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Ready or Not: ACA Reporting Starts March 31st!

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Agenda

- ♦ Introduction
- ♦ The Big Picture
- ♦ Open Questions of the Day
- ♦ Pay or Play Basics
- ♦ Reporting In Depth
- ♦ Reporting Examples
- ♦ New HRA Guidance

The Big Picture and Where We Are Today!

- ✦ March 23, 2010—ACA enacted
- ✦ 2010 & 2011—Get more people covered!
 - > a lot of new rules were introduced, but the main ones were to get more people covered under the plans. Add adult children, eliminate pre-existing conditions for children (and later for all), eliminate annual and lifetime dollar limits for essential health benefits
 - > brilliant in that it got the public emotionally engaged with the legislation
- ✦ 2012—Paying Fees
 - > for the additional people added to the plans, who may be high-claim individuals, we started to pay fees (like PCORI)
 - > reporting value of plan coverage on W-2s to educate employees (and the government) about the cost of coverage

The Big Picture

- ✦ 2013 and 2014—More Fees and More Coverage
 - > more fees assessed on plans to pay for the additional high-claim individuals added to plans
 - > Public Exchanges opened and employers required to inform employees about those Public Exchanges
- ✦ 2015—Are You Playing or Paying?
 - > over the years, health plans have been opened up to more people and insurance providers given government subsidies to keep rates from skyrocketing
 - > now employers must offer coverage or pay taxes
- ✦ 2016—Enforcement
 - > everyone must have coverage or pay a tax (2015, individual mandate)
 - > report if employer is paying or playing

The Big Picture

- ✦ RECAP—(1) we opened up plans, (2) paid fees to keep rates reasonable, (3) took measures to ensure employers were offering coverage—and, if not, that there was a place to get coverage and will enforce rules and (4) narrowing plans and putting tax dollars back in the system—the Cadillac Tax!
- ✦ 2020—Cadillac Tax
 - > one way to see this is that all employees will receive a certain amount of non-taxable benefits and employers will not exceed that limitation due to the taxes it will be forced to pay
 - > we all have the same level of coverage and the same tax preferences
 - > more federal tax money is raised, if employers are limited in the ways they provide nontaxable benefits, employers may make up for that with taxable compensation

Big Picture—The Future and Some Proposals

- ✦ Bernie Sanders—Medicare For All. In this system, every American would be automatically enrolled into Medicare. Private practitioners could still provide care, but everyone would be covered by a national health care plan
- ✦ Hillary Clinton—Defend the ACA and expand it. Major focus is to lower out-of-pocket expenses and prescription drug costs
- ✦ Donald Trump—No specific plan on health care reform other than to repeal the ACA and replace it with something else. Some comments he has made include selling insurance across state lines and promoting health savings accounts
- ✦ Ted Cruz—Similar to Donald Trump
- ✦ Marco Rubio—Similar to Donald Trump, plus implement tax credits to help purchase insurance; reform insurance regulations and set up high-risk pools for people with preexisting conditions

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 employees 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, add up all of the full-time employees and FTE to see if an Applicable Large Employer. If yes, each entity (the Applicable Large Employer Member) must meet the 95% standard (70% for 2015) with regards to its own employees!

Pay or Play

- ✦ 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 \$2,080

Pay or Play

- ★ 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

Employee

- ✦ An employee is an individual who is an employee under the common law standard
 - > Does not include a sole proprietor, a partner in a partnership, or a 2% S corporation shareholder
 - Also excluded are leased employees who are not common law employees of the employer that receives the services
- ✦ A full-time employee is an employee who was employed on average at least 30 hours of service per week

Employee—Hours of Service

- ✦ Used for identifying full-time employees and calculating Hours of Service for FTEs
- ✦ Hours of Service include:
 - > (1) each hour for which an employee is paid, or entitled to payment, for the performance of duties for the employer; and
 - > (2) each hour an employee is paid, or entitled to payment, on account of a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence

Recent Guidance—IRS Notice 2015-87

- ✦ An hour of service does not include an hour for which an employee is directly or indirectly paid on account of a period during which no duties are performed if such payment is made or due under a plan maintained solely for the purpose of complying with applicable workmen's compensation, or unemployment or disability insurance laws
 - > Essentially, workers compensation and state disability insurance payments do not count
- ✦ Periods during which an individual is not performing services but is receiving payments due to STD or LTD result in hours of service for any part of the period during which the person retains status as an employee, unless the payments are made from an arrangement to which the employer did not contribute directly or indirectly
 - > Essentially, LTD and STD payments count, unless the person is terminated from the company or paid for the premiums on an after-tax basis

