

# media services

payroll   accounting   residuals   software   healthcare   incentives

Re: The Patient Protection and Affordable Care Act and your obligations.

Dear Client:

The purpose of this letter is to describe our understanding of the impact of the Patient Protection and Affordable Care Act (“PPACA”) on your current Payroll Services Agreement with our managed payroll company. As you know, the PPACA will require certain businesses to make significant changes to certain benefit arrangements with their employees.

Currently, your production company has an agreement with our payroll company to provide payroll and related services to your business. Under the terms of the agreement, the payroll company is the employer of record of certain personnel at your production company for the limited purposes of (i) federal, state, and local employment taxes (including, but not limited to, income tax withholding); (ii) Workers’ Compensation coverage; and (iii) unemployment insurance. Under the agreement, you have not engaged the payroll company to provide pension, health, or other employee benefits.

In addition, based on our review, the payroll company is not an employer of personnel at your production company for purposes of the PPACA, and your relationship with the payroll company does not create obligations under that law. Your production company may, however, be subject to the PPACA’s requirements for other reasons. Neither Media Services nor its managed payroll company is in a position to provide you with legal, tax, accounting, or benefits advice concerning the application of the PPACA to your company. We urge you to consult with a qualified professional to obtain advice about the scope and timing of requirements under the health insurance law so that you can make plans appropriate to your individual circumstances.

If you have any questions, please contact us. Thank you for your continued business and cooperation.

Very truly yours,

Media Services  
Business Affairs