

January 28, 2016

# ACA 1094/1095 Reporting Details

Presented by Benefit Comply

# ACA 1094/1095 Reporting Details

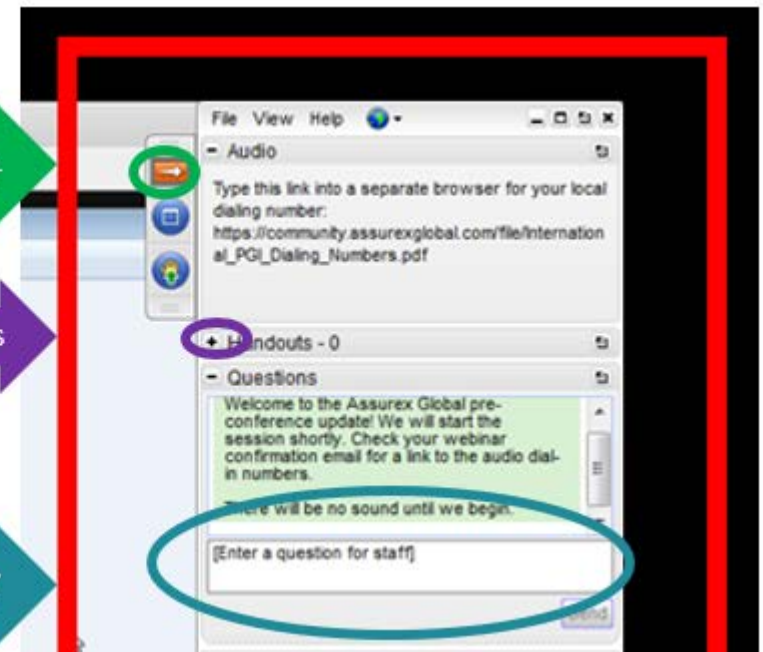
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- There will be no sound until we begin the webinar. When we begin, you can listen to the audio portion through your computer speakers or by calling into the phone conference number provided in your confirmation email.
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- Wortham Insurance & Risk Management

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# Agenda

- Employer reporting background
- Reporting guidance
  - Aggregated ALE groups
  - Union employees and multi-employer plans
  - COBRA participants
  - Limited non-assessment periods
- Simplified reporting and transition relief
- Form 1095-C tips

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# Background

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# Background

- Employer reporting of plan and coverage information will provide the IRS with the information necessary to administer and regulate:
  - Individual compliance with the requirement to have minimum essential coverage (“individual mandate”)
  - Individual eligibility for a premium tax credit/subsidy for coverage through a public marketplace
  - Employer compliance with the requirement to offer coverage to full-time employees and their dependent children under the employer shared responsibility rules (§ 4980H)

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# Background

- All “applicable large employers” (ALE = 50 or more FTEs)
  - Must report plan and offer of coverage information (§6056)
  - Employers with 50-99 FTEs satisfying the transition relief to delay §4980H compliance until 2016 must still report for 2015
- Employers offering self-funded plans (large and small)
  - Must report participant coverage information for any individual covered by the self-funded plan (§6055)
    - Recent Update - Final instructions and IRS notice make clear reporting is not required for a self-funded health reimbursement account (HRA) which is integrated with a health plan already subject to the reporting
- Electronic Reporting
  - Employers who file 250 or more Form 1095s must file electronically

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# Reporting Timeframes

- First required in 2016 for the 2015 calendar year
  - Reporting is based on data from the previous calendar year regardless of the employer's plan year
- Annual timeframes for reporting (same as for W-2s)
  - Form 1094 and all Form 1095s must be filed with the IRS by Feb. 28 (Mar. 31, if filed electronically)
    - 2016 EXTENSION to May 31, 2016 (or June 30, 2016 if filed electronically)
  - Form 1095s (employee statements) must be provided annually to employees by Jan. 31
    - 2016 EXTENSION to Mar. 31, 2016
- 2015 30-day extension to file with IRS
  - IRS 2015 instructions allow for an automatic 30-day extension to file with the IRS, but employee must still be provided Form 1095 (or alternative statement) by Jan. 31
    - No extension available for 2016

