

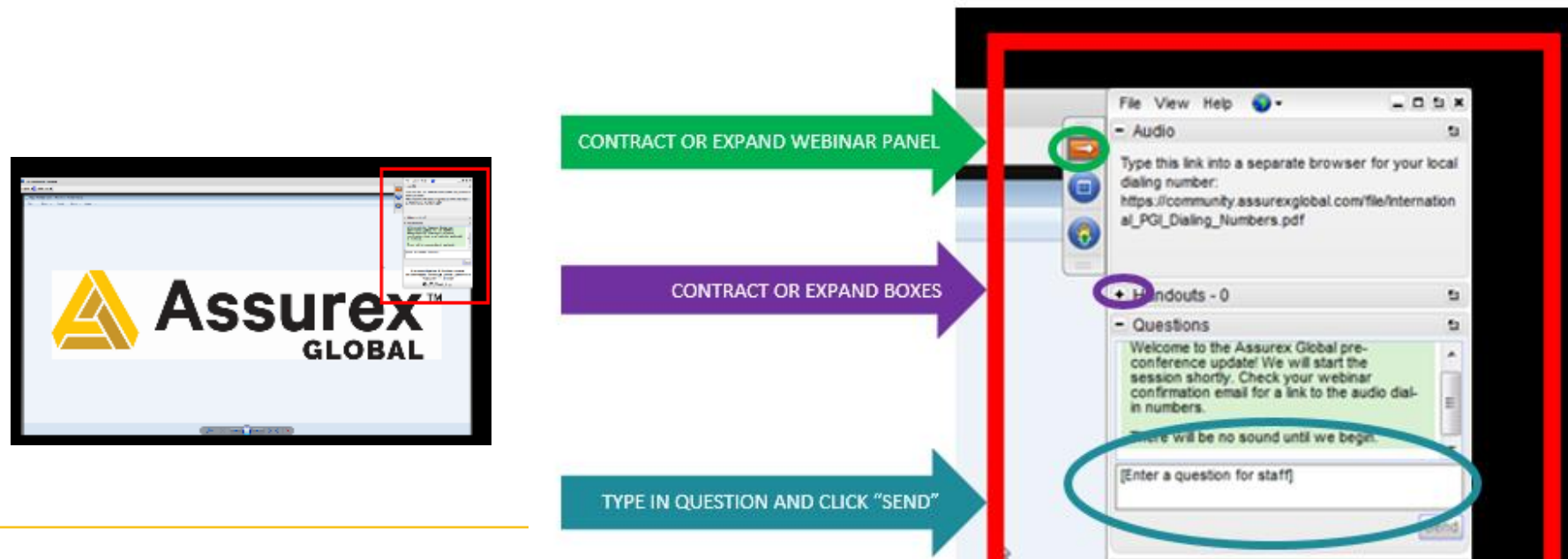
2022

# Employer Reporting

Presented by Benefit Comply

## Employer Reporting

- Welcome! We will begin at 3 p.m. Eastern
- 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.
- You will be able to submit questions during the webinar by using the “Questions” or “Chat” box located on your webinar control panel.
- Slides can be printed from the webinar control panel – expand the “Handouts” section and click the file to download.



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# Assurex Global Partners

- Bolton & Company
- Cottingham & Butler
- Cragin & Pike, Inc.
- Daniel & Henry
- The Graham Company
- Haylor, Freyer & Coon, Inc.
- Henderson Brothers, Inc.
- The Horton Group
- Houchens Insurance Group
- The IMA Financial Group
- INSURICA
- Kapnick Insurance Group
- Lyons Companies
- The Mahoney Group
- MJ Insurance
- Oswald Companies
- Parker, Smith & Feek, Inc.
- R&R Insurance
- RCM&D
- The Rowley Agency
- Starkweather & Shepley
- Sterling Seacrest Pritchard
- Woodruff Sawyer
- York International

