

7 ACA 226J Penalty Trends You'll Want to Avoid

Tango Health keeps a pulse on what's happening with the Affordable Care Act (ACA) and the 226J penalties that many organizations are receiving. Though sometimes the IRS issues a Letter 226J by mistake, often the penalties stem from errors or process gaps.

These are the top ACA penalty trends that we've seen and heard about in 2019:



#1: LACK OF A DEFINED PROCESS

The organization didn't have a process in place to accurately track or review the results for complex variable hour employees, including interns, union employees, or hourly workers who picked up more shifts than anticipated.



#2: ACA SOFTWARE MISSED DATA SOURCES

Their ACA software did not pull together data from all applicable sources such as COBRA, leave of absence, unions and more.



#3: MISSED OFFERS OF BENEFITS AFTER CHANGING SYSTEMS

Offers of benefits were missed when the organization changed systems during a merger, acquisition or systems conversion.



#4: MISSED EMPLOYEE ELIGIBILITY CHANGES

They used the ACA monthly lookback period and didn't notice employees who had trended eligible until a few months passed.



#5: INCORRECT DATA FORMATTING

The data wasn't in the format needed for ACA reporting, so the filing wasn't accurate. For example, an employee's hire date was listed as his/her benefits eligibility date, when the employee really wasn't offered benefits until his/her 90th day on the job.



#6: WRONG MAILING ADDRESS

The organization didn't realize they received a penalty notice since it was sent to one of their regional offices (instead of the headquarters where they handle ACA).



#7: SMALLER PENALTIES BEING ASSESSED

While the organization offered coverage to more than 95% of eligible employees, they still received smaller penalties for eligible individual employees who weren't offered coverage and received a premium tax credit.

Tango Health helps organizations avoid ACA penalties with a higher standard of accuracy. We also include expert penalty response in our ACA Compliance & Reporting solution. [Learn more at tangohealth.com](https://tangohealth.com)