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# Form Details

- Who?
  - ALE reporting required on any employee who is full-time for at least 1 month during the year
    - Full-time as defined by § 4980H using the monthly measurement method or the look-back measurement method
  - Self-funded plan must also report on anyone (even part-time or non-employees) covered by the plan
- What Forms?
  - Form 1094 (B&C versions) Employer Summary & Transmittal Form
    - Used to report employer summary information to the IRS
    - Think of it as a cover sheet for the individual employee statements
  - Form 1095 (B&C versions) Employee Statement
    - Used to report employee-specific and covered individual information

## ALE Fully-Insured Plan

**Form 1094-C (all parts)**

**Form 1095-C**

- **Part I** - Employee & Employer Info
- **Part II** - Offer of Coverage (eligibility) Info

\*Insurance carrier will provide coverage information on fully-insured plan via Form 1094/1095-B

## ALE Self-Funded Plan

**Form 1094-C (all parts)**

**Form 1095-C**

- **Part I** - Employee & Employer Info
- **Part II** - Offer of Coverage (eligibility) Info
- **Part III** - Info on Covered Individuals

\*Form 1094/1095-B may be used instead for non-employees covered under the plan

## Small Employer Fully-Insured Plan

**No reporting required by the employer**

\*Insurance carrier will provide coverage information via Form 1094/1095-B

## Small Employer Self-Funded Plan

**Form 1094-B and 1095-B**  
Info on Covered Individuals

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# Reporting Guidance

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# Aggregated ALE Group

- Aggregated ALE Group = controlled group or affiliated service group under § 414 rules
  - Multiple employers or entities are generally considered part of a controlled group or affiliated service group due to common ownership or shared services
- Applicable Large Employer (ALE) Status
  - All employers or entities within a controlled group/affiliated service group are required to aggregate full-time equivalents (FTEs)
  - If together the group has 50 or more FTEs, all employers within the controlled group/affiliated service group are considered ALEs even if individually they have less than 50 FTEs
- Reporting Requirements
  - Regardless of whether the aggregated ALE group shares a benefit plan or has separate benefit plans per employer, **reporting is handled on a per EIN basis**

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# Aggregated ALE Group

- Reporting requirements
  - Each EIN must submit a Form 1094-C marked as the “authoritative transmittal” along with their respective Form 1095-Cs for full-time employees and covered individuals (if offering a self-funded plan)
  - Each employer/entity will:
    - Mark the “yes” box on Line 21 in Part II of Form 1094-C indicating they are part of an aggregated ALE group;
    - Complete column (d) in Part III of Form 1094-C indicating which months they were part of the aggregated ALE group; and
    - Complete Part IV of Form 1094-C listing the other aggregated ALE members and their tax IDs
  - One entity may report on behalf of another entity, or a TPA may be used, but a separate Form 1094-C and associated Form 1095-Cs must still be filed per EIN regardless of who handles the filing

*NOTE – Insurance carriers reporting coverage information on behalf of a fully-insured plan for an aggregated ALE group have the option to report per EIN or on an aggregated basis all under one EIN*

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# Union Employees & Multi-Employer Plans

- Reporting requirements
  - An ALE must report on any employees that were full-time for any month during the year, including union employees
    - Employer will complete Parts I and II of Form 1095-C for all full-time employees (including union employees)
  - Coverage information
    - Part III of Form 1095-C will only be completed if the employer offers a self-funded plan to the union employees
    - More often, the union employees will be covered under a multi-employer (i.e. union) plan and a Form 1095-B showing coverage under such plan will be provided by either the insurance carrier or the multi-employer plan administrator

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# Union Employees & Multi-Employer Plans

- Part II of Form 1095-C
  - § 4980H offer of coverage requirements
    - If the multi-employer (i.e. union) plan makes an offer of coverage on behalf of the employer, and the employer is contributing toward such coverage, the employer is considered to have made an offer of coverage
    - In some cases the eligibility rules under the multi-employer plan do not align with § 4980H requirements and the employer has little to no control over that, so the IRS granted *multi-employer interim transition relief*
    - Multi-employer interim transition relief =
      - As long as the employer contributes toward a plan on behalf of the union employee and gets reassurances that the multi-employer plan provides minimum value and is affordable for employee-only coverage, the employer is considered to have made an offer of coverage, even if an offer of coverage is not actually made because the employee fails to meet the union plan eligibility requirements

