll cost*, the surcharge will be calculated based on the percentage of the cost of the payroll.

If you *select amount per hour*, this is the amount per hour billed (based on the ACA advanced settings selected) that will be added to your customer's invoices.

If you select *flat rate per aldent*, the amount billed will be per employee being billed.

If you selected *percentage of invoice*, this is the percentage of the billings (based on the ACA offer statuses selected) that will be add to your customer's invoices.

Within the *rate* field enter the percentage or dollar amount appropriate for the surcharge.

***Note** - You will have an opportunity on an individual customer and order basis to modify the amount or percentage specific to that customer/order. If the majority of your customers will not be charged this surcharge you may want to enable the surcharge and enter 0 as the percentage amount, then for the customers you will be billing this surcharge to; you may enter the actual percentage on the customer record. Adversely, if the majority of your customers will be charged this surcharge you may want to enable the surcharge, enter your companies' standard percentage in this field, and for any customers you do not wish to apply this surcharge to you may change the percentage to 0 on the individual customer records.

Branch Specific Settings

The ACA settings that you select are applicable to all employee and customer records for the federal employer identification number (FEIN) that they are set up in. TempWorks allows the flexibility to apply a different set of rules for specific branches within the FEIN. This will most commonly be used for the allowable ACA exceptions for specific groups of employees.

The screenshot shows the 'employer setup' form with various fields for ACA settings. A red box highlights the 'branch level configurations' button at the bottom left, and another red box highlights a plus sign icon at the bottom right. Below the form is a table with columns for Branch, Admin Period, FTE Threshold, Day Insu..., Delay Initial..., Initial Meas..., Look Back, Stability, Stability St..., Measurem..., Measurem..., Surcharge, and Surchar... The first row shows 'Memphis CA 90' with values: 29.00, 1, 10 Months, 10 Months, 10 Months, 1/1/2015, 10 Months, 10/2/2014, and 4.00000000.

To configure ACA setup for a specific branch click the *plus* sign to the right of configured branches. The following window will display:

The screenshot shows the 'aca branch status' dialog box. The 'Branch' field is set to 'Memphis NW'. The 'configurations' section includes fields for Transitional Period (6 Months), Administrative Period (90), Insurance Cutoff (1), Stability Period (6 Months), Stability Period Start Date (1/1/2015), Surcharge Enabled (checked), Delay Initial Measurement Period (unchecked), Initial Measurement Period (6 Months), Standard Measurement Period (6 Months), Standard Measurement Period End Date (10/12/2014), Approaching FT Threshold (28), and Surcharge Rate (Amount F, 10). There is also a 'Collect by Insurance Status' checkbox (unchecked). The dialog has 'Cancel' and 'Save' buttons at the bottom.

In the *branch* field, select the branch you would like to change the ACA settings for, then continue to make selections in the fields specific to the branch selected.

Click *Save*.

After you click *Save*, the branch specific setting will be displayed in the grid.

branch level configurations ✕ +

Use this area to setup branch specific settings for ACA Employee Qualified Groups

Branch	Admin Period	FTE Threshold	Day Insu...	Delay Initial...	Initial Meas...	Look Back	Stability	Stability St...	Measur...	Measur...	Surcharge	Surch...
Memphis NE	59	29	1	<input checked="" type="checkbox"/>	11 Months	11 Months	11 Months	1/1/2015	11 Months	10/2/2014	2	

Adding a Customer Specific Surcharge

To add a customer specific ACA surcharge, access the customer record then navigate to the invoice setup/adjustments area. The ACA surcharge setup is at the top of this form:

aca surcharge

A \$0.25 per hour surcharge is active. This has been setup on High Tech Staffing.

Override Settings

The system or branch level settings will be displayed. To override the system or branch level settings click to put a checkmark in *override settings* check box.

aca surcharge

ACA Surcharge will not be calculated.

Override Settings

Apply to Departments

Surcharge Enabled

By overriding the ACA settings an ACA surcharge will not be calculated for this customer.

If you would like to filter down to the departments of this customer click to place an *x* in the *apply to departments* field.

***Note** - If apply to department is selected, TempWorks will apply the surcharge to all existing departments as well as any new departments added after the surcharge is set up.