Determination of Full-Time Employees For Penalties

- ★ Who needs to be offered coverage to avoid penalties under 4980H?
 - > Must be offered to full-time employees (and their dependents)
- ★ The assessable payment under 4980H(a) is a monthly penalty that is determined based on the number of full-time employees employed by the Applicable Large Employer Member at the end of each month
- ★ There are 2 different methods for determining the number of full-time employees:
 - > (1) The monthly measurement method, or
 - > (2) The look-back measurement method

Use of the 2 Different Methods

- ✦ The final regulations provide that with respect to each of the categories listed below, the employer may apply either the look-back measurement method or the monthly measurement method:
 - > Salaried and hourly employees
 - > Employees whose primary places of employment are in different states
 - > Collectively bargained employees and non-collectively bargained employees
 - > Each group of collectively bargained employees covered by a separate collective bargaining agreement

Methods

- ✦ As you can see, an employer is not permitted to use the look-back measurement method for variable and seasonal employees, and the monthly measurement method for regular full-time employees
- ✦ The regulations provide additional rules addressing the transition of employees who experience a change in employment status from a position for which the monthly measurement method is used to a position where the look-back method is used (or vice versa)
 - > This presentation does not discuss those rules

Methods and Limited Non-Assessment Periods

- ✦ The method used for determining who is a full-time employee will also determine which Limited Non-Assessment Period applies
- ✦ A Limited Non-Assessment Period generally refers to a period during which an ALE Member will not be subject to an assessable payment under section 4980H(a), and in certain cases section 4980H(b), for a full-time employee, regardless of whether that employee is offered health coverage during that period
- ✦ The Limited Non-Assessment Period rules only apply if the employee is offered health coverage by the first day of the first month following the end of the Limited Non-Assessment Period
 - > In addition, there are Limited Non-Assessment Periods for section 4980H(b) only if the health coverage that is offered at the end of the period provides minimum value

Monthly Measurement Method

- ✦ These full-time employees would be identified based on the hours of service for each calendar month
- ✦ The Limited Non-Assessment Period—where an employer will not be subject to an assessable payment under 4980H(a)
- ✦ Instructions describe it as follows, “If an employer is using the monthly measurement method to determine whether an employee is a full-time employee, the period beginning with the first full calendar month in which the employee is first otherwise (but for completion of the waiting period) eligible for an offer of health coverage and ending no later than two full calendar months after the end of that first calendar month.”
- ✦ If you do not offer the employee coverage at end of that 3-month period, THERE IS NO LIMITED NON-ASSESSMENT PERIOD for that employee

Look Back Measurement Method

- ★ This is a method under which employers may determine the status of an employee as a full-time employee during a future period (referred to as the stability period) based on the hours of service of the employee in a prior period (referred to as the measurement period)
- ★ However, be aware of the rule for a new employee who is reasonably expected to be a full-time employee at his start date
 - > While the measurement period and stability period still apply, they are applied differently for this group

Look-Back Measurement Method—New Employee Who is Expected to be Full-Time

- ✦ If a new employee who is reasonably expected to be a full-time employee at his start date is offered coverage by the first day of the month immediately following the conclusion of the employee's initial 3 full calendar months of employment, the employer is not subject to a 4980H(a) assessment for those 3 months
- ✦ This is the Limited Non-Assessment Period—but if you do not offer the employee coverage at end of that 3-month period, **THERE IS NO LIMITED NON-ASSESSMENT PERIOD** for that employee

Look-Back Measurement Method—Variable Employees, Seasonal Employees and Part-Time Employee

- ✦ New Variable Employees: Where the employer cannot determine whether the new employee is reasonably expected to be employed on average at least 30 hours of service per week during the initial measurement period
 - > Because the employee's hours are variable or otherwise uncertain
- ✦ New Seasonal Employees: Where the employee is hired into in a position for which the customary annual employment is six months or less
 - > That period should begin each calendar year in approximately the same part of the year, such as summer or winter