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# Union Employees & Multi-Employer Plans

- Part II of Form 1095-C
  - Reporting relief for employers relying on multi-employer interim transition relief
    - Employer may use the simplified coding for any union employees for whom money is contributed without having to get any specific information about whether or when the employee was actually offered coverage
    - Use Code 1H on Line 14 and 2E on Line 16
    - In the future, it may be necessary for more coordination and communication to be able to report more accurate information



# COBRA Reporting

- For a COBRA participant that was not employed for any month during the year, reporting is only required using Form 1095 if the plan is self-funded
  - If the plan is fully-insured, the insurance carrier will handle reporting for any individuals covered under the plan, including COBRA participants
- A small employer (less than 50 FTEs) offering a self-funded plan must report on all covered individuals, including COBRA participants, using Form 1095-B
- An ALE offering a self-funded plan must report on all covered individuals, including COBRA participants, but has the option to use either Form 1095-B or Part III of Form 1095-C. If using Form 1095-C:
  - Part II of Form 1095-C
    - Line 14: 1G for “all 12 months”
    - Line 15: blank
    - Line 16: blank
  - Part III of Form 1095-C
    - Mark the months covered under COBRA continuation coverage

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# COBRA Reporting

- If an employee was full-time for at least one month during the year by an ALE and offered COBRA either due to a reduction in hours or termination of employment, reporting is required using Form 1095-C in Parts I and II regardless of whether the plan is fully-insured or self-funded
  - For purposes of Part II of Form 1095-C:
    - COBRA mid-year due to termination of employment:
      - Line 14: 1H
      - Line 16: 2A
    - COBRA mid-year due to a reduction in hours:
      - Line 14: continue to use the same offer Code (i.e. 1A, 1B, 1C, 1D, 1E or 1F)
      - Line 15: use the amount for COBRA coverage (e.g. 102% of premium)
      - Line 16: use 2C if enrolled; if coverage is waived, use 2B if employee is part-time; or if the employee is still considered full-time due to a stability period, enter one of the affordability safe harbors (e.g. 2G or 2H) if applicable, or leave it blank
  - Form 1095-C, Part III – Mark the months covered under COBRA continuation coverage if the plan is self-funded

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# Limited Non-Assessment Periods

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# Limited Non-Assessment Periods

- Definition of a Limited Non-Assessment Period
  - Period during which an ALE is not subject to penalty under § 4980H for a full-time employee that is not offered health coverage
    - Typically used during a plan's waiting period or initial measurement period
    - Generally a limited non-assessment period applies only if the employee is offered minimum value, affordable coverage by the first day of the first month following the end of the period
    - Also used during the first month of employment for employees who are hired mid-month
- Affects on reporting
  - An employee in a limited non-assessment period is not considered full-time
    - Do not count for purposes of determining whether the employer offered coverage to 95% (or 70% in 2015) for column (a) in Part III of Form 1094-C
    - Do not include in the count of full-time employees for column (b) in Part III of Form 1094-C
    - Use Code 2D on Line 16 in Part II of Form 1095-C for any months applicable

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# Limited Non-Assessment Periods

- Limited non-assessment periods
  - First year as ALE
    - Jan. through Mar. of the first calendar year an employer is an ALE, but only for employees not offered coverage the prior calendar year
  - Waiting period for a full-time employee
    - First three full calendar months from when the employee is first eligible (other than completion of the waiting period) for an offer of coverage
  - Initial measurement period plus administrative period under the look-back measurement method
    - 13 plus a partial month for variable hour, seasonal or part-time new hires
  - First calendar month of employment
    - Employee's first day of employment is a day other than the first day of the calendar month

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# Simplified Reporting and Transition Relief