To apply a different ACA surcharge to this customer (and/ or its departments) click to place an *x* in the *surcharge enabled* field:

aca surcharge

Override Settings

Apply to Departments

Surcharge Enabled

Surcharge Type and Rate

In the *surcharge type and rate* field select the basis for the surcharge; percentage of payroll cost, amount per hour, flat rate per aldent or Percentage of Invoice.

If you select percentage of payroll cost, the surcharge will be calculated based on the percentage of the cost of the payroll.

If you select amount per hour, this is the amount per hour billed (based on the ACA advanced settings selected) that will be added to your customer's invoices.

If you select flat rate per aldent, the amount billed will be per employee being billed.

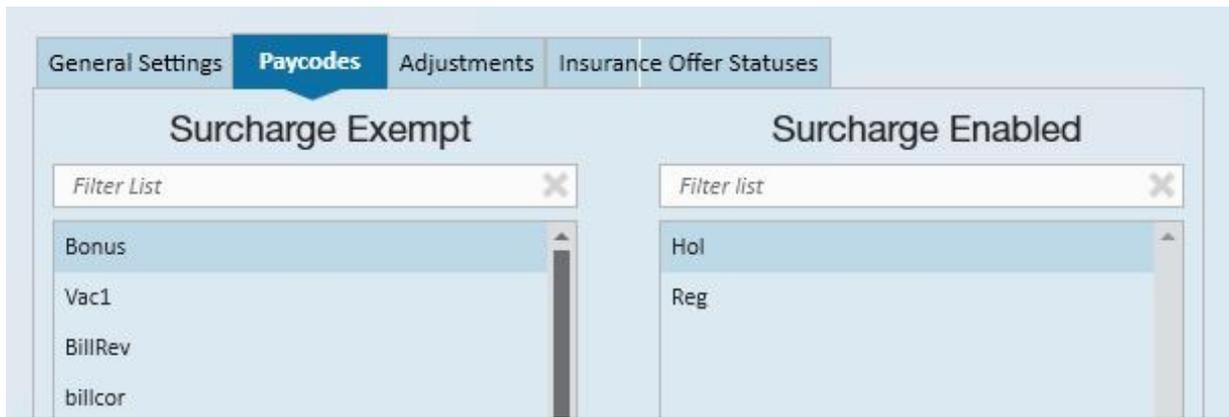
If you selected percentage of invoice, this is the percentage of the billings (based on the ACA offer statuses selected) that will be add to your customer's invoices.

***Note** - you will have the opportunity on each individual order to modify the amount or percentage specific to that order.

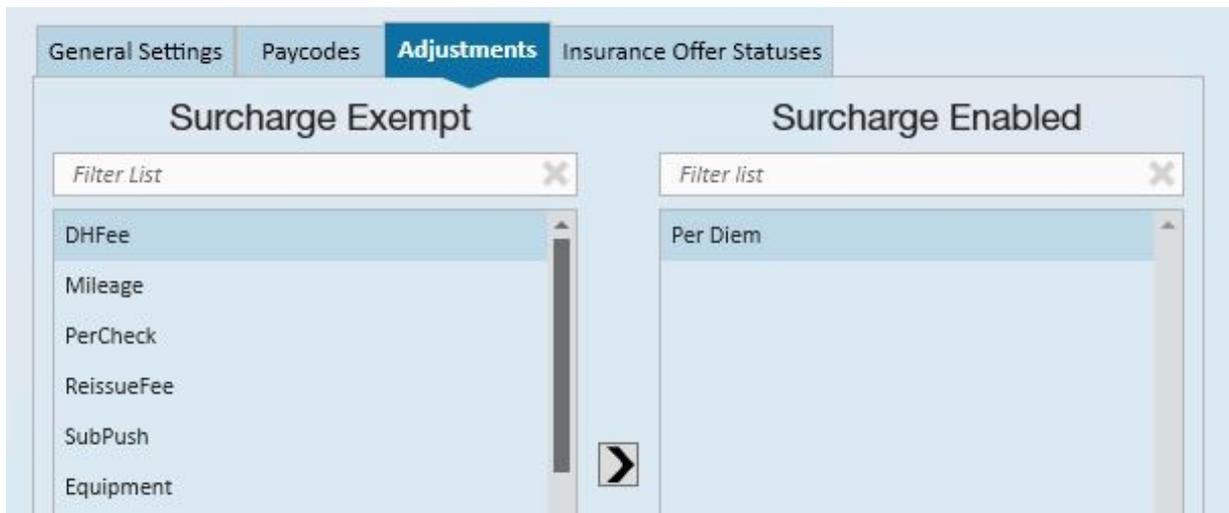
Click to select *advanced settings* if surcharges are going to be billed to help offset the cost of ACA insurance, and you want to also determine what hours, paycodes, adjustments, and offer statuses will be used to determine the surcharge amount.

