




Complying with the IRS's
Affordable Care Act Reporting Requirements
Thursday, November 19, 2015

 **UNC**
SCHOOL OF GOVERNMENT

Diane Juffas
Bob Joyce 

Overview: Two Mandates


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Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Two Mandates

The Affordable Care Act imposes two kinds of new requirements:

- The Individual Mandate
- The Employer Mandate

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Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Individual Mandate

Individuals must

- 1) secure "minimum essential coverage"
- or
- 2) make a shared responsibility payment with their tax return



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Employer Mandate

Employers of 50* or more full-time equivalent employees must

- 1) offer coverage that is affordable and provides "minimum value" to full time employees and dependents
- or
- 2) face penalties



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: IRS Wants to Know

Is each individual getting coverage?

Is each covered employer meeting its obligation to offer coverage?



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: IRS and Individuals

So how does IRS learn about individuals?



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: IRS and Individuals

IRS learns about whether individuals are getting
coverage two ways



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: IRS and Individuals

IRS learns about whether individuals are getting
coverage two ways

- 1) It asks each individual on the Form 1040 when
individuals file their taxes



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: IRS and Individuals

IRS learns about whether individuals are getting coverage two ways

- 1) It asks each individual on the Form 1040 when individuals file their taxes
- 2) It double checks that through Forms 1094 B and 1095 B



Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: IRS and Individuals

IRS learns about whether individuals are getting coverage two ways

- 1) It asks each individual on the Form 1040 when individuals file their taxes
- 2) It double checks that through Forms 1094 B and 1095 B
 - 1094 B is the sort of "cover sheet"
 - 1095 B is the substantive report



Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: IRS and Individuals

Here are the 1094 B and 1095 B forms:



Complying with the IRS's Affordable Care Act Reporting Requirements

Who files the 1094 B and the 1095 B with the IRS?

“Every person that provides minimum essential coverage to an individual”



Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: IRS and Individuals

Who files the 1094 B and the 1095 B with the IRS?

- For employers who offer fully insured plans to their employees, the insurance company files
- For employers who offer self-funded plans to their employees, the employer files (even if they would not be required to file under the employer mandate)



Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: IRS and Employers

How does the IRS learn whether an employer is meeting its obligations to offer coverage?



Complying with the IRS's Affordable Care Act Reporting Requirements

1095-C Employee-Provided Health Insurance Offer and Coverage ☐ CORRECTED **2015**

1. Employer's Name, Address, and City/State/Zip: **ABC COMPANY**
 2. Insurance Company Name: **ABC COMPANY**
 3. Policy Number: **ABC COMPANY**
 4. Plan Year: **2015**
 5. Plan Type: **ABC COMPANY**
 6. Plan Details: **ABC COMPANY**
 7. Plan Start Date: **ABC COMPANY**
 8. Plan End Date: **ABC COMPANY**
 9. Plan Description: **ABC COMPANY**
 10. Plan Cost: **ABC COMPANY**
 11. Plan Coverage: **ABC COMPANY**
 12. Plan Summary: **ABC COMPANY**
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Form 1095-C (2015) 1/20/16

Part 1 **1095-C** **Information—Monthly** **Page 2**

Line	Month	1095-C Plan Coverage Status for 2015	1095-C Plan Coverage Status for 2015	1095-C Plan Coverage Status for 2015	1095-C Plan Coverage Status for 2015
23	All 12 Months				
24	Jan				
25	Feb				
26	Mar				
27	Apr				
28	May				
29	June				
30	July				
31	Aug				
32	Sept				
33	Oct				
34	Nov				
35	Dec				

Form 1095-C (2015)

Form 1095-C (2015) 1/20/16

Part 1 **1095-C** **Information—Monthly** **Page 2**

Line	Month	1095-C Plan Coverage Status for 2015	1095-C Plan Coverage Status for 2015	1095-C Plan Coverage Status for 2015	1095-C Plan Coverage Status for 2015
23	All 12 Months				
24	Jan				
25	Feb				
26	Mar				
27	Apr				
28	May				
29	June				
30	July				
31	Aug				
32	Sept				
33	Oct				
34	Nov				
35	Dec				

Form 1095-C (2015)

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Part III Other ALE Members of Aggregated ALE Group

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

Name	EIN	Name	EIN
36		37	
37		38	
38		39	
39		40	
40		41	
41		42	
42		43	
43		44	
44		45	
45		46	
46		47	
47		48	
48		49	
49		50	

Form 1094-C (2015)

Overview: IRS and Employers

Who files the 1094 C and the 1095 C with the IRS?

Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: IRS and Employers

Who files the 1094 C and the 1095 C with the IRS?

Every employer of 50 or more full time equivalent employees

Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: IRS and Employers

Who files the 1094 C and the 1095 C with the IRS?

Every employer of 50 or more full time equivalent employees

That's right. Even if the penalties cannot apply to you for 2015 because you are under 100, you still have to file the 1094 C and the 1095 C



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Telling Employees



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Telling Employees

It's not just the IRS that gets the forms



Complying with the IRS's Affordable
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Overview: Telling Employees

It's not just the IRS that gets the forms

Employees get forms, too



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Telling Employees

It's not just the IRS that gets the forms

Employees get forms, too

Whoever provides the 1094 B and 1095 B to the
IRS must provide the 1095 B to employees as
well as the IRS



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Telling Employees

It's not just the IRS that gets the forms

Employees get forms, too

Whoever provides the 1094 B and 1095 B to the
IRS must provide the 1095 B to employees as
well as the IRS

The employer must provide the 1095 C to
employees as well as to the IRS



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Reporting Options



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Reporting Options

Filing strategy

- All-in house: employer fills in forms and transmits directly to IRS
- Partial outsource: employer fills in forms and uses third-party software to transmit forms to IRS
- Full outsource: third party fills in forms and transmits to IRS



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Size and Reporting

- Under 50 FTE and offer no coverage:
no reporting requirement
- Under 50 FTE but offer coverage through an insured plan:
no reporting requirement (but the insurer will report on Form 1094 B)
- Under 50 FTE but offer a self-insured plan:
you must file, like a covered larger employer



Complying with the IRS's Affordable
Care Act Reporting Requirements

Overview: Size and Reporting

- Between 50 and 100: because of “transitional relief,” no possibility of penalty for 2015, but you must report anyway
- Over 100: all reporting requirements apply
- Over 250: special requirement of electronic reporting applies

Overview: Special Rules for 2015

Overview: Special Rules for 2015

Remember (this is obvious but sometimes confusing) we are talking about reporting requirements in 2016 for 2015

Overview: Special Rules for 2015

Special Rule #1

- For employers with 50-99 FTE employees, there can be no penalty for failure to offer coverage



Complying with the IRS's Affordable Care Act Reporting Requirements

Special Rules for 2015

Special Rule #1

- For employers with 50-99 FTE employees, there can be no penalty for failure to offer coverage
- But you still have to file with the IRS and furnish statements to employees



Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: Special Rules for 2015

Special Rule #2

- If you owe a penalty, it will be less than it otherwise would be



Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: Special Rules for 2015

Special Rule #2

- If you owe a penalty, it will be less than it otherwise would be
- That's because the way of calculating the penalty is special for 2015



Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: Special Rules for 2015

Special Rule #2

- If you owe a penalty, it will be less than it otherwise would be.
- That's because the way of calculating the penalty is special for 2015
- The penalty will be based on the number of your actual employees minus 80; in future years it will be minus 30



Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: Special Rules for 2015

Special Rule #3

Delay of possibility of penalty for non-calendar year plans



Complying with the IRS's Affordable Care Act Reporting Requirements

Overview: Special Rules for 2015

Special Rule #4

If you file your forms with the IRS for 2015 but you screw them up because they are so hard, you will not be imposed a filing penalty if you can show that you “have made good faith efforts to comply with the information reporting requirements”