Form **1094-C**

Department of the Treasury  
Internal Revenue Service

### Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

► Information about Form 1094-C and its separate instructions is at [www.irs.gov/form1094c](http://www.irs.gov/form1094c)

CORRECTED

120116  
OMB No. 1545-2251

**2015**

#### Part I Applicable Large Employer Member (ALE Member)

1 Name of ALE Member (Employer)		2 Employer identification number (EIN)
3 Street address (including room or suite no.)		
4 City or town	5 State or province	6 Country and ZIP or foreign postal code
7 Name of person to contact		8 Contact telephone number
9 Name of Designated Government Entity (only if applicable)		10 Employer identification number (EIN)
11 Street address (including room or suite no.)		
12 City or town	13 State or province	14 Country and ZIP or foreign postal code
15 Name of person to contact		16 Contact telephone number
17 Reserved		

For Official Use Only



18 Total number of Forms 1095-C submitted with this transmittal

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions

#### Part II ALE Member Information

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member

21 Is ALE Member a member of an Aggregated ALE Group?  Yes  No

If "No," do not complete Part IV.

#### 22 Certifications of Eligibility (select all that apply):

- A. Qualifying Offer Method     B. Qualifying Offer Method Transition Relief     C. Section 4980H Transition Relief     D. 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 61571A

Form **1094-C** (2015)

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# Box A – Qualifying Offer Method

- Definition of a “Qualifying Offer”
  - Employer offers minimum value coverage at an employee-only cost not exceeding \$93.18/month for 2015 (9.5% of the mainland single federal poverty Line [FPL]), and at least minimum essential coverage to spouses and dependents
- Requirements for the Qualifying Offer Method
  - Employer made a qualifying offer to one or more of its full-time employees for all months during the year in which the employee was a full-time employee for whom a § 4980H penalty could apply
- Employer should check the box if:
  - Using Code 1A on Line 14 in Part II of Form 1095-C; and/or
  - Using a simplified statement for one or more full-time employees that received a Qualifying Offer for all 12 months
    - Important Note - Employer still has to provide a Form 1095 to the IRS
    - Cannot use the simplified statement for anyone who has elected self-funded coverage

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# Box A – Qualifying Offer Method

- Clarification between Codes 1A (Qualifying Offer) and 1E
  - Code 1E indicates a minimum value offer of coverage to employee and at least minimum essential coverage to spouses and dependents
    - No requirement in regard to cost/affordability
  - Code 1A adds a cost/affordability requirement – employee contribution for employee-only coverage cannot exceed 9.5% of mainland FPL (or approx. \$93.18/month)
  - If the offer meets the definition of Code 1E and the employee contribution for employee-only coverage is less than \$93.18/month, the employer has the option to use Code 1A or 1E; either is correct
    - Using Code 1A allows the employer to skip providing the contribution amount on Line 15 and makes the Line 16 codes less important

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## Box B –

# 2015 Qualifying Offer Method Transition Relief

- Requirements for the 2015 Qualifying Offer Method Transition Relief:
  - Employer makes a qualifying offer to at least 95% of its full-time employees in one or more months of 2015
- Employer should check the box if:
  - Using Codes 1A/1I on Line 14 in Part II of Form 1095-C; and/or
  - Using the simplified statement for one or more full-time employees
    - Important note - employer still has to provide a Form 1095 to the IRS
    - Cannot use the simplified statement for anyone who has elected self-funded coverage

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# Box C – § 4980H Transition Relief

- Employer should check the box if:
  - **50-99 FTEs**
    - Employer satisfies the transition relief criteria for employers with 50-99 FTEs and is not subject to potential § 4980H penalties until plan year 2016
  - **100 or more FTEs**
    - Employer failed to offer coverage to at least 70% of full-time employees in one or more months of 2015 and wants the 80 waiver when calculating the penalty under § 4980H(a)
- Not used for:
  - Transition relief allowing employers with 100 or more FTEs to offer coverage to only 70% of full-time employees to avoid a penalty under § 4980H(a)
    - This is captured in column (a) in Part III of Form 1094-C
  - Non-calendar year transition relief
    - This is captured in column (a) in Part III of Form 1094-C and by using Code 2I on Line 16 in Part II of Form 1095-C

