

## HOW WE ELIMINATED A MULTI-MILLION DOLLAR EMPLOYER MANDATE PENALTY

### Background

#### Client

- Kentucky-based payroll firm serving as the parent company for several mid-sized entities
- Oversees benefits for more than 20,000 employees

#### Problem

- Client received IRS penalty letter with **\$32 million** fine for failing to comply with the Affordable Care Act (ACA)
- IRS gave client only **30 days** to respond, a process that involved sorting through hundreds of enrollment records & IRS filings

### The MZQ Solution

#### Research & Analysis

- Employer Shared Responsibility Payment (ESRP) Consulting Team applied expert ACA Reporting knowledge to decipher penalty letter, pinpointing filing errors that resulted in a steep fine
- Dedicated ESRP Consultant led a conversation with client to (a) put them at ease (b) share team's analysis of the penalty letter (c) gather company details necessary to craft their response (d) outline path forward

#### Response

- ESRP Consulting Team cultivated a relationship with client's IRS representative to access **insider appeal status updates**
- Using insight gained from previous response preparation, ESRP Consultant tackled the penalty in two phases:
  1. Intending to eliminate majority of the penalty, consultant submitted preliminary response that corrected company-level form on file with IRS
  2. Consultant then, per IRS requirements, **hand-corrected several hundred erroneous codes** on employee forms to erase remaining penalty in final response

### Results

By preparing all the necessary paperwork, submitting both responses in advance of the IRS deadline, and navigating the IRS relationship, we **saved over fifty hours** of administrative work for our client. We prevented the client from having to wait weeks for an update from the IRS by sharing their revised penalty the **same day** each response was submitted, thanks to our IRS network.

Our preliminary response drastically reduced the client's fine from \$32 million to just **\$140,000**; our final response **eliminated the remaining penalty**.

### Contact

Have you received an ESRP letter from the IRS?  
Concerned about the next steps to take?

Let MZQ Consulting handle the ESRP process for you!



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