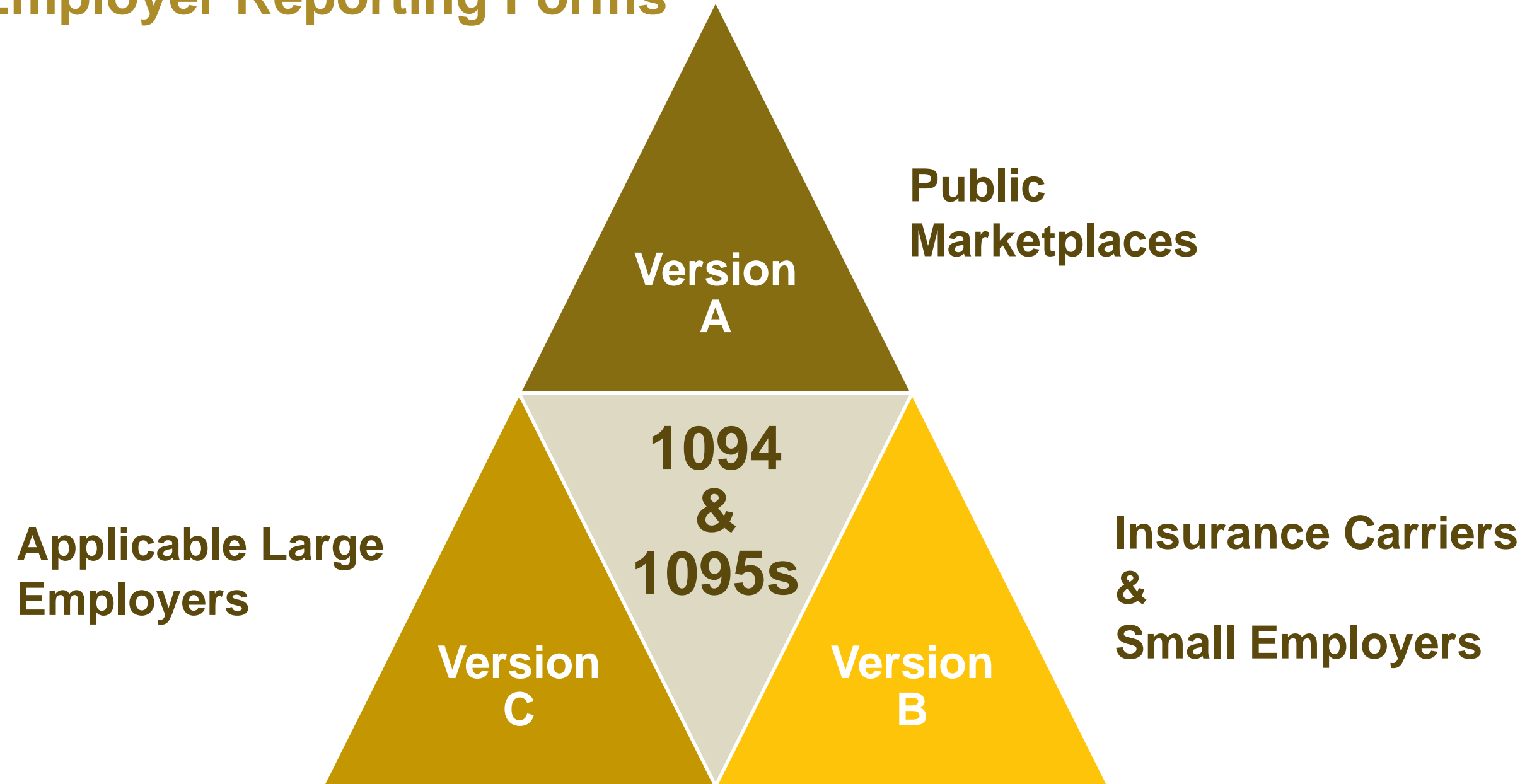
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# Agenda

- Reporting Basics
- Affordability
- IRS Enforcement

# Reporting Basics

# Employer Reporting Forms



# Employer Reporting Deadlines

**Jan 31<sup>st</sup>** – Copies of Form 1095s made available

**Feb 28<sup>th</sup>** – Mailed IRS submissions

**Mar 31<sup>st</sup>** – Electronic IRS submissions

- IRS Reporting Submissions
  - Submit Form 1094 and all Form 1095s to the IRS
  - Employers filing 250 or more Form 1095s must submit forms electronically
- Copies to Individuals
  - Provide copies of Form 1095s to full-time employees and covered individuals
  - Forms may be delivered by hand, mail, or electronically if consent is given