Complying with the IRS's Affordable Care Act Reporting Requirements

Overview Over

Enough with the big picture

Let's look at the reporting obligations in detail



Complying with the IRS's Affordable Care Act Reporting Requirements

But first . . . ACA Basics

- “Understanding the Affordable Care Act: What Employers Need to Know,” presented on November 20, 2014
- Retitled by the web designers as “Affordable Care Act Webinar On-Demand”
- Purchase or access:
<http://www.sog.unc.edu/courses/webinars/affordable-health-care-act-webinar-demand>



Complying with the IRS's Affordable Care Act Reporting Requirements

The Forms

Reporting Substantive Information:

- Forms 1095-B and 1095-C

Transmittal Cover Sheets Reporting Summary Information

- Forms 1094-B and 1094-C



Complying with the IRS's Affordable
Care Act Reporting Requirements

Number of FTEs	Fully-Insured Plan	Self-Insured Plan
100 or more Subject to reporting & penalties	Form 1095-C, Parts I and II only for each employee who was a F/T employee for at least one month of the calendar year <i>Insurer will file 1095-B</i>	Form 1095-C, Parts I, II and III for any employee enrolled in coverage
50 – 100 Subject to reporting, but not to penalties for 2015	Form 1095-C, Parts I and II only for each employee who was a F/T employee for at least one month of the calendar year <i>Insurer will file 1095-B</i>	Form 1095-C, Parts I, II and III
Fewer than 50 Will never be subject to penalties but offers of coverage must be reported	Employer does not file <i>Insurer will file 1095-B</i>	Employer files Form 1095-B

Form 1094-C



Complying with the IRS's Affordable
Care Act Reporting Requirements

1094-C Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

Form 1094-C (2015)

2015

1 Employer's name (do not include address)

2 Employer's EIN

3 Plan name

4 Plan year

5 Plan type

6 Plan description

7 Plan start date

8 Plan end date

9 Plan description

10 Plan description

11 Plan description

12 Plan description

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21 Is the employee a member of an Affiliated Self-Insured Group?

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Qualifying Offer:

An offer of minimum essential coverage that provides minimum value and is affordable, made to a full-time employee for whom a no-coverage or inadequate coverage penalty could apply. The offer must include an offer of minimum essential coverage (**MEC**) to the employee's spouse and dependents.



Complying with the IRS's Affordable Care Act Reporting Requirements

Qualifying Offer:

An offer of minimum essential coverage that provides minimum value and is affordable, made to a full-time employee for whom a no-coverage or inadequate coverage penalty could apply. The offer must include an offer of minimum essential coverage (MEC) to the employee's spouse and dependents.

Qualifying Offer Method of Reporting

Employer must certify that it made a Qualifying Offer to one or more F/T employees for all the month that the employee was a F/T employee for whom a no-coverage or inadequate coverage penalty could apply.

1095-C **Employer-Provided Health Insurance Offer and Coverage** ☐ COR ☐ CORRECTED **2015**

Form 1095-C (2015) **1095-C**

Employee Info **Employer Info**

Line 14 **Line 15** **Line 16**

Indicator Codes for Line 14 are on page 21 of your materials

Employee Info

Employer Info

Line 14 **Line 15** **Line 16**

Indicator Codes for Line 14 are on page 21 of your materials

1094-C **Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns** ☐ COR ☐ CORRECTED **2015**

Form 1094-C (2015) **1094-C**

For Official Use Only

Line 14 **Line 15** **Line 16**

Indicator Codes for Line 14 are on page 21 of your materials

1095-C **Employer-Provided Health Insurance Offer and Coverage** ☐ COR ☐ CORRECTED **2015**

Form 1095-C (2015) **1095-C**

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Indicator Codes for Line 14 are on page 21 of your materials

Employee Info

Employer Info

Line 14 **Line 15** **Line 16**

Indicator Codes for Line 14 are on page 21 of your materials

Qualifying Offer Method Transition Relief for 2015

Employer must certify that it made a Qualifying Offer for one or more months of the calendar year to at least 95% of its full-time employees (not including employees in a LNP).