Setting	Value
Calculate on Regular Hours	Yes
Calculate on Overtime Hours	Yes
Calculate on Doubletime Hours	Yes
Calculate on Salary	Yes
Calculate on Units	Yes
Calculate on Discounted Portion of Invoice	Yes

General settings: Select each type of hours/pay that should be used in calculating the surcharge.



Paycodes: Select the paycodes that should be used in calculating the surcharge.



Adjustments: Select the adjustment codes that should be used in calculating the surcharge.

General Settings Paycodes Adjustments **Insurance Offer Statuses**

Collect by Insurance Offer Status Yes

Surcharge Exempt

Filter List ✕

- Cancelled
- Not Eligible
- Not Offered
- Declined
- COBRA Offered
- COBRA Declined
- COBRA Accepted

➤

➤

Surcharge Enabled

Filter list ✕

- Accepted
- Offered

Save

Insurance offer statuses: Select the insurance offer statuses that should be used in calculating the surcharge.

***Note** - to select the options in the paycodes, adjustments, and insurance offer status forms click to select the options desired on the left (exempt) then click the right facing arrow to move the option to the enabled (right) side.

***Note** - for insurance offer status only, if you would like to extend the surcharge based on status, make sure the yes/no toggle to set to yes.

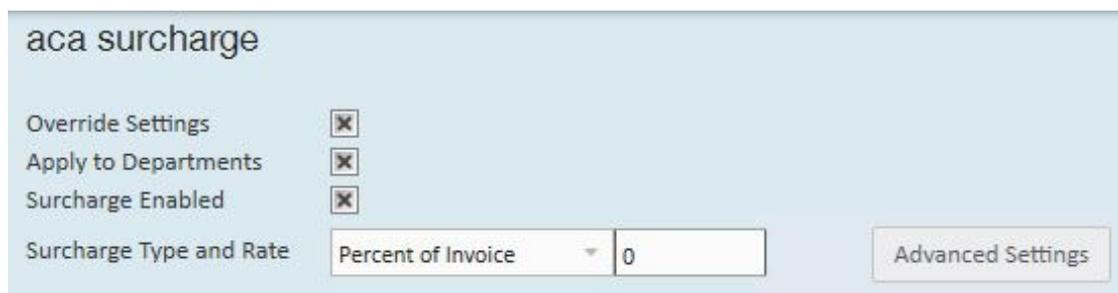
When done, click the save button.

After saving, only the invoicing for employees who fit into the selected statuses will be billed for the surcharge.

Exempting a Customer or Department From the ACA Surcharge

If you would like a customer or department of a customer to be exempt from the ACA surcharge, there are two ways to accomplish this.

If you would like the surcharge to show on the invoice but at a 0% you will want to setup the *surcharge percentage* as zero (0). Click to place an X in *override settings*, click to place an X in *apply to departments* (if desired). Select *surcharge enabled* and change the *surcharge type and rate* to zero (0):



aca surcharge

Override Settings

Apply to Departments

Surcharge Enabled

Surcharge Type and Rate Percent of Invoice ▾ Advanced Settings

If you would not like the surcharge to show on the invoice you will want to select to override settings but do not select to *surcharge enabled*. ***Note-** The description at the top indicates that a surcharge will not be calculated.

aca surcharge

ACA Surcharge will not be calculated.

Override Settings

Apply to Departments

Surcharge Enabled

Adding an Order Specific Surcharge

To add or adjust the system default rate for an ACA surcharge on a specific order, access the order and click details. At the top of the details form, select the ACA surcharge tab:

Crom Equipment, Primary
Forklift
0 of 1 positions filled
Customer ID: 10623
Order ID: 4295055513

Alison/call/check in
MMarshall, f/u, physician

tasks appointments

visifile

Order Details Web Options **ACA Surcharge**

A \$0.25 per hour surcharge is active. This has been setup on High Tech Staffing.