# Employers Subject to Reporting

**Applicable large  
employers**



**All size employers  
offering self-funded  
group medical plans**

**Required to report offer of  
coverage information for all  
employees who were full-time  
for at least one month**

**Required to report coverage  
information for all individuals  
enrolled in the self-funded group  
medical plan**



# Self-Funded Coverage Reporting

*Remember this also applies to level-funded coverage*

## Self-Funded Group Medical Plan

**Report coverage for ALL covered individuals, including non-employees (COBRA participants, retirees, owners, etc.) and family members**

- **Small Employers (<50 FTEs)**
  - Use Form 1095-B
- **Applicable Large Employers**
  - Use Form 1095-C, Part III for full-time employees and their family members
  - Use Form 1095-C, Part III or Form 1095-B for non-full-time employees

*One form can be prepared for the primary subscriber and include covered dependents*

# Self-Funded Coverage Reporting

*Remember this also applies to level-funded coverage*

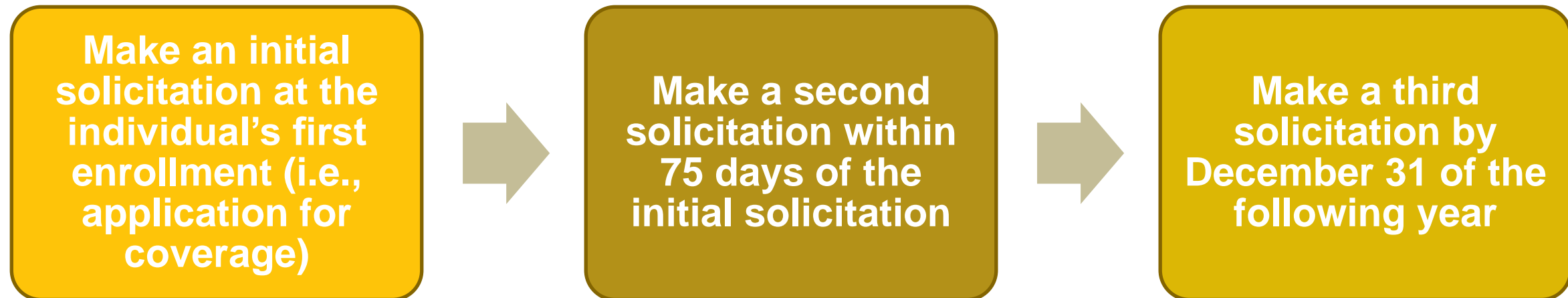
## Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee.

	(a) Name of covered individual(s) First name, middle initial, last name	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage												
					Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
18	Regan J Debban	123456789		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	Craig A Debban	234567890		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Remy J Debban	345678901		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
21				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# Self-Funded Coverage Reporting

- SSN/TIN
  - Required only when reporting enrollment in a self-funded group medical plan
  - Generally required to make at least 3 attempts to obtain accurate information



*If employer is unable to obtain SSN/TIN using this process, employer may use date of birth, but should document the 3-step process for audit purposes*

# State Individual Mandate Reporting

- State Individual Mandates
  - California, Massachusetts, New Jersey, Rhode Island, Washington D.C.

	Required Forms	Reporting Deadlines
<b>California</b>	Form 1094 and Form 1095s	<ul style="list-style-type: none"><li>• Statements to covered individuals due January 31<sup>st</sup></li><li>• Filing with FTB due March 31<sup>st</sup></li></ul>
<b>Massachusetts</b>	Form 1099-HC	<ul style="list-style-type: none"><li>• Statements to covered individuals due January 31<sup>st</sup></li><li>• Filing with DOR due March 31<sup>st</sup></li></ul>
<b>New Jersey</b>	Form 1094 and Form 1095s	<ul style="list-style-type: none"><li>• Statements to covered individuals to be determined</li><li>• Filing with DORES due March 31<sup>st</sup></li></ul>
<b>Rhode Island</b>	Form 1094 and Form 1095s	<ul style="list-style-type: none"><li>• Statements to covered individuals due January 31<sup>st</sup></li><li>• Filing with DOT due March 31<sup>st</sup></li></ul>
<b>Washington D.C.</b>	Form 1094 and Form 1095s	<ul style="list-style-type: none"><li>• Statements to covered individuals due January 31<sup>st</sup></li><li>• Filing with OTB due 30 days after federal reporting</li></ul>