Look-Back Measurement Method for New Variable, Seasonal and Part-Time Employees

- ✦ For these new employees, there is an initial measurement period and administrative period
- ✦ The Limited Non-Assessment Period is as follows: “If an employer is using the look-back measurement method to determine whether a new employee is a full-time employee, and the employee is a variable hour employee, seasonal employee or part-time employee, the initial measurement period for that employee and the administrative period immediately following the end of that initial measurement period.”
- ✦ If you don't offer the employee coverage at the end of that period, there is NO LIMITED NON-ASSESSMENT PERIOD

Look-Back Measurement Method for an On-Going Employee

- ✦ An on-going employee is an employee who has been employed by the employer for at least one standard measurement period
 - > An employer can determine each ongoing employee's full-time status by looking back at a measurement period
 - > If the employee was employed on average at least 30 hours of service per week during the standard measurement period, then the employer must treat the employee as a full-time employee during the immediately following stability period
 - > There is no Limited Non-Assessment Period. This person must be offered coverage for his stability period

Overview of Reporting Rules

- ★ The ACA added two new Internal Revenue Code Sections – 6055 and 6056
- ★ 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

Overview of Reporting Rules

- ★ Code Section 6056 requires reporting to the IRS by Applicable Large Employers subject to the 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 ALE 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!

★ Reasonable Effort

- > Initial request for SSN at the time of individual's first enrollment (or if already enrolled on September 17, 2015—the next open enrollment season)
- > The second solicitation is made a reasonable time thereafter; and
- > The third solicitation is made by December 31 of the year following the initial solicitation
- > If still no SSN is received, no need to continue soliciting SSN

How & When to File C Forms with IRS

- ★ For 2016 coverage and beyond: 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 2015 coverage: File by May 31, 2016 (June 30, 2016 if filing electronically)

How & When to File C Forms with IRS

- ★ 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
- ✦ See IRS Publications 5164 and 5165 for more information on electronic filing
- ✦ Also see:

<https://www.irs.gov/for-Tax-Pros/Software-Developers/InformationReturns/Affordable-Care-Act-Information-Return-AIR-Program>

Extensions for Filing with IRS

- ✦ Automatic extension—applies to filings for 2016 coverage and beyond
 - ✦ 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 March 31, 2016
- ★ These forms provide information that may assist an individual with:
 - > Determining his/her eligibility for the premium tax credit
 - > Completing his/her individual tax return

Information to Individuals

- ✦ 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 receiving the statement electronically
 - > Publication 5223 contains instructions on obtaining an individual's consent for electronic delivery

Information to Individuals

- ♦ If individuals have questions regarding these Statements, the IRS has published helpful FAQs:
 - > <https://www.irs.gov/Affordable-Care-Act/Questions-and-Answers-about-Health-Care-Information-Forms-for-Individuals>

Alternate Statements

- ✦ If using Qualifying Offer Method:
 - > Alternate method of providing Form 1095-C available for 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 Statements

- > 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

Alternate Statements

- > 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 for one or more months of 2015
 - Reference to Pub. 974 for more information on eligibility for premium tax credit

Extensions for Furnishing Statements to Individuals – Not Available for 2015 Statements

- ✦ Request for extension; applies to filings for 2016 coverage and beyond
 - ✦ 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

- ✦ 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

Penalties – The Bad News

Action	Effective 1/1/2016
Failure to file or furnish forms	\$250 per return \$3 million per year cap
Corrected within 30 days	\$50 per return \$500,000 per year cap
Corrected by 8/1	\$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	\$1 million \$175,000 \$500,000
Intentional disregard	\$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

- ★ IRS has said that it will not impose penalties under 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!

2015 Forms 1094-C and 1095-C

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.
- ✦ Remember special rule (described later) if person is not a full-time employee but enrolled in self-funded health plan
 - > Reporting on 1095-C for that person too!

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

- ✦ 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 – 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
 - > Special rules for multiemployer plans
- ✦ 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

Form 1095-C – Who Must File?

- ✦ 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

Dealing with HRA Reporting

- ✦ If an individual is covered by a self-funded major medical plan AND a Health Reimbursement Arrangement (“HRA”) provided by the same employer – the employer is required to report the coverage of the individual under only one of the arrangements
- ✦ An employer with an insured major medical plan AND HRA coverage for which an individual is eligible because the individual enrolls in the insured major medical plan is not required to report the coverage under the HRA
- ✦ An employer with an HRA must report coverage under the HRA for any individual who is not enrolled in a major medical plan of the employer
 - > For example, if the individual is enrolled in a group health plan of another employer (such as spousal coverage)

2015 Form 1094-C

- ✦ Form 1094-C is a “transmittal form” or cover sheet
- ✦ A Form 1094-C must be attached to any Forms 1095-C filed by an employer (“ALE member”)
- ✦ An ALE Member may choose to submit Forms 1095-C to the IRS in batches instead of all in one filing, in which case each batch of Forms 1095-C must have a Form 1094-C attached.
 - ✦ One of which must be marked as the “Authoritative Transmittal”
- ✦ 1094-C is only filed with IRS, not sent to participants.