Complying with the IRS's Affordable Care Act Reporting Requirements

Form 1094-C Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns 2015

Employer's name, address, and EIN

Employee's name, address, and EIN

Employer's plan information

Employee's coverage information

Employer's offer information

Employer's transition relief information

Employer's signature and date

Form 1095-C Employee-Provided Health Insurance Offer and Coverage 2015

Employee's name, address, and EIN

Employer's name, address, and EIN

Employee's coverage information

Employer's offer information

Employee's transition relief information

Employee's signature and date

Employee Info

Employer Info

Line 14
Line 15
Line 16

Never enter anything in Line 15 when you are using Codes 1A or 11 and you are using the Qualifying Offer Transition Relief

Indicator Codes for Line 14 are on page 21 of your materials

98% Offer Method

An employer who offers affordable, minimum value health insurance coverage to 98% of all of its employees (and their dependents for whom it is filing a Form 1095-C) is not required to report the number of its full-time employees for 2015 in Part III of Form 1094-C (the transmittal form).



Complying with the IRS's Affordable Care Act Reporting Requirements

Form 1094-C (2015)

Do not count employees in a limited non-assessment period in responding to columns (a) and (b).

1/2012-16
Page 2

Coverage to 98% of FTE employees and dependents?

Part III	Column	Information—Monthly	Do not count employees in a limited non-assessment period in responding to columns (a) and (b).	Do not count employees in a limited non-assessment period in responding to columns (a) and (b).	Do not count employees in a limited non-assessment period in responding to columns (a) and (b).	Do not count employees in a limited non-assessment period in responding to columns (a) and (b).
10	11	12	13	14	15	16
Jan	Feb	Mar	Apr	May	Jun	Jul
Aug	Sep	Oct	Nov	Dec		

Use indicator code A if claiming 2015 transition relief for employers with 50-99 FTEs.

Use indicator code B if claiming 2015 transition relief for employers with 100 or more FTEs.

Form 1094-C (2015)

Do not count employees in a limited non-assessment period in responding to columns (a) and (b).

1/2012-16
Page 2

Coverage to 98% of FTE employees and dependents?

Part III	Column	Information—Monthly	Do not count employees in a limited non-assessment period in responding to columns (a) and (b).	Do not count employees in a limited non-assessment period in responding to columns (a) and (b).	Do not count employees in a limited non-assessment period in responding to columns (a) and (b).	Do not count employees in a limited non-assessment period in responding to columns (a) and (b).
10	11	12	13	14	15	16
Jan	Feb	Mar	Apr	May	Jun	Jul
Aug	Sep	Oct	Nov	Dec		

Use indicator codes A or B if claiming 2015 transition relief from ACA employer penalties.

[illegible]

1095-C Employee-Provided Health Insurance Offer and Coverage ☐ COR ☐ CORRECTED **2015**

Part I Employee

1. Employee's name (last, first, and middle initial) **Paradise, N.C.**

2. Employee's Social Security Number **12345**

3. Employee's date of birth (MM/YY) **01/01/1980**

4. Employee's address (street, city, state, and ZIP code) **12345 Main St, Paradise, N.C. 12345**

Part II Employee Offer and Coverage

5. Plan Year **2015**

6. Plan Start Month (first day of coverage) **01**

7. Plan End Month (last day of coverage) **12**

8. Plan Name **Blue Cross Blue Shield of North Carolina**

9. Plan Type **Individual**

10. Plan Category **Individual**

11. Plan Description **Individual**

12. Plan Details **Individual**

13. Plan Information **Individual**

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Indicator Code Series 1 (see p. 21 of materials for full list)

1A. Qualifying Offer: Minimum essential coverage providing minimum value offered to full-time employee with employee contribution for self-only coverage equal to or less than 9.5% mainland single federal poverty line (in other words, **AFFORDABLE**) and at least minimum essential coverage offered to spouse and dependent(s).

1F. Minimum essential coverage NOT providing minimum value offered to employee; employee and spouse or dependent(s); 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-insured coverage** for one or more months of the calendar year.