# Applicable Large Employers (ALEs)

- ALE = 50 or more full-time equivalents (FTEs) in previous calendar year

## Calculating ALE Status

### Step 1

- Count employees with 120 or more hours of service for each month

### Step 2

- For each month, aggregate hours of service for all other employees (with <120 hours) and divide the total by 120

### Step 3

- Add the numbers from Steps 1 and 2 for each month and round to the nearest hundredth

### Step 4

- Add up the totals for each month from Step 3 and divide the number by 12

- Tips for Determining ALE Status
  - ✓ Count all employees (including seasonal and union employees)
  - ✓ Count all hours of service (all hours paid or payable with U.S.-source income)
  - ✓ Aggregate FTEs for entities within the same aggregated ALE group

# ALE Offer of Coverage Reporting

## ALEs

**Report offer of coverage information for any employees who were full-time at least one month**

- A Form 1095-C is required for each full-time employee
- Always file by EIN
  - Members of an aggregated ALE group report separately, but list each other in Part IV of the Form 1094-C
- Mergers/Acquisitions
  - No clear guidance, and no way to report for a partial year

# ALE Offer of Coverage Reporting

		(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
24	Jan	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
25	Feb	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
26	Mar	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
27	Apr	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
28	May	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
29	June	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
30	July	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
31	Aug	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
32	Sept	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
33	Oct	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
34	Nov	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
35	Dec	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	

# ALE Offer of Coverage Reporting

Part II	Employee Offer of Coverage				Employee's Age on January 1				Plan Start Month (enter 2-digit number):				
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Required Contribution (see instructions)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

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

Cat. No. 60705M

Form **1095-C** (2021)



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# Employer Reporting

## Line 14

- Must contain an offer code for all 12 months (1H or offer code)
- Offer of coverage valid only if available for the entire month

## Line 15

- Must reflect employee's cost for single, minimum value coverage
- Consider wellness incentives, flex credits, and opt-out incentives
- ICHRAs = lowest cost silver Marketplace plan – monthly ICHRA contribution

## Line 16

- Code not required, but suggests a penalty risk under §4980H(b) if blank

## Line 17

- An ALE who offers an ICHRA must complete Line 17 on the employee's 1095-C
- Zip code of employee's residence or primary site of employment as used to determine affordability

# Offer of Coverage Reporting Tips

Employee NOT offered coverage for the month

Code 1H on **Line 14**

Leave **Line 15** blank

Indicate why coverage was not offered on **Line 16**  
2A, 2B or 2D...Leave it blank if there is no reason

# Offer of Coverage Reporting Tips

Employee offered coverage for the month

Applicable offer code on **Line 14**

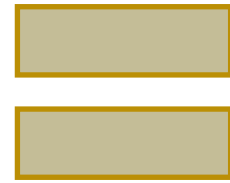
Monthly employee contribution on **Line 15**

Indicate enrollment or affordability on **Line 16**  
2C if enrolled // 2F, 2G or 2H if waived and affordable

# Affordability

# Coverage Affordability

**AFFORDABILITY**



Employee contribution does not exceed \_\_\_% of employee's household income OR one of the affordability safe harbors

Affordability Percentages	2015	2016	2017	2018	2019	2020	2021	2022	2023
	9.56%	9.66%	9.69%	9.56%	9.86%	9.78%	9.83%	9.61%	9.12%



# Affordability – Household Income

- Household Income = Modified Adjusted Gross Income (MAGI)
  - Includes income from all household individuals, not just the employee

