

Paychex Announces Health Care Reform Solutions and Resources to Help Ease the Burden on America's Businesses

Key provisions of the Affordable Care Act affecting businesses take effect in 2014, but employers need to act now to avoid penalties and implement health coverage solutions and options for employees

ROCHESTER, N.Y.--(BUSINESS WIRE)-- As key provisions of the Affordable Care Act (ACA) take effect in 2014, businesses will see changes to the way they handle payroll reporting, administration, monitoring, and employee benefit offerings on a broad scale. Paychex, Inc., a leading provider of [payroll](#), [human resource](#), [insurance](#) and [benefits outsourcing](#) solutions for small- to medium-sized businesses, is helping employers navigate these changes with the launch of new comprehensive solutions that help employers and employees prepare for the Employer Shared Responsibility (ESR) and Individual Mandate provisions of the ACA.

"With more than 300 different provisions, the Affordable Care Act is a complex piece of legislation that has many employers concerned about the upcoming obligation they face under Health Care Reform," said Martin Mucci, Paychex president and CEO. "As we approach a critical time in the legislation with Employer Shared Responsibility and the Health Insurance Marketplaces taking effect in 2014, Paychex is committed to providing America's businesses with the information and support they need to understand the implications of Health Care Reform, and providing the solutions they need to take action."

Paychex Employer Shared Responsibility Services

The Employer Shared Responsibility (ESR) provision of the Affordable Care Act takes effect January 1, 2014 for employers with 50 or more full-time employees (taking into account full-time equivalent (FTE) employees). Employers face four specific compliance needs around ESR. The primary considerations for an employer include:

- Performing the calculations to determine if the employer is an applicable large employer who must offer health coverage to full-time employees
- Determine which employees are considered full-time employees and therefore put the employer at risk for penalties if not offered adequate coverage
- Determining if the coverage they offer meets the minimum standards of actuarial value and affordability which would put the employer at risk for penalties if it does not
- Being prepared to meet IRS requirements for end-of-year reporting

The **Paychex Employer Shared Responsibility Service** makes it easy for business owners to determine if ESR applies to them, and what actions they need to take to meet the

requirements of this provision. The basic service includes an Hours Worked Report that tells employers how many hours each employee worked, giving them the data that can assist in calculating their number of full-time employees.

For businesses looking for a more robust solution, Paychex offers the ESR Complete Analysis and Monitoring Services. This includes:

- **Applicable Large Employer Analysis and Monitoring** – Although ESR doesn't take effect until January 1, employers need to track employee hours now to determine if they qualify as an applicable large employer prior to open enrollment in the fall. The Applicable Large Employer Analysis and Monitoring service performs the complicated calculations used to assist in determining employer size. The service will perform ongoing calculations and alert employers with under 50 full-time employees when they are approaching the threshold of becoming an applicable large employer.
- **Full-Time Employee Analysis and Monitoring** – For those employers that meet the requirements of an applicable large employer, the Full-Time Employee Analysis and Monitoring service determines which employees are considered full time, and therefore put the employer at risk for penalties if they are not offered any or adequate coverage. The service alerts employers when an employee becomes a full-time employee, according to the provisions. It will also allow the employer to use different measurement or "look back" periods to help manage their unique workforce.
- **Coverage Adequacy Analysis and Monitoring** – Accessible to Paychex clients who offer employees health insurance through Paychex Insurance Agency, Inc. this service uses Paychex and Agency data to help determine if the coverage they offer meets federal standards for affordability and value, and alerts employers if coverage falls below those standards.

Once further guidance from the IRS is received, Paychex will offer a reporting solution as part of the Paychex ESR Service to help employers meet the requirements of IRS end-of-year reporting by providing them with the necessary payroll and benefits information required.

The IRS may require applicable large employers to report the number of hours worked for each worker by month starting with tax year 2014. In addition, employers will need to be able to produce those records in case of an audit. Because workers' payroll hours are tracked by pay period, it's important for employers to prepare for these requirements now. In order to report hours on a monthly basis, employers may need to use a [time and attendance](#) solution, such as Paychex Time and Labor Online.

