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**HEALTH CARE REFORM
INFORMATION REPORTING - THE
DEADLINE FOR FILING FORMS
1094-C AND 1095-C IS
APPROACHING. ARE YOU
PREPARED?**

Mary Powell and Elizabeth Loh

September 3, 2015

Agenda

- ♦ Overview
- ♦ Refresher of Some of the Basic Rules
- ♦ Forms in General
- ♦ Examples

The Basic Rules—Pay or Play

- ✦ For 2015, the Internal Revenue Code (Code) Section 4980H rules apply to Applicable Large Employers (ALEs) with 100 or more full-time employees including full-time equivalents (FTEs) in 2014
 - > there are several requirements for this transition relief to apply, which are not discussed in this presentation
 - > even if the transition rule applies, Applicable Large Employers with 50 or more full-time employees (including FTEs) still need to file the 1094-C and 1095-C Forms!!!
- ✦ For 2016, the rules apply to Applicable Large Employers with 50 or more full-time employees (including FTEs) in 2015

Pay or Play—The A Penalty

- ✦ An Applicable Large Employer is subject to an assessable payment if either:
 - > (a) the employer fails to offer to substantially all (at least 70% in 2015 and 95% in 2016 and beyond) of its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan and any full-time employee is certified to the employer as having received an applicable premium credit or cost sharing reduction for coverage purchased on the public exchange (**section 4980H(a) liability**)

OR

Pay or Play—The B Penalty

- > b) the employer offers substantially all (at least 70% in 2015 and 95% in 2016 and beyond) of its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan and one or more full-time employee is certified to the employer as having received an applicable premium tax credit or cost sharing reduction for coverage purchased on the public exchange (section 4980H(b) liability)
 - (NOTE: The employee can only receive the tax credit or cost sharing reduction if he is not offered coverage or declines the employer's offer of coverage because it either does not provide minimum value or it is not affordable.)

Pay or Play

- ✦ Determining Applicable Large Employer status is determined on a controlled group basis
- ✦ Meeting these rules (the 70% standard or the 95% standard) is done on an Applicable Large Employer MEMBER basis
- ✦ For example, if there is a parent corporation and 3 subsidiaries, each entity must meet the 95% standard (70% for 2015) with regards to its own employees!

Pay or Play (cont.)

- ★ The assessable payment under 4980H(a) is based on ALL (excluding the first 30) full-time employees of the Applicable Large Employer Member (ALE Member)
 - > Annualized penalty: The number of full-time employees of the ALE Member (reduced by the allocable share of the 30-employee reduction) multiplied by \$2,000
 - > 80-employee reduction for 2015 only
- ★ The actual number has increased to \$2080

Pay or Play (cont.)

- ★ The assessable payment under 4980H(b) is based on the number of full-time employees who are certified to the employer as having received an applicable premium tax credit or cost-sharing reduction for coverage purchased on the public exchange
 - > 2015 annualized penalty: The number of full-time employees of the ALE member who receive an applicable premium tax credit or cost-sharing reduction multiplied by \$3,000
- ★ The actual number has increased to \$3,120

Overview of Reporting Rules

- ✦ The Patient Protection and Affordable Care Act (ACA) added two new Internal Revenue Code Sections – 6055 and 6056
- ✦ Code Section 6055 requires most providers of health coverage to report to the IRS about individuals enrolled in minimum essential coverage (MEC) and to provide individuals with statements
 - > Driver: Individual Mandate
 - > Form 1094-B (transmittal) and Form 1095-B (return/reporting form/individual statements), or Form 1095-C, Part III
- ✦ Code Section 6056 requires reporting to the IRS by Applicable Large Employers subject to the Code Section 4980H employer shared responsibility rules and to provide individuals with statements
 - > Driver: “Play or Pay” Rules & Eligibility for Premium Tax Credit
 - > Form 1094-C (transmittal) and Form 1095-C (return/reporting form/individual statements)

The World of Forms

- ✦ “A” Forms: Health Insurance Marketplace Statement
 - > Form 1095-A (statements)
 - > Filed by Exchanges only with no employer involvement
- ✦ “B” Forms: Health Coverage (MEC)
 - > Forms 1094-B (transmittal) and 1095-B (statements)
 - > Filed by insurers, multiemployer plans, and small employers (non-ALEs) with self-funded plans
 - > In addition, ALE Members may file for non-employees, (e.g., retirees and COBRA participants)
- ✦ “C” Forms: Employer-Provided Health Insurance Offer and Coverage (Play or Pay)
 - > Forms 1094-C (transmittal) and 1095-C (statements)
 - > Filed by ALEs Members only

Remember To Obtain the SSN of EVERYONE!