1H. No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage, which may include one or more months in which the individual was not an employee).

1I. Qualifying Offer Transition Relief 2015: Employee (and spouse or dependents) received no offer of coverage; received an offer that is not a qualifying offer; or received a qualifying offer for less than 12 months.

1095-C Employee-Provided Health Insurance Offer and Coverage ☐ COR ☐ CORRECTED **2015**

Part I Employee

1. Employee's name (last, first, and middle initial) **Paradise, N.C.**

2. Employee's Social Security Number **12345**

3. Employee's date of birth (MM/YY) **01/01/1980**

4. Employee's address (street, city, state, and ZIP code) **12345 Main St, Paradise, N.C. 12345**

Part II Employee Offer and Coverage

5. Plan Year **2015**

6. Plan Start Month (first day of coverage) **01**

7. Plan End Month (last day of coverage) **12**

8. Plan Name **Blue Cross Blue Shield of North Carolina**

9. Plan Type **Individual**

10. Plan Category **Individual**

11. Plan Description **Individual**

12. Plan Details **Individual**

13. Plan Information **Individual**

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★ **2C** Use for any month in which an employee is enrolled in MEC (your health plan)

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Where a **new part-time, seasonal or variable hour employee** is either not an employee or is in his or her initial measurement period (i.e., in a limited non-assessment period) for each month during the calendar year, then no Form 1095-C need be filed for the new hire for the year.



Complying with the IRS's Affordable
Care Act Reporting Requirements

Self-Insured Health Plans

- **Issuers of health insurance** must report information on persons covered by employer-sponsored insurance on Form 1094-B (transmittal sheet) and Form 1095-B (issued to each employee)
- Covered employers (ALEs) with self-insured plans may use Part III of Form 1095-C to satisfy this requirement.
→ *This includes members of the NCLM Municipal Insurance Trust*
- Small employers who are not covered by the ACA employer mandate but who offer health coverage through a self-insured plan must fill out Form 1094-B and 1095-B.
→ *This includes members of the NCLM Municipal Insurance Trust*



Complying with the IRS's Affordable
Care Act Reporting Requirements

Forms 1094-B and 1095-B



Complying with the IRS's Affordable
Care Act Reporting Requirements

Three Requirements That Apply to All Three Kinds of Non-Calendar Year Plan Transitional Relief

1. Plan must have been in existence with same starting date as of 12/27/12
2. Plan must be offering affordable, minimum value coverage as of the first day of the 2015 plan year
3. Plan's eligibility requirements must be the same as they were on 2/9/14
 - In other words, employer cannot have made eligibility more restrictive after that date



Complying with the IRS's Affordable Care Act Reporting Requirements

Pre-2015 Eligibility Transition Relief

Employer may treat employee (+ Δs) as having been offered coverage for January – June of 2015 if the employee was

- Offered affordable, minimum value coverage no later than July 1, 2015;
- Under the same eligibility requirements as existed on Feb. 9, 2014;
- Was previously offered coverage (eligible to participate in the plan as of 12/27/12 if an employee -- or later, if hired later).

Employer will **not** be assessed a no-coverage or an inadequate coverage penalty for any such employee.

Employer could be assessed a penalty for a full-time employee who was not offered coverage from Jan. – June 2015.



Complying with the IRS's Affordable Care Act Reporting Requirements

Significant Percentage Transition Relief (All Employees)

Employer may treat employee (+ Δs) as having been offered coverage for January – June of 2015 if the employee was

- Offered affordable, minimum value coverage no later than July 1, 2015;
- Under the same eligibility requirements as existed on Feb. 9, 2014;
- **AND EITHER**
 - a. At least 25% of **all** employees were enrolled in health coverage as of any date in the 12 months before Feb. 9, 2014; **OR**
 - b. At least 33% of **all** employees were offered coverage during the most recent open enrollment period that ended before Feb. 9, 2014.