**Employers are unlikely to know an employee's household income**

## Federal Poverty Level (FPL) Safe Harbor

- Employee's monthly cost does not exceed 9.12% (2023) of FPL

## Rate of Pay Safe Harbor

- Hourly Employees - Employee's monthly cost does not exceed 9.12% (2023) of hourly rate x 130
- Salaried Employees - Employee's monthly cost does not exceed 9.12% (2023) of monthly salary

## Form W-2 Safe Harbor

- Employee's annual cost does not exceed 9.12% (2023) of Box 1 wages

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## FPL Safe Harbor

- Federal Poverty Level (FPL) Safe Harbor
  - Calendar year plans: \$103.28/month or less ( $\$13,590 \times 9.12\% / 12$ )
  - Non-calendar year plans: ???

*\*\*\*Guidance indicates employers should use FPL amounts in effect within six months before the first day of the plan year. HHS typically updates the FPL amounts in late January*

**TIP: First try FPL safe harbor. If that doesn't apply, then consider rate of pay or Form W-2 safe harbors**

# Rate of Pay Safe Harbor

- Hourly Employee**

- Hourly rate x 130 x 9.12%
- Use hourly rate as of the first day of the coverage period, unless pay is reduced during the year; if pay is reduced, use the lower amount

- Salaried Employee**

- Monthly salary x 9.12%
- Use monthly salary as of first day of the coverage period; if pay is reduced, safe harbor is not available

Employee Wages	Rate of Pay
	<i>Amount that is affordable</i>
<b>HOURLY</b>	
\$8	\$94.85
\$10	\$118.56
\$12	\$142.27
\$14	\$165.98
\$16	\$189.70
\$18	\$213.41
\$20	\$237.12
<b>SALARIED (per month)</b>	
\$1,500	\$136.80
\$2,000	\$182.40
\$2,500	\$228.00
\$3,000	\$273.60



# Form W-2 Safe Harbor

- Form W-2, Box 1 Wages
  - Include all annual wages/salary, including bonuses, but reduced by pre-tax contributions toward benefits
  - Use Box 1 wages for the year coverage is offered (e.g., 2023 Box 1 wages for affordability of coverage offered during 2023)
    - Must use a guesstimate at the beginning of the year to set affordable contributions

Employee Wages	Form W-2 (Box 1)
	<i>Amount that is affordable</i>
BOX 1 WAGES (hourly or salaried)	
\$20,000	\$152.00
\$30,000	\$228.00
\$40,000	\$304.00
\$50,000	\$380.00
\$60,000	\$456.00

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## Premium Tax Credit Eligibility

- Individuals who **enroll** in employer-sponsored group health plan coverage cannot qualify for a premium tax credit
- Individuals who are merely **eligible, but waive** employer-sponsored group health plan coverage cannot qualify for a premium tax credit if:
  - Coverage provides minimum value; AND
  - Employee contribution is affordable

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# Employer Considerations for 2023

## Small Employers

- No requirement to offer affordable coverage
- Allow employees and family members to qualify for premium tax credits?

## Applicable Large Employers (50 or more FTEs)

- Must offer affordable coverage to avoid potential §4980H(b) penalties
  - Cost of coverage versus penalty risk (approx. \$360/month in 2023)
  - Employers who set employer contributions right at affordability will need to adjust more than usual to avoid penalties

# IRS Enforcement

# IRS Enforcement

## Letter 226J

- IRS proposes assessments based on self-reporting of §4980H compliance and subsidized Marketplace enrollment

## Letter 5699

- IRS is reaching out to employers who appear to be applicable large employers (based on Form W-2s filed) and did not report

## Letter 972CG

- IRS is enforcing penalties for late or missed filings
- Penalty is \$280/form for 2021 reporting

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# Reporting Penalties

- **No More Good Faith Relief**
  - Thru 2020, IRS provided relief from the reporting penalties for failing to provide complete, correct information if it was clear the employer made a good faith effort to report and submitted the reporting on a timely basis
  - Beginning with the 2021 reporting, this good faith relief is no longer available

Employers should be extra careful in reviewing and approving submissions to the IRS to make sure the reporting is as complete and accurate as possible

- Review assistance - <https://benefitcomply.com/employerreporting/>

2022

# Employer Reporting

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