- ✦ The SSN is needed for the forms
 - > Section 6055 reporting requires SSN of all covered individuals (e.g., employee, spouse, dependent children)
 - > Section 6056 reporting requires full-time employee's SSN
- ✦ If you are unable to obtain a SSN after making a reasonable effort to do so, the covered individual's date of birth may be reported in lieu of a SSN

Remember To Obtain the SSN of EVERYONE! (cont.)

★ Reasonable Effort

- > Initial request for SSN at the time of enrollment
- > If no SSN received, first annual solicitation is required by December 31 of the year coverage begins
- > If still no SSN received, second annual solicitation is required by December 31 of the following year
- > If still no SSN is received, no need not continue to solicit the SSN

How & When to File C Forms with IRS

- ✦ The 1094-C (transmittal) and the 1095-C statements (or returns) must be filed with the IRS on or before February 28 (March 31 if filed electronically) of the year following the reporting year
- ✦ For calendar year 2015, file by February 29, 2016 (March 31, 2016 if filing electronically)

How & When to File C Forms with IRS (cont.)

- ★ If you are required to file 250 or more Forms 1095-C during a calendar year, you must file the returns with the IRS electronically
 - > To receive waiver from electronic filing, submit Form 8508 at least 45 days before due date for filing the Forms 1095-C
- ★ If filing by paper, send the forms to the IRS by first class mail

More on Electronic Filing

- ✦ Forms must be filed using the AIR (ACA Information Return) System
- ✦ Prior to being accepted into the AIR System, software developers, transmitters and issuers must test software and transmissions via the ACA Assurance Testing System (AATS)
- ✦ See IRS Publications 5164 and 5165 for more information on electronic filing
- ✦ Also see:
http://www.irs.gov/PUP/for_taxpros/software_developers/information_returns/July_AIR_Webinar_Presentation_7_28_2015_for_posting.pdf

Extensions for Filing with IRS

- ✦ Get automatic 30-day extension by submitting Form 8809 on or before the due date for filing with the IRS
- ✦ No signature or explanation required
- ✦ After automatic extension, an additional 30-day extension possible under certain hardship conditions

Recordkeeping Requirements

- ✦ Keep copies of information returns filed with the IRS (or have the ability to reconstruct the data) for at least three years, from the due date of the returns

Information to Individuals

- ★ Must furnish a copy of the 1095-C forms (or an “alternate statement”) to the person identified as the “Responsible Individual” named on the form by January 31 of the year following the year to which the Form 1095-C relates
 - > First statements due to employees on Feb 1, 2016

Information to Individuals (cont.)

- ✦ Statements must be furnished on paper by mail, unless the recipient affirmatively consents to receive the specific form in electronic format (e.g., e-mail, posting on intranet)
 - > If mailed, send to the recipient's last known address
 - > A statement may be electronically provided, but only if the individual affirmatively consents to such disclosure in a manner that demonstrates that he or she is able to access the electronic statement after receipt of a specific disclosure, such consent may be later withdrawn, and if there is a later change to the hardware or software required to access the document, new electronic consent is required
 - > Publication 5223 contains instructions on obtaining an individual's consent for electronic delivery

Extensions for Furnishing Statements to Individuals

- ★ For a 30-day extension, send letter to IRS at Information Returns Branch in Kearneysville, WV
 - > Full address for IRS Information Returns Branch is listed in the 2015 Instructions for the Forms 1094-C/1095-C
- ★ Request must be post-marked by date on which statements are due to individuals

Extensions for Furnishing Statements to Individuals (cont.)

- ✦ Letter to IRS requesting extension must contain:
 - > filer name,
 - > filer TIN,
 - > filer address,
 - > type of return,
 - > a statement that the extension request is for providing statements to recipients,
 - > reason for delay, and signature of the filer/authorized agent.

- ✦ Usually “good cause” is required

Substitute Forms

- ✦ Must be exact replicas of official IRS forms with respect to layout and content
- ✦ Applicable to all "C" forms
- ✦ Restrictions on logos, slogans and advertising
- ✦ See IRS Publication 5223

NOTE: Substitute forms are not the same as "Alternate Methods of Furnishing Form 1095-C to Employees" under simplified reporting (e.g., Qualifying Offer Method).

Penalties – The Bad News

Action	Through 12/31/2015	Effective 1/1/2016
Failure to file or furnish forms	\$100 per return \$1.5 million per year cap	\$250 per return \$3 million per year cap
Corrected within 30 days	\$30 per return \$250,000 per year cap	\$50 per return \$500,000 per year cap
Corrected by 8/1	\$60 per return \$500,000 per year cap	\$100 per return \$1.5 million per year cap
Note: Lower caps for smaller entities (gross receipts less than or equal to \$5 million), applicable to the three corresponding actions above	\$500,000 \$75,000 \$200,000	\$1 million \$175,000 \$500,000
Intentional disregard	\$250 per return No cap	\$500 per return No cap

Penalties – The Good News

- ★ Relief is available for incomplete or incorrect returns filed or statements furnished to employees in 2016 for coverage offered (or not offered) in calendar year 2015

Penalties – The Good News (cont.)