Complying with the IRS's Affordable Care Act Reporting Requirements

Significant Percentage Transition Relief (All Employees)

If employer meets all four criteria, it **will not be liable** for a no-coverage or inadequate coverage penalty for any employee for Jan. – June 2015, regardless of whether that employee was offered coverage before the 2015 plan year.



Complying with the IRS's Affordable
Care Act Reporting Requirements

Significant Percentage Transition Relief (Full-Time Employees)

Employer may treat employee (+ Δs) as having been offered coverage for January – June of 2015 if the employee was

- Offered affordable, minimum value coverage no later than July 1, 2015;
- Under the same eligibility requirements as existed on Feb. 9, 2014;
- **AND EITHER**
 - a. At least 25% of **full-time** employees were enrolled in health coverage as of any date in the 12 months before Feb. 9, 2014; **OR**
 - b. At least 33% of **full-time** employees were offered coverage during the most recent open enrollment period that ended before Feb. 9, 2014.



Complying with the IRS's Affordable
Care Act Reporting Requirements

Significant Percentage Transition Relief (Full-Time Employees)

If employer meets all four criteria, it **will not be liable** for a no-coverage or inadequate coverage penalty for any employee for Jan. – June 2015, regardless of whether that employee was offered coverage before the 2015 plan year.



Complying with the IRS's Affordable
Care Act Reporting Requirements

Form 1099-C (2015)

12/02/16
unc.

File No.	OLE Number		Information—Mailing		Has F/T/E been included in ALE election?	Has F/T/E been included in ALE election?	Is F/T/E included in ALE election?	Has F/T/E been included in ALE election?
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2	02	02	02	02				
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Form 1099-C (2015)

Two Provisos on Non-Calendar Year Plan Transitional Relief

1. Employers must still accurately report the terms of coverage offered (or not offered) on individual Form 1095-C.
2. An employer who does not meet the requirement to offer coverage to at least 70% of its full-time employees (and Δs) cannot make use of Non-Calendar Year Plan Transitional Relief.

Special Topics

COBRA

How to report an with a COBRA offer?

Depends on how the employee became COBRA eligible.

- Employment ended
- Hours reduced



Complying with the IRS's Affordable
Care Act Reporting Requirements

COBRA—Employment Ended

Employment ends, COBRA is offered.

- Whether the employee takes the COBRA coverage or not, the code on Line 14 is 1H and on Line 16 is 2A.
- Translation: "No coverage offered" (even though COBRA coverage was) and "employee not a full time employee."



Complying with the IRS's Affordable
Care Act Reporting Requirements

COBRA—Hours Reduced

Hours are reduced, COBRA is offered.

- Whether the employee takes the COBRA coverage or not, the code on Line 14 is 1E and Line 16 depends on whether the employee accepts coverage.
- Translation: "Coverage offered" and the appropriate employee status.



Complying with the IRS's Affordable
Care Act Reporting Requirements

Health Reimbursement Arrangements (HRAs)

- Providers of minimum essential coverage (**MEC**) must file Forms 1094-B and 1095-B so that the IRS can enforce the individual mandate.
- HRAs are considered MEC.
- Integrated HRAs do not have to be separately reported.



Complying with the IRS's Affordable Care Act Reporting Requirements

Health Reimbursement Arrangements (HRAs) Reporting Rule #1

- If an individual is covered by more than one plan providing **MEC** and both plans are offered by the same **provider**, the provider need only file information on one of the types of coverage.
 - Self-insured employers offering an HRA do not have to report the HRA. They will simply report the group health plan coverage on Form 1094-C and 1095-C if a covered employer (ALE) and on Form 1094-B and 1095-B if a small employer.



Complying with the IRS's Affordable Care Act Reporting Requirements

Health Reimbursement Arrangements (HRAs) Reporting Rule #1 cont.

- Reporting is done month by month and individual by individual.
- If an individual employee enrolled in both an employer's self-insured group health plan and the employer's HRA ceases to be covered by the group health plan, the employer must then report the HRA.