For more information on Employer Shared Responsibility and the Paychex Employer Shared Responsibility Service, visit www.paychex.com/health-reform/esr.

Paychex Benefit Account

In addition to the requirement that large employers offer health coverage to full-time employees, most U.S. citizens and legal residents will be required to purchase health insurance or pay a penalty in the form of a tax beginning with tax year 2014. As part of the Individual Mandate in Health Care Reform, individuals who don't have access to adequate health insurance through their employer will have the option to buy individual insurance

through a federal or state marketplace, an agent or broker, or a private exchange.

“Health Care Reform has created new opportunities for small business owners who believe in the value and benefit of helping their employees gain access to health care,” said Mucci. “Offering group health insurance to any or all employees won’t be an option for every employer, but there are other options available through consumer-driven health care that will help employers and their employees manage the cost associated with the changes happening with Health Care Reform. With the Paychex Benefit Account, we can help employers find the solution that is the right fit for their business.”

Spending and consumer health benefit accounts – Flexible Spending Accounts (FSA), Health Savings Accounts (HSA), Health Reimbursement Accounts (HRA), and Premium Reimbursement Accounts (PRA) – give employers the opportunity to help employees manage the cost of insurance and health-related expenses, while controlling employer costs and providing money-saving opportunities for their business.

The **Paychex Benefit Account** will allow employers to offer FSAs, HSAs, and HRAs on a single platform with one debit card that gives employers the ability to customize a solution that’s right for their workforce. Employers will be able to offer the Paychex Benefit Account beginning in September 2013.

The Paychex Benefit Account will also include a Defined Contribution offering that allows employees to use a Premium Reimbursement Account to purchase individual health insurance on a pre-tax basis through Paychex’s private exchange. With the Paychex Benefit Account, employers have the option of contributing flat dollar amounts to their employees’ individual insurance and/or spending and savings accounts, while at the same time, providing their employees with the opportunity to set aside pre-tax dollars for purchasing mandated coverage or paying for medical expenses.

In conjunction with the Paychex Benefit Account, the **Paychex Private Exchange** will give uninsured workers access to individual insurance offered through more than 40 insurance carriers in an online marketplace. Employers will be able to offer the Defined Contribution solution and Paychex Private Exchange later in 2013.

“Health Care Reform impacts almost every employer, whether or not they offer group health insurance,” said Mucci. “For more than 40 years, Paychex has helped businesses understand and comply with complex industry regulations, tax laws, and ongoing legislation. We will continue to serve our clients in this way, providing them with the answers, information, and solutions for current and future Health Care Reform provisions.”

For more information about consumer-directed health care and the Paychex Benefit Account, visit www.paychex.com/health-reform/provisions/defined-contribution-plans.

Educational Resources

Paychex has launched a new Health Care Reform section on www.paychex.com, designed to provide answers, information, and solutions that employers need to prepare for and take action on Health Care Reform. On the site, employers can access a comprehensive timeline of Health Care Reform provisions, learn about the top provisions, review frequently asked questions, and find information on Paychex product solutions designed to help businesses

comply with Health Care Reform. Paychex's new Health Care Reform website can be found at www.paychex.com/health-reform/esr.

About Paychex

Paychex, Inc. (NASDAQ:PAYX) is a leading provider of payroll, human resource, and benefits outsourcing solutions for small- to medium-sized businesses. The company offers comprehensive payroll services, including payroll processing, payroll tax administration, and employee pay services, including direct deposit, check signing, and Readychex®. Human resource services include 401(k) plan recordkeeping, section 125 plans, a professional employer organization, time and attendance solutions, and other administrative services for business. A variety of business insurance products, including group health and workers' compensation, are made available through Paychex Insurance Agency, Inc. Paychex was founded in 1971. With headquarters in Rochester, New York, the company has more than 100 offices serving approximately 567,000 payroll clients as of May 31, 2012. For more information about Paychex and our products, visit www.paychex.com.

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