- ★ IRS has said that it will not impose penalties under Code sections 6721 and 6722 on ALEs that can show that they have made **good faith efforts** to comply with the health care reform information reporting requirements
 - > You must timely file to obtain the relief!
 - > However, reporting entities that fail to timely meet the requirements still may be eligible for penalty relief if the IRS determines that reasonable cause exists

Completing the "C" Forms: 1094-C & 1095-C

Employer Reporting: "Play or Pay" and Combined



Forms 1094-C and 1095-C – ALE Member

- ✦ These reporting requirements apply to each separate entity (ALE Member), regardless of insured status
- ✦ If an employer is not a member of a controlled group, then the ALE Member is same as ALE
- ✦ If employer is a member of controlled group which is, in aggregate, an ALE, then ALE Member is each legal entity in the controlled group
- ✦ Each ALE Member is responsible for filing for its own employees

Forms 1094-C and 1095-C – ALE Member (cont.)

- ★ A quote from the instructions:
 - > “In the case of an Aggregated ALE Group, each separate employer (referred to in these instructions as an ALE Member or employer) must file its own Authoritative Transmittal”
- ★ Remember, ALE Members are each legal entity in the controlled group. It is not broken down by business lines or units—but by legal entities!

Forms 1094-C and 1095-C – ALE Member (cont.)

- ◆ Holding company Ohio XYZ Co. (no employees) fully owns 3 subsidiaries with the following average F/T employee counts in prior calendar year:
 - > Xenia, Inc. – 20 employees
 - > Youngstown, Inc. – 15 employees
 - > Zanesville, Inc. – 16 employees
- ◆ The combined entity is an ALE because the controlled group had at least 50 full-time (including FTEs) employees combined. All 3 subs are ALE Members
- ◆ Each sub has a separate reporting obligation – each one is an ALE Member

Form 1095-C

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/ff1095c.

VOID

CORRECTED

600116
OMB No. 1545-2251
2015

Part I Employee

1 Name of employee

2 Social security number (SSN)

3 Street address (including apartment no.)

4 City or town

5 State or province

Applicable Large Employer Member (Employer)

7 Name of employer

8 Employer identification number (EIN)

9 Street address (including room or suite no.)

10 Contact telephone number

11 City or town

12 State or province

13 Country and ZIP or foreign postal code

Part II Employee Offer and Coverage

14 Offer of Coverage (enter required code)

15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage

16 Applicable Section 4980H Safe Harbor (enter code, if applicable)

Plan Start Month (Enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14													
15	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16													

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

	(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
					Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17				<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"/>
18				<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				<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				<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"/>
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"/>
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"/>

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

Cat. No. 60705M

Form **1095-C** (2015)

Form 1095-C – Which Individuals Must You Report On?

- ★ An ALE Member must file a Form 1095-C for each full-time employee, whether enrolled or not
 - > All it takes is for the employee to be a full-time employee for one month! Then must complete a 1095-C for that employee.

Form 1095-C – Which Individuals Must You Report On? (cont.)

- ✦ Form 1095-C must be filed for each full-time employee of an employer
- ✦ Only one Form 1095-C filed for employment with employer
 - > If a full-time employee works for more than one employer that is a member of the same Aggregated ALE Group, the employee must receive a separate Form 1095-C from each employer
 - > For any calendar month in which a full-time employee works for more than one ALE Member of an Aggregated ALE Group, only one ALE Member is treated as the employer (employee is treated as an employee of the employer for whom the employee has the greatest number of hours of service for that calendar month)

Form 1095-C – Which Individuals Must You Report On? (cont.)

- ★ Part II of the Form 1095-C is not required for the following employees:
 - > An employee who was not a full-time employee in any month of the year; or
 - > An employee who was in a Limited Non-Assessment period for all 12 months of the year.
- ★ Still need to file Part III if covered under the employer's self-funded plan

Form 1095-C – Who Must File

- ★ An ALE Member that provides coverage through an employer-sponsored self-funded health plan must complete Form 1095-C (Part III) for any employee, whether full-time or not, and any dependent child and spouse who is enrolled in self-funded health plan
- ★ An ALE Member may report non-employees (e.g., retirees, COBRA participants and non-employee directors) enrolled in self-funded coverage either on Form 1095-C (Part III) or the “B” Forms
- ★ If an employer is providing health coverage through an insured health plan, the issuer of the insurance will provide information about their health coverage, and the employer should not complete Form 1095-C, Part III, for that insured coverage offered to those employees
- ★ If some of the options under the plan are employer-sponsored self-funded health arrangements while others are not, the employer must only complete Form 1095-C, Part III, for the employees who enrolled in the self-funded options under the plan

Crazy New Rule!