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## Box D – 98% Offer Method

- Requirements for the 98% Offer Method
  - Employer makes an offer of affordable (based on any of the affordability safe harbors), minimum value coverage to at least 98% of employees for whom a Form 1095-C is being filed and at least minimum essential coverage to dependents (children only)
- Employer should check the box if:
  - Leaving column (b) in Part III of Form 1094-C blank
  - The employer chooses to report on all employees receiving a 1095-C without designating who is full-time and who is part-time (advantageous for employers that offer coverage to part-time employees)
    - A Form 1095-C is still required for any employee that meets the definition of full-time, so an employer should verify for any employee that is not receiving a Form 1095-C that the employee is truly part-time

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# Form 1095-C Tips

# Form 1095-C, Part II

- Line 14 Code Series 1 (Offer of Coverage Codes)
  - Offer of coverage valid only if available for the entire month

Code	Description
1A	MV offered at less than 9.5% of mainland FPL (\$93.18/mo.), at least MEC offered to spouse & dependents (“qualifying offer”)
1B	MV offer to EE only
1C	MV offer to EE + dependent (not spouse)
1D	MV offer to EE + spouse
1E	MV offered to EE, at least MEC offered to spouse & dependents
1F	MEC that is not MV offered to employee
1G	Part-time EE or non-employee covered under self-funded plan
1H	No offer of coverage
1I	Employer did not make a qualifying offer (2015 qualifying offer transition relief only)

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# Form 1095-C, Part II

- Line 16 Code Series 2

Code	Description
2A	Not employed any day that month
2B	Part-time or termination month when not covered all month
<b>2C</b>	<b>Enrolled in coverage</b> (use over any other code if applicable, except 2E)
2D	EE in non-assessment period (e.g. waiting period or initial measurement period)
2E	Multi-employer plan interim relief (use over any other code if applicable)
2F	W-2 affordability safe harbor
2G	FPL affordability safe-harbor
2H	Rate of pay affordability safe harbor
2I	Non-calendar year plan transition relief

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# Form 1095-C, Part II

- **Line 14**
  - Information must be provided for all 12 months on Line 14
  - Use the offer code indicating the type of coverage offered regardless of which plan or which tier (e.g. employee-only or family) an employee may ultimately choose
  - Use Code 1H for any month the employee is not offered coverage for all days of the month (including coverage offered mid-month due to date of hire or terminated mid-month due to termination of employment)
- **Line 15**
  - Only enter an amount on Line 15 if Code 1B, 1C, 1D or 1E is used on Line 14
  - Enter the employee contribution for employee-only coverage for the lowest cost minimum value plan offered regardless of which plan or which tier (e.g. employee-only or family) an employee may ultimately choose
    - When employee contribution varies by employee (e.g. age-banded rates), it is necessary to calculate and report the employee contribution that applies for each full-time employee and report accordingly

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# Form 1095-C, Part II

- Line 16
  - If the employee is offered coverage and enrolls, always use Code 2C (unless the employer is using the multi-employer interim transition relief – 2E)
  - If the employee is offered coverage and waives, enter the applicable affordability safe harbors (i.e. 2F, 2G or 2H), or leave it blank
    - Code 2I (non-calendar year transition relief) may apply for the months prior to the beginning of the 2015 plan year if the employee waives and the coverage did not provide minimum value or is not affordable

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# Form 1095-C, Part II

- Line 16
  - If the employee is not offered coverage (Code 1H on Line 14)
    - Use Code 2A if not employed any day of the month
    - Use Code 2B if the employee was part-time or coverage was terminated mid-month due to termination of employment
    - Use Code 2D if employee is in a limited non-assessment period
      - Remember the limited non-assessment period is generally only allowed if coverage is actually offered
    - Use Code 2E if the employer is using the multi-employer interim transition relief (i.e. coding relief for union employees)
    - Use Code 2I if the employer qualifies for non-calendar year transition relief for the months prior to the beginning of the 2015 plan year

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**Thank you.**

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