Complying with the IRS's Affordable Care Act Reporting Requirements

Health Reimbursement Arrangements (HRAs): Reporting Rule #2

- When an individual's eligibility to participate in a HRA depends on his or her enrollment in the employer's group health plan, no additional reporting of the HRA is required.

→ This rule exempts full-insured employers from having to report HRA coverage.



Complying with the IRS's Affordable
Care Act Reporting Requirements

Health Reimbursement Arrangements (HRAs): Reporting Rule #2 cont.

- Employers will have to report HRA coverage of employees who are enrolled in a health plan that is not sponsored by the same employer – an employee enrolled in a spouse's health plan, for example. The HRA must be reported by the employer on Forms 1094-B and 1095-B.
- Reporting is done month by month and individual by individual.



Complying with the IRS's Affordable
Care Act Reporting Requirements

Health Savings Accounts (HSAs)

- HSAs usually offered in conjunction with HDHP
- HSAs are not considered MEC
- Purpose of Form 1094-B and 1095-B reporting is to report MEC for the purposes of showing individual mandate compliance
- Therefore . . . HSAs do not have to be reported



Complying with the IRS's Affordable
Care Act Reporting Requirements

Reporting about Retirees

A covered employer must report, on the 1095 forms, about coverage offers to current, full-time employees.

But what about coverage offered to retirees?

When must that be reported?



Complying with the IRS's Affordable Care Act Reporting Requirements

Reporting about Retirees

Basic rule:

- If the retiree coverage offered is supplemental to Medicare (that is, the retiree is 65+), then the coverage need not be reported.



Complying with the IRS's Affordable Care Act Reporting Requirements

Reporting about Retirees

Basic rule:

- If the retiree coverage offered is supplemental to Medicare (that is, the retiree is 65+), then the coverage need not be reported.
- The retiree is getting "minimum essential coverage" through Medicare, which will report it, so no need for the employer to report for the individual mandate, and not an employee for the employer mandate.



Complying with the IRS's Affordable Care Act Reporting Requirements

Reporting about Retirees

But what about a retiree under 65 who is on an employer's plan?

That is, the coverage is not supplemental to Medicare, but is the main coverage?



Complying with the IRS's Affordable Care Act Reporting Requirements

Reporting about Retirees

- If the employer is self-insured, the employer must report on the B forms as the provider of minimum essential coverage.
- If the employer's plan is fully insured, the insurance provider will report the coverage on the B forms and the employer reports the coverage on the C forms, using the code for a "non-employee."



Complying with the IRS's Affordable Care Act Reporting Requirements

Some Important Facts about Filing: Employee Statements

- **Form 1095-C** must be sent to employees by January 31st of the following year.
- Forms may be sent to employees electronically **if they consent**. Otherwise, they should be sent by mail or hand-delivered.
- **The first report will have to be sent to employees by February 1, 2016 for the year 2015.**



Complying with the IRS's Affordable Care Act Reporting Requirements

Some Important Facts about Filing: IRS Reports

- Forms must be filed with the IRS on or before February 28 of the following year (March 31 if filed electronically). Remember, Form 1095-C must be given to both each employee participating in the employer's group health plan and the IRS.
- Form 1094-C is the transmittal summary form that goes to the IRS along with the copies of each Form 1095-C.
- Employers who must file 250 or more of a form will be required to file electronically.
- Extensions of the time in which to file may be requested for Forms 1094 and 1095 as for any other return.



Complying with the IRS's Affordable
Care Act Reporting Requirements

Penalties for Failure to File

- \$250 per day for each Form 1094 and 1095 statement that is *missing, late or incomplete*.
- Total annual maximum penalty limit is \$3 million.
- Same penalties as for failure to file or late filing of income tax informational returns to the IRS and the issuance of Forms W-2 and 1099 to employees and independent contractors.



Complying with the IRS's Affordable
Care Act Reporting Requirements

Evaluation:

https://unc.qualtrics.com/SE/?SID=SV_6m28CfRuIyLLmLP



Complying with the IRS's Affordable
Care Act Reporting Requirements