- ✦ In the draft instructions to the B Forms, it states that providers are not required to report the following minimum essential coverage that is supplemental to other minimum essential coverage
 - > Coverage that supplements a government-sponsored plan, such as Medicare or TRICARE
 - > Coverage of an individual in more than one plan or program provided by the same plan sponsor
- ✦ HOWEVER, coverage is not treated as provided by the same plan sponsor if they are not reported by the same reporting entity. Thus, an insured group health plan that is coupled with a self-funded HRA covering the employees of the same employer is not considered “supplemental coverage”.
- ✦ This means, for example, that an ALE Member with a fully-insured plan will need to complete Part III of the 1095-C if they also maintain an HRA

Form 1094-C

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/1094c.

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)

Form 1094-C (cont.)

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Form 1094-C (2015)

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Section 4980H Transition Relief Indicator
		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"/>	

Form 1094-C (2015)

Form 1094-C (cont.)

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Form 1094-C (2015)

Part IV Other ALE Members of Aggregated ALE Group

Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

	Name	EIN	Name	EIN
36		51		
37		52		
38		53		
39		54		
40		55		
41		56		
42		57		
43		58		
44		59		
45		60		
46		61		
47		62		
48		63		
49		64		
50		65		

Form 1094-C (2015)

Form 1094-C – Authoritative Transmittal

- ✦ A Form 1094-C (transmittal) must be attached to any Forms 1095-C filed by an employer
- ✦ An ALE Member may choose to submit multiple Forms 1094-C (transmittal), each accompanied by Forms 1095-C for some of its employees, provided that, in combination, Forms 1095-C are filed for each employee for whom that ALE Member is required to file
- ✦ An ALE Member must file a single Form 1094-C (transmittal) reporting aggregate employer-level data for all full-time employees of the employer and identify on the Form 1094-C (transmittal), as the Authoritative Transmittal
- ✦ One Authoritative Transmittal must be filed for each ALE Member

Specific Instructions for Form 1094-C

♦ Part I – ALE Member

- > This section of the form requires that you input information about the ALE Member – including the name and telephone number of the person to contact to ask questions

Specific Instructions for Form 1094-C (cont.)

★ Part II – ALE Member Information

- > Line 19 – If this is the Authoritative Transmittal to report aggregate employer-level data for the employer, check the box on line 19 and continue completing Part II
- > There must be only one Authoritative Transmittal filed for each ALE Member
 - You DO NOT aggregate for the controlled group and have one authoritative transmittal for the ALE – remember it is an ALE Member!

Specific Instructions for Form 1094-C (cont.)

★ Part II – ALE Member Information

- > Lines 20-22 should be completed only on the Authoritative Transmittal
- > Line 20 – Enter the total number of Forms 1095-C that will be filed by and/or on behalf of the employer
- > Line 21 – If during any month of the calendar year the employer was a member of an Aggregate ALE Group (i.e., if the ALE Member was part of a controlled group), check “Yes”

Simplified Methods / Transition Relief

Indicate on Line 22 whether using:

◆ Simplified Methods

- > Qualifying Offer Method
- > Qualifying Offer Method Transition Relief for 2015
- > 98% Offer Method

◆ Code Section 4980H Relief for 2015 (2 types)

- > 50-99 full-time employee (including FTEs) relief
- > 100 or greater full-time employee (including FTEs) relief (use of 80 employee reduction instead of 30 for the "A" penalty)

Specific Instructions for Form 1094-C

- ♦ Line 22 – Check the applicable box
 - > Box **A** – Qualifying Offer Method
 - Check this box if the employer is using this for one or more full-time employees
 - To be eligible, the employer must certify that, for all months during the year in which the employee was a full-time employee for whom the play or pay penalty could apply, the employer made a qualifying offer

Specific Instructions for Form 1094-C (cont.)

- > Line 22 – Box **A** Continued
 - Use of this method is optional
 - Qualifying Offer is an offer of MEC providing minimum value to one or more full-time employees for all calendar months during the year for which the employee was a full-time employee for whom a pay or play payment could apply, at an employee cost for employee-only coverage for each month not exceeding 9.5% of the mainland single federal poverty line divided by 12, provided that the offer includes an offer of MEC to the employee's spouse and dependents

Specific Instructions for Form 1094-C (cont.)

