



CASE STUDY

Banks and financial services companies do everything from helping consumers make holiday purchases to helping companies invest around the globe. That means adding seasonal workers as needed and sending employees overseas on critical projects. It also means specific challenges when it comes to complying with the Affordable Care Act (ACA), including worker types that are difficult to classify, and tracking that's complicated by frequent mergers and acquisitions. And just like other companies, these businesses have HRIS, Payroll, and Benefit Administration systems that weren't designed for ACA compliance and don't capture all the data now required by the IRS.

Different Types of Employees

Banks

ACA compliance begins with classifying employees in order to determine eligibility for benefits — a task that's inherently complex for banks. For instance, consider that employees who work at multiple branches often register as separate individuals within the system. Once upon a time, that small oversight simply meant issuing multiple checks to the same employee. Now, however, the stakes have skyrocketed: left uncorrected, that oversight can mean failing to accurately report hours or to extend benefits to eligible employees — both of which come with sizable penalties.

Next, consider seasonal employees. Banks often hire extra tellers to help tackle the extra work load around the holidays, but they now need to track those employee hours far more carefully than before. In part, that's because they may want to extend a full-time offer to a seasonal worker, and will need an accurate record of that employee's hours to determine eligibility. Another reason is that even part-time seasonal workers can accumulate enough hours to become eligible for health benefits under the ACA, whether or not the organization has offered benefits to seasonal or part-time workers in the past.

Financial Services Companies

For financial services companies, the task of classifying employees gets even harder. These multinational organizations must keep track of thousands and sometimes millions of employees, many of whom work overseas for some portion of the year. Determining healthcare eligibility for expatriate workers is a daunting process that involves a number of confusing variables including assignment length, citizenship, employer status, and eligibility for the foreign earned income exclusion.

Interns comprise another group that isn't typically offered benefits, but their hours can lead them to become eligible for benefits under the new law. For example, a student with a full-time summer internship can become eligible despite having returned to school — and potentially falling off the employer's radar. If that student is later offered a full-time job, the employer will need to account for both paid and unpaid hours as well as document the change in status. This task increases in complexity if the new position is in a different branch or office.

Compliance and Tracking

Banks and financial services companies operate under greater public scrutiny and shoulder a higher regulatory burden than many other companies. These organizations operate under a microscope, and have a great deal to lose from damage to their reputations — or to their bottom lines. Failing to accurately track employee hours or offer benefits to eligible employees creates the risk of both.

That risk can be heightened by the intricate mechanics of tracking itself. For instance, each branch or office may have different employee tracking standards such as varying measurement periods and benefit years. Banks and financial services companies must pay close attention to getting these metrics into alignment for reporting purposes, and must reassess them after every new merger or acquisition. These organizations also need to start tracking leaves of absence as well as hire and rehire dates — data points they may not have captured before, but that can now factor into eligibility and must be reported.

Lack of Communication between Systems

Individual departments or divisions may act independently, resulting in HRIS, Payroll, and Benefit Administration systems that don't capture consistent data or that don't communicate with each other. This can result in small variations in employee data such as including a middle name in one set of information but not in another, which, again, leads to incorrect reporting and fines.

Taken together, all of the variables that go into accurate tracking, reporting, and compliance add up to a huge headache for financial organizations. Inconsistencies and errors in employee records often have to be manually tracked down and corrected, and the resulting data must be reported in a specific format in IRS forms. What's more, these time-consuming tasks will most likely fall to HR or Accounting employees who have no background in IT.

The Tango Compliance Solution

Banks and financial services organizations are just starting to understand the complexities of ACA compliance within their highly regulated and highly scrutinized industry. Tango's experience with banking and financial services clients helped us create a series of best practices specifically tailored to their needs. Our expert staff can help organizations identify what to track and for whom, how to input data consistently, how to coordinate disparate systems, and how to provide a clean audit trail for the IRS. We have the technology to assess data quality, identify issues, and compile everything needed for reporting, as well as a concierge staff that's fluent in the IRS regulations and requirements. Tango provides the expertise that HR, Benefits, and Compliance teams need, alleviating the need for additional staff or legal consultants.

About Tango

Tango is a Healthcare Benefits Optimization company with thousands of satisfied client companies across all industries. With innovative services and technology Tango optimizes healthcare benefits across the employee base, helping employees make the most effective decisions regarding benefits and creating hard dollar savings for employers. Our Healthcare Benefits Optimization suite includes online comparisons, employee education, live customer service experts, and a patented mobile platform to help employees make smart plan choices and keep them engaged year-round. Tango's Benefits Optimization Suite boosts employee confidence in smart healthcare choices and measurably bends the cost curve to keep employer benefits sustainable.