Specific Instructions for Form 1094-C

♦ Part I – ALE Member Information

- > Name
- > EIN
- > Address
- > Name and telephone number of contact

Specific Instructions for Form 1094-C

♦ Part – Line 19

- > If this is the “Authoritative Transmittal” reporting aggregate data for the ALE member, check the box on line 19 and complete Parts II, III and IV.
- > There may only be one Authoritative Transmittal for each ALE Member
 - Do not aggregate data for the whole controlled group
 - Only for the ALE Member!

Specific Instructions for Form 1094-C

★ Part II – ALE Member Information

- > Lines 20-22 should be completed only on the Authoritative Transmittal
- > Line 20 – Total number of Forms 1095-C that will be filed by the ALE member
- > Line 21 – If the ALE member was part of a controlled group at any time during 2015, check “Yes”

Simplified Methods / Transition Relief

- ✦ Line 22: Check all that apply:
 - > Qualifying Offer Method
 - > Qualifying Offer Method Transition Relief for 2015
 - > Code Section 4980H Relief for 2015 (2 types)
 - 50-99 full-time employees during 2015
 - 100 or greater full-time employees during 2015 and using the 80 employee reduction instead of 30 for the “A” penalty
 - > Check even if you don’t think you need it
 - > 98% Offer Method

Specific Instructions for Form 1094-C

♦ Line 22 Box A – Qualifying Offer Method

- > Check if, for all months during 2015 in which an employee was a full-time employee, the employer made a “qualifying offer”
 - Can check even if applicable to only one full-time employee
- > Qualifying Offer = MEC providing minimum value to 1+ full-time employee for all months during 2015 at an employee monthly cost for employee-only coverage of \$93.77 or less
 - Must also offer MEC to the employee’s spouse and dependents

Specific Instructions for Form 1094-C

★ Line 22 – Box A (cont'd)

- If Box A checked, ALE Member may use “Alternate Method” of Furnishing Form 1095-C discussed earlier
 - However, self-funded employers may not use alternate statement. Must provide a Form 1095-C to employee.
- If Box A checked, ALE Member can use code 1A on Line 14 and not complete Lines 15 and 16 on Form 1095-C

Specific Instructions for Form 1094-C

- ♦ Line 22, Box B – Qualifying Offer Method
Transition Relief
 - > Check if ALE Member made a Qualifying Offer for 1+ months of 2015 to at least 95% of its full-time employees
 - An employee in a Limited Non-Assessment Period is not included in the calculation

Specific Instructions for Form 1094-C

★ Line 22, Box B (cont'd)

- 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
 - 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

★ Line 22, Box C – Section 4980H Transition Relief

> Check if either might apply:

- > (1) Aggregated ALE group had 50-99 full-time employees (including full-time equivalents) during 2015; or
- > (2) Aggregated ALE group had 100 or more full-time employees (including full-time equivalents) during 2015
 - > #2 if used by an employer that owes a penalty under 4980H(a) and allows an 80 employee reduction in the 4980H(a) penalty, rather than the 30 employee reduction

Specific Instructions for Form 1094-C

★ Line 22, Box D – 98% Offer Method

- > Check if, for all months during which the full-time employees were not in a Limited Non-Assessment Period, the employer offered affordable MEC providing minimum value to at least 98% of its employees for whom it filing a Form 1095-C statement
 - Employer must also offer MEC to those employees' dependents

Specific Instructions for Form 1094-C

◆ Part III – ALE Member Information – Monthly

> Column (a) MEC Offer Indicator

- If offered MEC to at least 70% of its full-time employees and their dependents during 2015, check “yes” in “All 12 Months” or applicable months’ rows
- Do not count an employee in a Limited Non-Assessment Period
- 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

- ✦ Part III – ALE Member Information – Monthly (cont'd)
 - > 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

- ✦ Part III – ALE Member Information – Monthly (cont'd)
 - > Column (c) – Enter the number of total employees, including full-time employees, non-full-time employees, and employees in a Limited Non-Assessment period for each calendar month
 - May choose 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 12th day of each month, (4) the first day of the first payroll period that starts during each month, or (5) 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