- > Line 22 – Box **A** Continued
 - Alternate Method of Furnishing Form 1095-C to Employee under the Qualifying Offer Method
 - Available to any full-time employee who received a Qualifying Offer for all 12 months and did **not** enroll in self-funded coverage
 - Self-funded employers may not use alternate statement. Self-funded employer must provide a Form 1095-C to employee.
 - Alternate Statement must contain:
 - Employer name, address and EIN
 - Contact name and telephone number
 - Information about ineligibility for premium tax credit
 - Reference to Pub. 974 for more information on eligibility for premium tax credit

Specific Instructions for Form 1094-C (cont.)

★ Line 22 – Box **A** Continued

- > Note: Even if use alternate statement, filing 1095-C with IRS still required
- > On Form 1095-C, the employer can use a Qualifying Offer code ("1A") and will not report the monthly employee contributions for the lowest-cost employee-only coverage providing minimum value

Specific Instructions for Form 1094-C (cont.)

- > Line 22, Box **B** – 2015 Qualifying Offer Method Transition Relief
 - To be eligible for this, the employer must certify that it made a Qualifying Offer for one or more months of the calendar year 2015 to at least 95% of its full-time employees
 - An employee in a Limited Non-Assessment Period is not included in the 95% calculation
 - Use of this method is optional
 - Alternate Statement described above for Box A is available to any full-time employee who received a Qualifying Offer for all 12 months and did not enroll in self-funded coverage

Specific Instructions for Form 1094-C (cont.)

> Line 22, Box **B** Continued

- Alternate Method of Furnishing Form 1095-C to Employee under the Qualifying Offer Method Transition Relief for 2015
- Available to any full-time employee who did **not** receive a Qualifying Offer for all 12 months
- Alternate Statement must contain:
 - Employer name, address and EIN
 - Contact name and telephone number
 - Information about possible eligibility for premium tax credit
 - Reference to Pub. 974 for more information on eligibility for premium tax credit

Specific Instructions for Form 1094-C (cont.)

- ★ Line 22, Box C – Section 4980H Transition Relief
 - > This box is checked if the employer is eligible for relief under either: (1) the 2015 Transition Relief for ALEs with fewer than 100 full-time employees (including full-time equivalents) (the 50-99 transition relief) or (2) 2015 Transition Relief for Calculation of Assessable Payments Under Section 4980H(a) for ALEs with 100 or More Full-Time Employees (including Full-Time Equivalents)
 - #2 if used by an employer that owes a penalty under 4980H(a) and it refers to the 80 employee reduction in the 4980H(a) penalty, rather than the 30 employee reduction

Specific Instructions for Form 1094-C (cont.)

★ Line 22, Box **D** – 98% Offer Method

- > To be eligible for this method, an employer must certify that taking into account all months during which the individuals were employees of the employer and were not in a Limited Non-Assessment period, the employer offered affordable health coverage providing minimum value to at least 98% of its employees for whom it filing a Form 1095-C statement
 - Employer must also offer minimum essential coverage to those employees' dependents

Specific Instructions for Form 1094-C (cont.)

♦ Part III – ALE Member Information – Monthly

> Column (a) MEC Offer Indicator

- If the employer offered MEC to at least 95% of its full-time employees and their dependents for the entire calendar year, indicate that on the form – and if only for certain months, then indicate the months
- The employer does not count an employee in a Limited Non-Assessment Period (see instructions for specific definition)
- Transition relief rules that can be relied on in this section
 - Multiemployer arrangement interim guidance
 - Dependent coverage being implemented
 - Non-calendar year plans
 - Coverage starting first payroll period in January 2015

Specific Instructions for Form 1094-C (cont.)

♦ Part III – ALE Member Information – Monthly

- > Column (b) – Enter the number of full-time employees for each month, but do not include any employee in a Limited Non-Assessment Period
 - If the employer certified that it was eligible for the 98% Offer Method by selecting Box D on Line 22, it is not required to complete column (b)

Specific Instructions for Form 1094-C (cont.)

- ◆ Part III – ALE Member Information – Monthly
 - > Column (c) – Enter the total number of employees, including full-time employees, non-full-time employees, and employees in a Limited Non-Assessment period for each calendar month
 - May chose one of the following days to determine the number of employees per month and must use the same day for all months of the year: (1) first day of each month, (2) the last day of each month, (3) the first day of the first payroll period that starts during each month, or (4) the last day of the first payroll period that starts during each month (provided that for each month that last day falls within the calendar month in which the payroll period starts)

Specific Instructions for Form 1094-C (cont.)