Override Settings

To override the ACA surcharges at the order level click to place an x in the *override setting* box.

Order Details Web Options **ACA Surcharge**

Override Settings

Surcharge Enabled

Surcharge Type and Rate Percent of Invoice

This will open a *surcharge enabled* check box:

To enable the order specific surcharge click to place an x in the *surcharge enabled* box:

Select the surcharge rate at which to bill this order.

In the *surcharge type and rate* field select the basis for the surcharge; *percentage of payroll cost*, *amount per hour*, *flat rate per adent* or *percentage of invoice*.

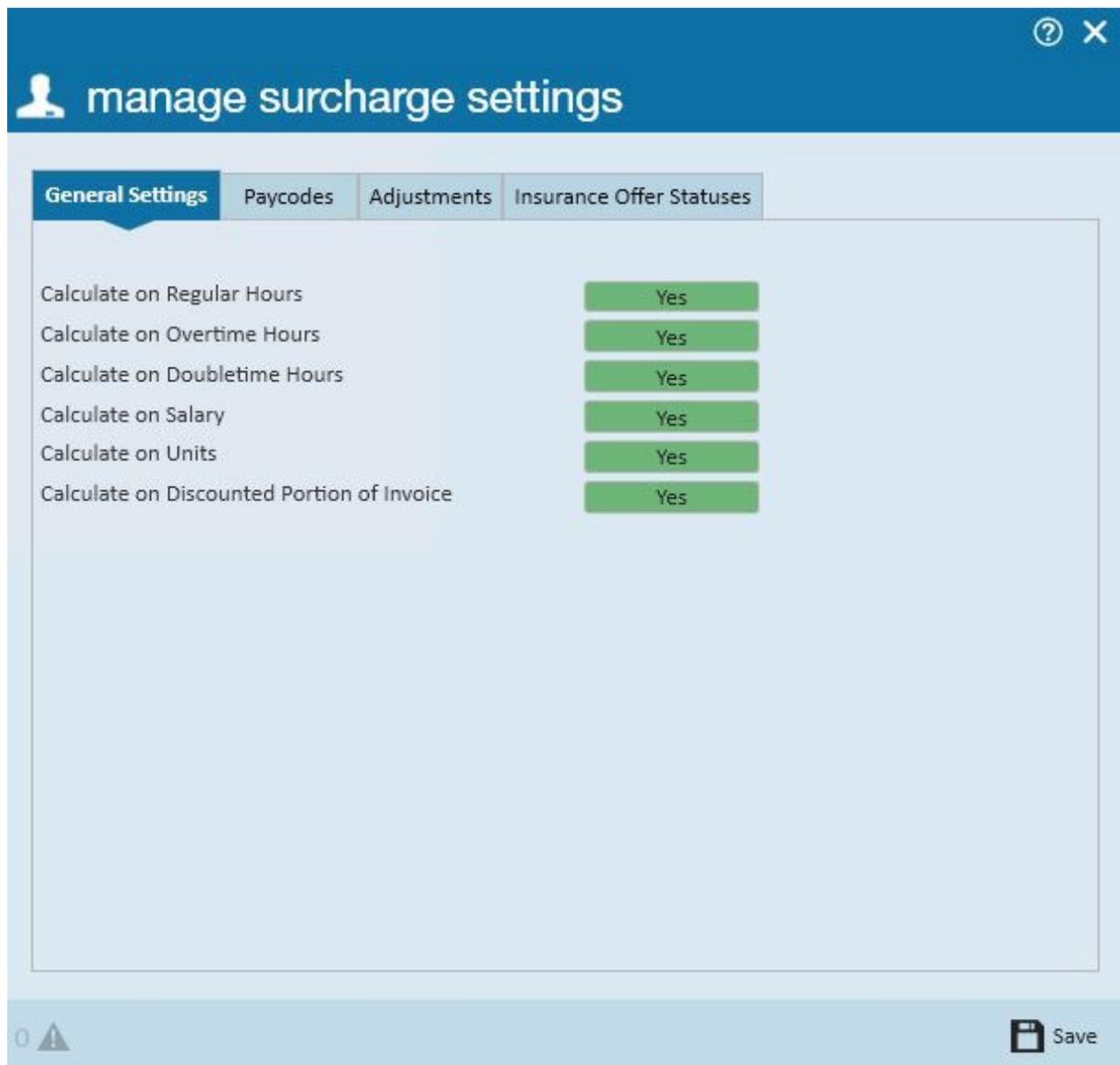
If you select *percentage of payroll cost*, the surcharge will be calculated based on the percentage of the cost of the payroll.