- ✦ Part III – ALE Member Information – Monthly (cont'd)
 - > Column (d) Aggregated Group Indicator – Must indicate if ALE member was part of a controlled group for the entire year or just certain months
 - > Column (e) Section 4980H Transition Relief Indicator:
 - > If ALE member checked Box C on Line 22 and its aggregated ALE group had 50-99 full-time employees during 2015, enter Code A
 - > If ALE member checked Box C on Line 22 and its aggregated ALE group had 100+ full-time employees during 2015, enter Code B

Specific Instructions for Form 1094-C

- ✦ Part IV – Other ALE Members of Aggregated ALE Groups
 - > Lines 36-65 – If part of a controlled group for any month in 2015, enter the names and EINs 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 2015
 - List the other entities 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**
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/form1095c

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	6 Country and ZIP or foreign postal code	

Applicable Large Employer Member (Employer)

7 Name of employer		8 Employer identification number (EIN)	
9 Street address (including room or suite no.)			
11 City or town	12 State or province	13 Country and ZIP or foreign postal code	

Part II Employee Offer and Coverage

	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 Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

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

- ✦ 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

★ Part II – Employee Offer and Coverage (cont'd)

- > 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 was not a full-time employee, and the individual enrolled in self-funded coverage for any of those months, complete only Part II, line 14 of Form 1095-C by entering code 1G in the “All 12 Months” box or in each separate monthly box
 - 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

- ♦ Part II – Employee Offer and Coverage (cont'd)
 - > 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 and the health coverage also ends before the last day of the month, then the employee does not actually have an offer of coverage for that month

Specific Instructions for Form 1095-C

- ★ Part II – Employee Offer and Coverage (cont'd)
 - > Line 14. An offer of COBRA coverage that is made to a former employee upon termination of employment should NOT be reported as an offer of coverage on Line 14 (even if the former employee elects COBRA coverage!)
 - For a terminated employee, enter Code 1H (no offer of coverage) for any month for which the offer of COBRA coverage applies
 - Note: The ALE member will also enter Code 2A (individual not employed) on Line 16, and this will protect the ALE member from potential Section 4980H penalties for the month

Specific Instructions for Form 1095-C

- ★ Part II – Employee Offer and Coverage (cont'd)
 - > Line 14. An offer of COBRA coverage that is made to an active employee (e.g., an offer of COBRA coverage because the active employee is no longer eligible for coverage due to a reduction in hours) is reported in the same manner and using the same code as an offer of that type of coverage to any other active employee

Specific Instructions for Form 1095-C

★ Part II – Employee Offer and Coverage (cont'd)

> 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)
 - For any month in which Code 1A is entered, no entries are needed in the corresponding monthly boxes in Lines 15 or 16.
- 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

- 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 month 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
 - Note: Code 1H would also apply if an employee is hired mid-month and is offered coverage at his or her date of hire, because the offer was not for the entire month. However, the employer can report on line 16 that the employee was in a Limited Non-Assessment Period for that month (i.e., the employer was entitled to Section 4980H relief for that employee)
- 1I – Qualified Offer Transition Relief for 2015

Specific Instructions for Form 1095-C

- ✦ Part II – Employee Offer and Coverage (cont'd)
 - > 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

- ✦ Part II – Employee Offer and Coverage (cont'd)
 - > Line 16 – For each month, enter the applicable Code from Series 2 (described in the next slides)
 - > If the same code applies for all 12 calendar months, enter the applicable code in the “All 12 months” box
 - > If none of the codes apply for a calendar month, leave the line blank for that month
 - > The instructions contain specific ordering rules for cases where more than one Code could apply
 - > Remember that line 16 (and line 15) does not need to be completed for any month in which Code 1A (Qualifying Offer) was entered in line 14

Specific Instructions for Form 1095-C

★ Part II – Employee Offer and Coverage (cont'd)

> Line 16 – Specific 2-Series Codes

- 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
 - Also, use 2B for January 2015 if employee was offered coverage no later than the first day of the first payroll period that begins in January 2015 and coverage was affordable and was MV