✦ Part III – ALE Member Information – Monthly

- > Column (d) Aggregated Group Indicator – Must indicate it was part of an aggregated group for the entire year or just certain months
 - If part of an aggregated group, must list all of the entities on Part IV
- > Column (e) Section 4980H Transition Relief Indicator – If the employer certifies by selecting Box C on Line 22 that it is eligible for Section 4980H Transition Relief and is eligible for 50-99 Relief, enter Code A. If the employer certifies by selecting Box C on Line 22 that it is eligible for Section 4980H Transition Relief and is eligible for the 100 or More Relief, enter Code B
 - Note: An employer will not be eligible for both types of relief

Specific Instructions for Form 1094-C (cont.)

★ Part IV – Other ALE Members of Aggregated ALE Groups

- > Lines 36-65 – If the employer was a member of an Aggregated ALE Group (i.e., a controlled group) for any month of the calendar year, enter the names and EIN of up to 30 of the other Aggregated ALE Members
 - If more than 30, enter the 30 with the highest monthly average number of full-time employees for the year
 - List the members in descending order listing first the member with the highest average monthly number of full-time employees
 - If any member of the Aggregated ALE Group uses the 98% offer method, all Aggregated ALE Members should use the monthly average number of total employees rather than the monthly average number of full-time employees

Form 1095-C

Form 1095-C
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/ff1095c.

VOID

CORRECTED

OMB No. 1545-2251

2015

Part I Employee

1 Name of employee

2 Social security number (SSN)

3 Street address (including apartment no.)

4 City or town

5 State or province

Applicable Large Employer Member (Employer)

7 Name of employer

8 Employer identification number (EIN)

9 Street address (including room or suite no.)

10 Contact telephone number

11 City or town

12 State or province

13 Country and ZIP or foreign postal code

Part II Employee Offer and Coverage

14 Offer of Coverage (enter required code)

15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage

16 Applicable Section 4980H Safe Harbor (enter code, if applicable)

Plan Start Month (Enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14													
15	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16													

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

	(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
					Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17				<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"/>
18				<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				<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				<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"/>
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"/>
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"/>

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

Cat. No. 60705M

Form **1095-C** (2015)

Specific Instructions for Form 1095-C

★ Part I – Employee Information

- > Lines 1-6 – general information about the employee

★ Part I – ALE Member (Employer)

- > Lines 7-13 – general information about the employer – including the telephone number of the person to contact

Specific Instructions for Form 1095-C (cont.)

- ✦ Part II – Employee Offer and Coverage
- ✦ This is the section that requires you to know the codes!
- ✦ Optional for 2015: Enter month plan year begins
- ✦ Line 14 is about the coverage offered (or not offered) to the employee and his spouse and dependents
- ✦ Line 15 is about the lowest cost employee only coverage
- ✦ Line 16 asks about any safe harbor cost of coverage or some other code that would excuse the ALE Member from making an offer of coverage
- ✦ You must understand the codes!

Specific Instructions for Form 1095-C (cont.)

♦ Part II – Employee Offer and Coverage

- > Line 14 – For each month, enter the applicable code from Code Series 1. If the same code applies for all 12 calendar months, enter the applicable code in the “All 12 months” box
 - If, for all 12 months of the calendar year, the individual is not a full-time employee, complete only Part II, line 14 of Form 1095-C, by entering code 1G in the applicable column
 - This would, for example, apply to a retiree who is enrolled in self-funded coverage
 - Enter the code identifying the type of coverage actually offered by the employer to the employee
 - Special rule for multiemployer plans

Specific Instructions for Form 1095-C (cont.)

♦ Part II – Employee Offer and Coverage

- > Line 14. An employer offers health coverage for a month only if it offers health coverage that would provide coverage for every day of that calendar month
 - If an employee terminates coverage before the last day of the month, the employee does not actually have an offer of coverage for that month

Specific Instructions for Form 1095-C (cont.)

★ Part II – Employee Offer and Coverage

- > Line 14. An offer of COBRA coverage that is made to a former employee upon termination of employment is reported as an offer of coverage using the appropriate indicator code on line 14 ONLY if the former employee enrolls in coverage
- > If the former employee does not enroll in coverage, code 1H (no offer of coverage) should be entered

Specific Instructions for Form 1095-C (cont.)

♦ Part II – Employee Offer and Coverage

> Line 14, Code Series 1

- 1A – Qualifying Offer (MEC providing minimum value with employee portion of employee-only coverage less than 9.5% of mainland single federal poverty line and MEC offered to spouse and dependents)
- 1B – MEC providing minimum value offered to employee only
- 1C – MEC providing minimum value offered to employee and MEC offered to dependents (not spouse)
- 1D – MEC providing minimum value offered to employee and MEC offered to spouse (not dependents)
- 1E – MEC providing minimum value offered to employee and MEC offered to dependents and spouse

Specific Instructions for Form 1095-C (cont.)