If you select *Amount Per Hour*, this is the amount per hour billed (based on the ACA advanced settings selected) that will be added to your customer's invoices.

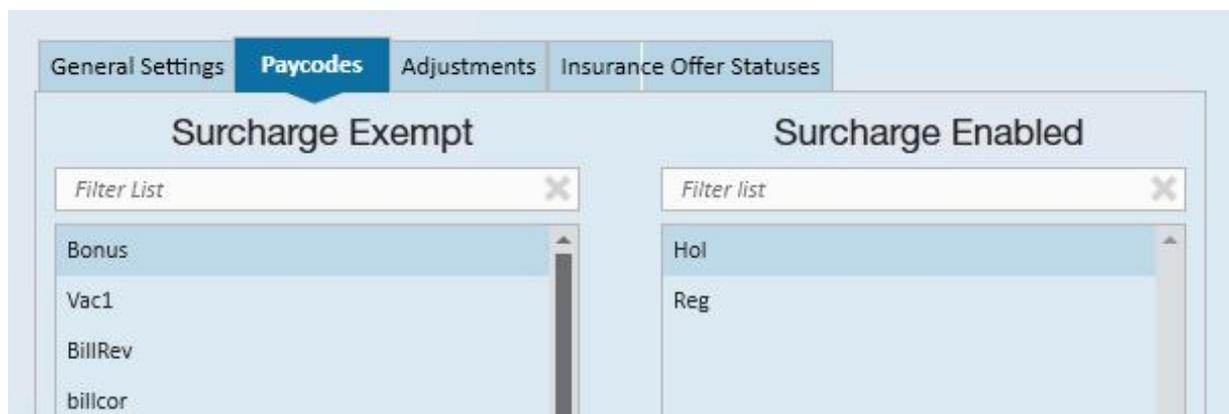
If you select *flat rate Per adent*, the amount billed will be per employee being billed.

If you selected *percentage of invoice*, this is the percentage of the billings (based on the ACA offer statuses selected) that will be add to your customer's invoices.

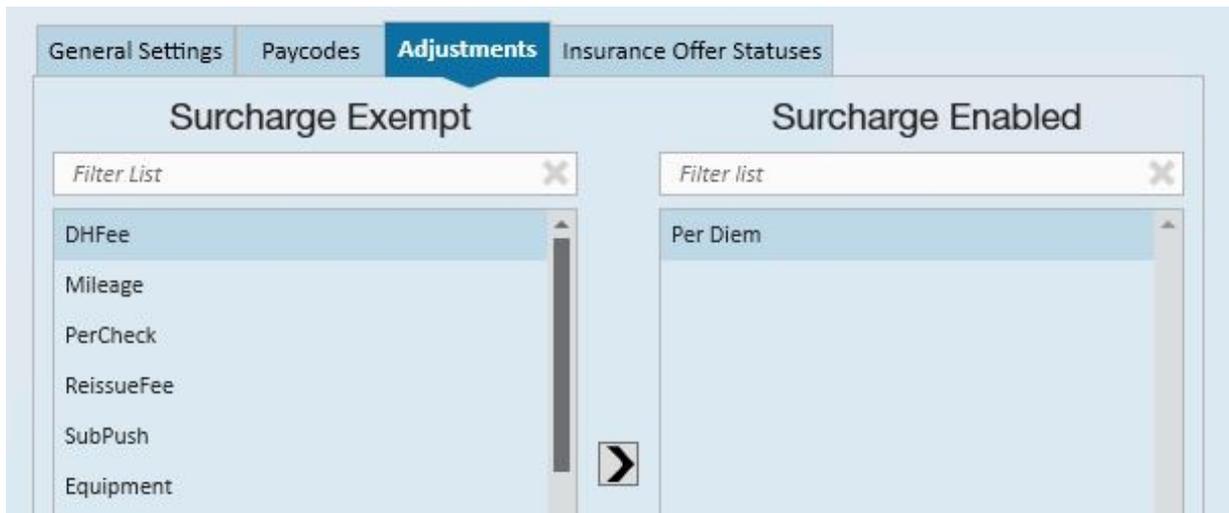
Click to select *advanced settings* if surcharges are going to be billed to help offset the cost of ACA insurance, and you want to also determine what hours, paycodes, adjustments, and offer statuses will be used to determine the surcharge amount.