Specific Instructions for Form 1095-C

- 2C – Employee enrolled in coverage offered. Enter Code 2C for any month in which the employee enrolled in health coverage offered by the employer for each day of the month
 - If the employee enrolled in MEC offered for each day of the month, enter this Code and not any other Code in Series 2 that may apply, unless Code 2E applies
 - Do not enter 2C if Code 1G is entered in the “All 12 Months” box in line 14 because the employee was not a full-time employee for any months of the calendar year
 - Do not enter code 2C in line 16 for any month in which a terminated employee is enrolled in COBRA continuation coverage (enter Code 2A instead)

Specific Instructions for Form 1095-C

- 2D – Employee in a 4980H Limited Non-Assessment Period (LNAP)
 - If an employee is in an initial measurement period, use Code 2D and not Code 2B (employee not a full-time employee)
 - Do not use Code 2D if Code 2E (multiemployer interim rule relief) applies
 - Remember that a LNAP is only available if coverage is offered at the end of the LNAP
- 2E – Multiemployer interim rule relief
 - If Code 2E applies, use it instead of any other 2-series Code that might also apply, including Code 2C
- 2F – Section 4980H affordability Form W-2 safe harbor
- 2G – Section 4980H affordability federal poverty line safe harbor

Specific Instructions for Form 1095-C

- 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

★ Special note 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 dependent transition relief)
 - Although not explicitly stated in the instructions, the IRS has informally stated that an employer must actually contribute to the multiemployer plan for a month that it claims this relief
 - For months for which relief applies, enter "1H" on Line 14 and "2E" on Line 16

Specific Instructions for Form 1095-C

♦ Other special notes

- > Per Notice 2015-87, the 9.5% threshold for purposes of the affordability safe harbors, multiemployer interim relief, and definition of “qualifying offer”, has been indexed to follow Section 36B (premium tax credit) affordability
 - 9.56% for plan years beginning in 2015, 9.66% for plan years beginning in 2016
- > 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

★ 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 (e.g., retirees), 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

★ Part III – Covered Individuals (cont'd)

- > 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 for the months in which the individual was covered for at least one day

Reporting Examples

Example #1

- ★ Facts: As of 1/1/15, full-time employee received Qualifying Offer to employee, spouse and dependents, but waived coverage. Employee's Date of Termination (DOT) = 3/25/15. Plan design terminates coverage on DOT. The plan did not offer COBRA
- ★ Code 1A = qualifying offer. Code 1H = no offer of coverage
- ★ Code 2B = Full-time employee but coverage ended before end of month, Code 2A = employee is not full-time 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 determined to be full-time as of 6/1/15. At that time, she is made a Qualifying Offer and elects coverage
- ★ Code 1H = no offer of coverage. Code 1A = Qualifying Offer
- ★ Code 2D = Limited Non-Assessment Period. Code 2C = employee enrolled
- ★ NOTE: IRS has provided INFORMAL guidance that when use 1A, line 16 can be blank

	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: Employee terminated in prior year but he elects retiree health coverage as of 1/1/15. That coverage is under a self-funded plan
- ★ Code 1G = offer of coverage to an employee who was not a full-time employee for any month of 2015, 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 #4 – COBRA Upon Term of Employment

- ★ Facts: Full-time employee offered MEC providing MV for employee, spouse and dependent and employee enrolled in family coverage. DOT = 4/30/15. Family offered COBRA, but only employee enrolls in COBRA from May 1-July 31, 2015. Lowest cost self-only coverage cost while an employee is \$115/mo
- ★ Code 1E = MEC providing MV to employee and at least MEC offered to spouse and dependents. Code 1H = no offer of coverage
- ★ Code 2C = employee 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	1H	1H	1H	1H	1H	1H	1H	1H
Line 15		\$115	\$115	\$115	\$115								
Line 16		2C	2C	2C	2C	2A	2A	2A	2A	2A	2A	2A	2A

Example #5 – COBRA Upon Reduction in Hours

- ✦ Facts: Employer uses monthly measurement method. Full-time employee received MV offer, including MEC to his spouse and dependents. Employee enrolls in family coverage from Jan 1-Oct 31, 2015. Lowest cost employee-only coverage is \$150/mo. On 11/1/15, he transfers to a part-time position and is no longer eligible for coverage. He receives an offer of COBRA and elects it for entire family. COBRA premium is \$250/mo
- ✦ Code 1E = MEC providing MV to employee and at least MEC offered to spouse and dependents
- ✦ Code 2C = employee enrolled

	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 #6 – COBRA Upon Reduction in Hours