♦ Part II – Employee Offer and Coverage

> Line 14, Code Series 1

- 1F – MEC not providing minimum value offered to employee, or employee and spouse or dependents, or employee, spouse and dependents
- 1G – Offer of coverage to employee who was not a full-time employee for any months of the calendar year (which may include one or more months in which the individual was not an employee) and who enrolled in self-funded coverage for one or more months of the calendar year
- 1H – No coverage offered or employee offered coverage that is not MEC
- 1I – Qualified Offer Transition Relief for 2015

Specific Instructions for Form 1095-C (cont.)

♦ Part II – Employee Offer and Coverage

- > Line 15 – Complete this only if the coverage offered to the employee provided minimum value and code 1B, 1C, 1D or 1E was entered on line 14
 - Enter the amount of the employee share of the lowest-cost monthly premium for self-only MEC that provides minimum value offered to the EE (not necessarily what he or she is enrolled in)
 - Instructions explain how to calculate the monthly employee contribution
 - If the employer did not offer health coverage or it offered health coverage that was not MEC or did not provide minimum value, do not complete this line

Specific Instructions for Form 1095-C (cont.)

★ Part II – Employee Offer and Coverage

- > Line 16 – For each month, enter the applicable Code from Series 2
 - 2A – Employee not employed during the month. Only enter this code if the employee was not employed on any day of the month
 - 2B – Employee was not a full-time employee and did not enroll in MEC. Also use this code if the employee is a full-time employee for the month and whose offer of coverage (or coverage if the employee was enrolled) ended before the last day of the month solely because the employee terminated employment during the month
 - 2C – Employee enrolled in coverage offered. Note – if the employee enrolled in MEC offered for the month, enter this code and not any other code in Series 2 that may apply

Specific Instructions for Form 1095-C (cont.)

- 2D – Employee in a 4980H Limited Non-Assessment Period
- 2E – Multiemployer interim rule relief
- 2F – Section 4980H affordability Form W-2 safe harbor
- 2G – Section 4980H affordability federal poverty line safe harbor
- 2H – Section 4980H affordability rate of pay safe harbor
- 2I – Non-calendar year transition relief applies to this employee

Specific Instructions for Form 1095-C (cont.)

- ★ Some special notes to consider for multiemployer plans
 - > An employer is treated as offering health coverage to an employee if the employer is required by a CBA to make contributions for that employee to a multiemployer plan that offers, to individuals who satisfy the plan's eligibility provisions, health coverage that is affordable and provides minimum value, and that also offers health coverage to those individuals' dependents (or is eligible for the transition relief regarding dependents)

Specific Instructions for Form 1095-C (cont.)

★ Other special notes to consider

- > The 9.5% in the affordability safe harbors have not been indexed to a higher amount
- > An employee on unpaid leave during a break in service would be treated as an employee for reporting purposes during the break in service, while a former employee whose employment had been terminated during a break in service would not be treated as an employee for reporting purposes

Specific Instructions for Form 1095-C (cont.)

♦ Part III – Covered Individuals

- > Complete this part ONLY if the ALE Member offers employer-sponsored self-funded coverage in which the individual enrolled
- > This part must be completed by an ALE Member offering self-funded coverage for any individual who enrolled, regardless of whether the employee is a full-time employee
 - For employers that offer coverage to non-employees, the instructions state that this Part III can be completed or the 1094-B/1095-B can be used
- > Remember, coverage does NOT include coverage under a multiemployer plan

Specific Instructions for Form 1095-C (cont.)

> Part III – Covered Individuals

- Columns (a) and (b) – Enter the name of each covered individual and SSN
- Column (c) – Enter date of birth for any covered individual only if do not have SSN
- Column (d) – Check this box if the individual was covered for at least one day per month for all 12 months of the year
- Column (e) – If not covered for all 12 months, check the applicable boxes

Example #1

- ★ Facts: As of 1/1 employee, who is full-time, received Qualifying Offer to employee, spouse and dependents, but waived coverage. Date of termination of employment is March 25.
- ★ Code 1A is qualifying offer, Code 1H is no offer of coverage
- ★ Code 2B is full-time employee but coverage ended before end of month, Code 2A is employee is not a full-time employee for the month

	All 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Line 14		1A	1A	1H	1H	1H	1H	1H	1H	1H	1H	1H	1H
Line 15													
Line 16				2B	2A	2A	2A	2A	2A	2A	2A	2A	2A