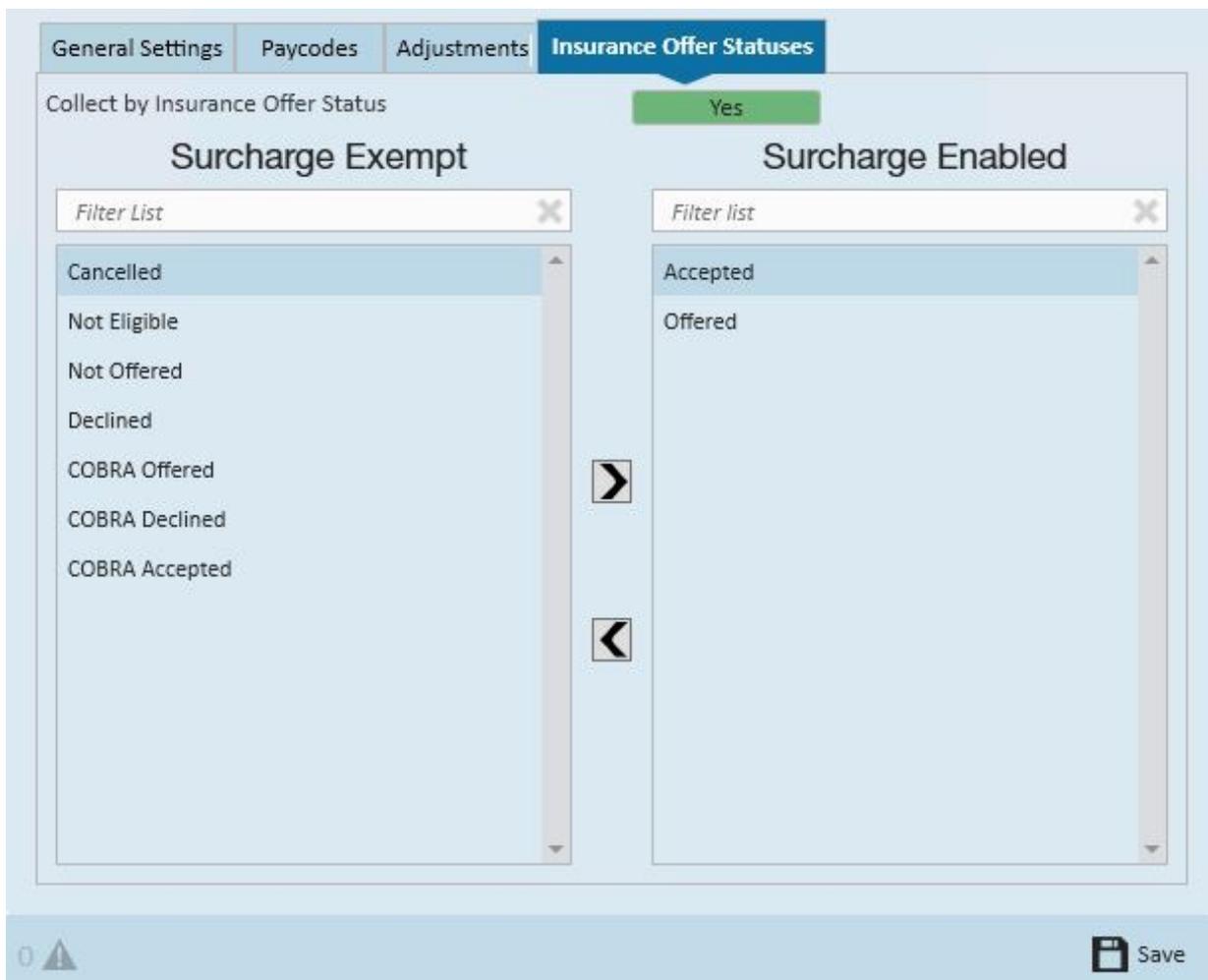
General settings: Select each type of hours/pay that should be used in calculating the surcharge.