- ✦ Facts: Employer uses monthly measurement method. Full-time employee received MV offer, including MEC to her spouse and dependents. Employee enrolls in family coverage from Jan 1-Oct 31, 2015. Lowest cost employee-only coverage is \$150/mo. On 11/1/15, she transfers to a part-time position and no longer eligible for coverage. She receives an offer of COBRA but does not elect it. Lowest cost employee-only COBRA coverage is \$250/mo
- ✦ Code 1E = MEC providing MV to employee and at least MEC offered to spouse and dependents
- ✦ Code 2C = employee enrolled
- ✦ Code 2B = Employee is not a full time employee for the month and did not enroll in minimum essential coverage, if offered for the month

	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	2C	2C	2C	2C	2C	2C	2C	2C	2C	2B	2B

Example 7 – Limited Non-Assessment Period

- ✦ Facts: Full time employee hired 6/22/15. Employee, spouse and child are offered and enroll in MEC/MV coverage as of 8/1/15. Plan’s waiting period is June 22nd through July 31st. Lowest cost employee-only coverage is = \$98/mo
- ✦ Code 1E = MEC providing MV to employee and at least MEC offered to spouse and dependents
- ✦ Code 1H = No offer of coverage
- ✦ Code 2A = Employee was not employed on any day of the calendar month
- ✦ Code 2C = employee enrolled
- ✦ Code 2D = Employee is in a limited non-assessment period during the month (e.g., a waiting period)

	All 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Line 14		1H	1H	1H	1H	1H	1H	1H	1E	1E	1E	1E	1E
Line 15									\$98	\$98	\$98	\$98	\$98
Line 16		2A	2A	2A	2A	2A	2D	2D	2C	2C	2C	2C	2C

New HRA Guidance

New HRA Guidance – Notice 2015-87 Takeaways

- ★ Provides guidance on how to avoid violation of ACA market reforms:
 - > Requirement to cover preventive care without any cost-sharing
 - > Prohibition against annual dollar limits on “essential health benefits”
- ★ Builds on prior guidance – Notice 2013-54

Notice 2013-54 Integrated HRA

- ♦ Must also be enrolled in employer-sponsored coverage that complies with preventive services requirement and prohibition against annual dollar limit on essential health benefits (“EHB”)

Notice 2013-54 Integrated HRA

★ Integrated with Non-MV Group Health Plan

- Doesn't consist solely of excepted benefits; and
- Employee receiving the HRA must be actually enrolled in a group health plan; and
- HRA is available only to those who are enrolled in the other group health plan (can be sponsored by spouse's employer); and
- HRA only reimburses co-pays, deductibles, co-insurance, premiums and/or non-EHB; and
- Can permanently opt out and waive future HRA reimbursements
 - At least annually; and
 - Upon termination (HRA amounts may also be forfeited)

Notice 2013-54 Integrated HRA

★ Integrated with MV Group Health Plan

- Plan provides MV; and
- Employee receiving the HRA must be actually enrolled in the MV group health plan; and
- HRA is available only to those who are enrolled in the other MV group health plan (can be sponsored by spouse's employer); and
- Can permanently opt out and waive future HRA reimbursements
 - At least annually; and
 - Upon termination (HRA amounts may also be forfeited)

New HRA Guidance – Notice 2015-87 Takeaways

- ✦ Only HRAs that cover fewer than 2 current employees (e.g., retiree-only HRA) can reimburse individual market coverage
 - > Integrated HRA that covers current employees may not reimburse individual market coverage after the employee ceases to be covered by the integrated group health plan

New HRA Guidance – Notice 2015-87 Takeaways

- > Retiree-only HRA may include amounts credited when the individual was a current employee covered by an HRA integrated with another group health plan
- > Note: Retiree-only HRA is an “eligible employer sponsored plan” that disqualifies individual from premium tax credit under Section 36B for each month HRA has available funds

New HRA Guidance – Notice 2015-87 Takeaways

- ♦ If an integrated HRA reimburses expenses incurred by an employee's spouse or dependents, the spouse or dependents must be enrolled in the group health plan integrated with the HRA
 - > Transition relief available

New HRA Guidance – Notice 2015-87 Takeaways

- ◆ Permissible standalone HRAs
 - > Retiree-only HRA
 - > HRA that reimburses premiums for individual market coverage that covers only excepted benefits (e.g., dental only coverage)
- ◆ Employer arrangement that reimburses the cost of individual market coverage under a Section 125 plan violates ACA market reforms

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