Example #2

- ★ Facts: Employer using 12-month look-back measurement method. Employee is a variable employee and is determined to be a full-time employee as of June 1. At that time, he is made a Qualifying Offer and elects coverage
- ★ Code 1H is no offer of coverage, Code 1A is a Qualifying Offer
- ★ Code 2D is Limited Non-Assessment Period, Code 2C is enrolled

	All 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Line 14		1H	1H	1H	1H	1H	1A	1A	1A	1A	1A	1A	1A
Line 15													
Line 16		2D	2D	2D	2D	2D	2C	2C	2C	2C	2C	2C	2C

Example #3

- ★ Facts: Employer using 12-month look-back measurement method and employee is considered full-time as of Jan 1 (and his stability period is that full calendar year). Employer makes a Qualifying Offer on Jan 1 and he elects coverage. He goes on an unpaid leave of absence on May 1. The employer does not terminate him, but active coverage ends on May 1. He does not elect COBRA. (Note that 2B cannot be used in Line 16 for May-Dec as he is still considered a full-time employee for those months).
- ★ Code 1A is Qualifying Offer, Code 1H is no offer of coverage
- ★ Code 2C is enrolled in coverage

	All 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Line 14		1A	1A	1A	1A	1H	1H	1H	1H	1H	1H	1H	1H
Line 15													
Line 16		2C	2C	2C	2C								

Example #4

- ✦ Facts: Employee terminated in prior year but he elects retiree health coverage as of Jan 1. That coverage is under a self-funded plan.
- ✦ Code 1G is offer of coverage to an employee who was not a full-time employee for any month of the calendar year, but enrolled in self-funded plan

	All 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Line 14	1G												
Line 15													
Line 16													

Example #5 – COBRA!!! IF TERMINATE

- ★ Facts: Employee is full-time and offered MEC providing MV for employee, spouse and dependent. Employee terminated on April 30. Family offered COBRA BUT only employee enrolls in COBRA from May 1-July 31. Lowest cost self-only coverage cost while an employee is \$115. COBRA premium for lowest cost self only coverage is \$215
- ★ Code 1E is MEC providing MV to employee and at least MEC offered to spouse and dependents. Code 1B is MEC providing MV offered to employee only. Code 1H is no offer of coverage
- ★ Code 2C is employee is enrolled. Code 2A used if employee not employed that month and not enrolled in MEC

	All 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Line 14		1E	1E	1E	1E	1B	1B	1B	1H	1H	1H	1H	1H
Line 15		\$115	\$115	\$115	\$115	\$215	\$215	\$215					
Line 16		2C	2A	2A	2A	2A	2A						

Example #6 – COBRA!!! IF REDUCTION IN HOURS

- ★ Facts: Employee was full-time and received MV offer, including MEC to his spouse and dependents. Employee enrolls in self-only coverage from Jan 1-Oct 31. Lowest cost employee-only coverage is \$150. On Nov 1 he transfers to part-time position and is no longer eligible for coverage. (Employer uses monthly measurement method.) He receives an offer of COBRA and elects it for himself. Lowest cost employee-only COBRA coverage is \$250
- ★ Code 1E is MEC providing MV to employee and at least MEC offered to spouse and dependents. Code 1B is MEC providing MV offered to employee only. Code 1H is no offer of coverage
- ★ Code 2C is employee is enrolled. Code 2A used if employee not employed that month and not enrolled in MEC

	All 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Line 14		1E											
Line 15		\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$250	\$250
Line 16		2C											

Example #7 – COBRA!!! IF REDUCTION IN HOURS

- ★ Facts: Employee was full-time and received MV offer, including MEC to his spouse and dependents. Employee enrolls in self-only coverage from Jan 1-Oct 31. Lowest cost employee-only coverage is \$150. On Nov 1 he transfers to part-time position and no longer eligible for coverage. He receives an offer of COBRA and does not elect it. Lowest cost employee-only COBRA coverage is \$250
- ★ Code 1E is MEC providing MV to employee and at least MEC offered to spouse and dependents. Code 1B is MEC providing MV offered to employee only. Code 1H is no offer of coverage
- ★ Code 2C is employee is enrolled. Code 2A used if employee not employed that month and not enrolled in MEC
- ★ **Applicable code for Line 16 for Nov and December depends on whether employee is treated as a full-time employee for 4980H (pay or play) and if so, do any of the affordability safe harbors apply to the COBRA coverage

	All 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Line 14		1E	1E										
Line 15		\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$250	\$250
Line 16		2C	**see note	**see note									

Contact

✦ Mary Powell, Esq.
mpowell@truckerhuss.com

✦ Elizabeth Loh, Esq.
eloh@truckerhuss.com

Trucker ♦ Huss, APC
One Embarcadero Center, 12th Floor
San Francisco, CA 94111

(415) 788-3111

www.truckerhuss.com

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