Paycodes: Select the paycodes that should be used in calculating the surcharge.



Adjustments: Select the adjustment codes that should be used in calculating the surcharge.



Insurance Offer Statuses: Select the insurance offer statuses that should be used in calculating the surcharge.

***Note** - to select the options in the paycodes, adjustments, and insurance offer status

forms click to select the options desired on the left (exempt) then click the right facing arrow to move the option to the enabled (right) side.

***Note** - for insurance offer status only, if you would like to extend the surcharge based on status, make sure the yes/no toggle to set to yes.

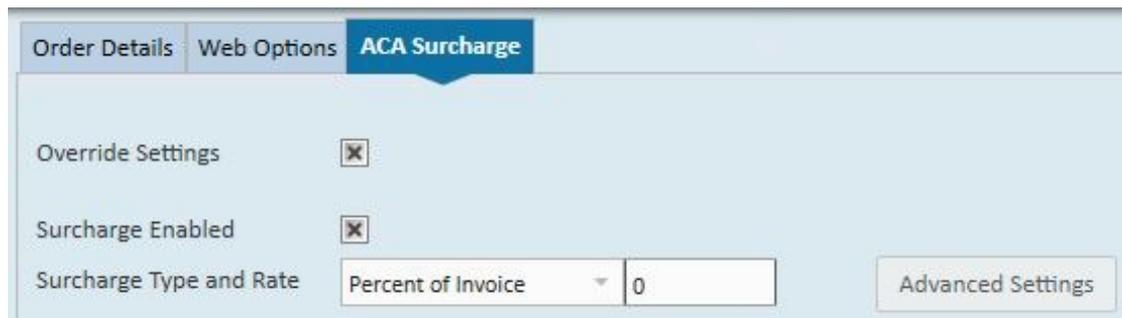
When done, click the *Save* button.

After saving, only the invoicing for employees who fit into the selected statuses will be billed for the surcharge.

Exempting an Order From the ACA Surcharge

If you would like an order to be exempt from the ACA surcharge, there are two ways to accomplish this.

If you would like the surcharge to show on the invoice but at a 0% you will want to setup the *surcharge percentage* as zero (0). Click to place an *X* in *override settings*, click to place an *X* in *apply to departments* (if desired). Select *surcharge enabled* and change the *surcharge type and rate* to zero (0):

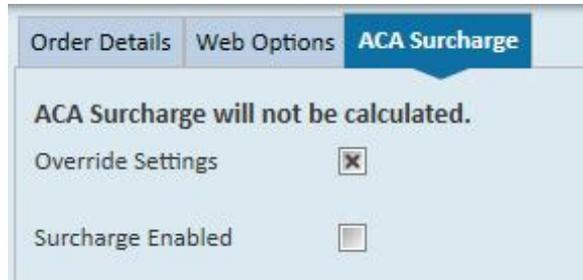


The screenshot shows a software interface with three tabs: "Order Details", "Web Options", and "ACA Surcharge". The "ACA Surcharge" tab is active. Below the tabs, there are three rows of settings:

- Override Settings**: A checkbox with an 'X' inside, indicating it is checked.
- Surcharge Enabled**: A checkbox with an 'X' inside, indicating it is checked.
- Surcharge Type and Rate**: A dropdown menu set to "Percent of Invoice" and a text input field containing the number "0".

To the right of these settings is a button labeled "Advanced Settings".

If you would not like the surcharge to show on the invoice you will want to select to override settings but do not select to *surcharge enabled*. Note that the description at the top indicates that a surcharge will not be calculated.



Order Details	Web Options	ACA Surcharge
ACA Surcharge will not be calculated.		
Override Settings	<input checked="" type="checkbox"/>	
Surcharge Enabled	<input type="checkbox"/>	

***Note -** If you had previously enabled the surcharge at the employer level, and set up custom rates at the customer or order level, the calculation method and rates will NOT be overridden on the customer or order if you switch calculation methods and rates in the administration/employer area. Any changes at the administration level will NOT affect any calculation method already existing at the customer or order.

Related Articles