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STATE CONTROLLER'S OFFICE  
PERSONNEL AND PAYROLL SERVICES DIVISION  
P.O. BOX 942850  
SACRAMENTO, CA 94250-5878

DATE: October 20, 2022

PERSONNEL LETTER #22-017

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Jil Barraza, Chief  
Personnel and Payroll Services Division

**RE: AFFORDABLE CARE ACT – IRS NOTIFICATION OF ACA NON-COMPLIANCE**

Under the Affordable Care Act (ACA), the State of California is required to furnish a statement to federally qualified full-time employees with information regarding the health coverage that was offered, if any, to the employee and their dependents, using IRS Form 1095-C, Employer-Provided Health Insurance Offer of Coverage. The State Controller's Office (SCO) will issue a 1095-C statement to each employee who performed an average of 130 or more hours of service per month for any state entity during an applicable measurement period. The SCO reports this information to the Internal Revenue Service (IRS) annually.

As an Applicable Large Employer (ALE), the SCO reports ACA information to the IRS for all employers in Civil Service departments/agencies, California State University campuses and the Chancellor's Office, and District Agricultural Associations under SCO's Employer Identification Number (EIN). Each of these State of California employers is in compliance with ACA reporting requirements - the SCO has and will continue to report annually for them.

The SCO is now aware of multiple State entities receiving a notice from the IRS stating that the employer is not compliant with ACA reporting requirements. If these notices are not tended to timely, the IRS may issue the employer penalties and/or a levy. It is the goal of SCO to not reach that point.

The IRS will issue an initial notice, "IRS CP215 Notice of Penalty Charge", to the entity with the EIN in question. A response timeframe of 45 days is allotted before the IRS will issue the second notice, "IRS CP171 Reminder of Balance Due". Employers are allowed approximately 60 days to respond to the second notice. If there is no response, then the IRS will issue a levy to the EIN in question.

If you receive a notice of ACA reporting requirements non-compliance from the IRS, please ensure this matter is addressed timely by immediately forwarding the original notice from the IRS to the SCO ACA Unit via email at [acasupport@sco.ca.gov](mailto:acasupport@sco.ca.gov). The ACA Unit will subsequently contact the IRS to provide the necessary documentation to show that the employer is in compliance with all ACA reporting requirements, and ensure these notices are not received again in the future.

If you have additional questions related to ACA reporting, or have received a notification of non-compliance in regards to ACA reporting requirements from the IRS, please contact ACA Online Support at [acasupport@sco.ca.gov](mailto:acasupport@sco.ca.gov) or by calling (916) 322-3770.

**Additional Contact Information:**

- Cal Employee Connect Email [connecthelp@sco.ca.gov](mailto:connecthelp@sco.ca.gov)
- Cal Employee Connect Feedback Email [connectfeedback@sco.ca.gov](mailto:connectfeedback@sco.ca.gov)
- California Leave Accounting System (CLAS) Email [Clas@sco.ca.gov](mailto:Clas@sco.ca.gov)
- ConnectHR Email (All HR Staff) [connecthrhelp@sco.ca.gov](mailto:connecthrhelp@sco.ca.gov)
- ConnectHR Feedback Email (All HR Staff) [connecthrhelp@sco.ca.gov](mailto:connecthrhelp@sco.ca.gov)
- CS Escalation Email (HR Supervisors and Managers) [PPSDOPS@sco.ca.gov](mailto:PPSDOPS@sco.ca.gov)
- CSU Inquiry Email (HR Supervisors and Managers) [PPSDCSUInquiry@sco.ca.gov](mailto:PPSDCSUInquiry@sco.ca.gov)
- HR Suggestions Email (All HR Staff) [PPSDHRSuggestions@sco.ca.gov](mailto:PPSDHRSuggestions@sco.ca.gov)
- Management Information Retrieval System (MIRS) Email [ppsdmir@sco.ca.gov](mailto:ppsdmir@sco.ca.gov)
- [Statewide Customer Contact Center](#) (916) 372-7200

**SCO Key Initiatives:**

- [Cal Employee Connect Project](#)
- [California State Payroll System Project](#)

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