

Presented By Lisa Carlson ERISA Counsel October 7, 2015 | www.usi.biz





Today's Agenda

- Overview
- 2015 Requirements
- Delivery Requirements
- What to Collect
- Penalties
- Action Items



Overview

Under the ACA, the federal government, state governments, insurers, employers, and individuals share responsibility for improving the quality and availability of health insurance coverage in the United States

Individual Mandate

- Beginning in 2014, for each month of a calendar year (CY), individuals must:
 - ¬ Have MEC;
 - Qualify for an exemption; or
 - ¬ Pay a tax when filing individual tax returns
- Applies to all U.S. citizens, residents, and resident aliens unless an exemption applies
- MEC Reporting (Code 6055)

Employer Mandate

- Beginning in 2015, ALEs may face penalties when one FTE receives subsidized coverage in a Marketplace and the employer:
 - Does not offer the FTE and children to age 26 MEC; or
 - Offers unaffordable or non-minimum value (MV) MEC
- 4980H Reporting (Code 6056)



Overview

Beginning with calendar year (CY) 2015, applicable large employers (ALEs), those with 50 or more full-time employees (FTEs), must use Forms 1094-C and 1095-C to report the information required under Internal Revenue Code (Code) sections 6055 and 6056 about offers of minimum essential coverage (MEC) and enrollment in MEC by employees

These forms are used by the IRS to determine whether:

- A large employer owes a penalty payment under the employer mandate,
- An employee is eligible for subsidies to purchase coverage in the Marketplace, and
- An individual has MEC in order to avoid a penalty tax under the individual mandate



Overview

Minimum essential coverage (MEC) is the technical term for most types of health insurance coverage under the Affordable Care Act (ACA)

It includes employer sponsored group health plan coverage, Medicare, Medicaid, and individual health insurance coverage

MEC does not include excepted benefits (e.g., dental, vision, health FSA)

For 6055/6056 reporting purposes, MEC is health coverage under an eligible employer sponsored group health plan (insured or self-insured)



Small vs. Large Employer

Applicable large employers use Form 1094-C and 1095-C to report information about offers of minimum essential coverage and enrollment in such coverage

An employer needs to determine small or large employer status to understand responsibilities with respect to the forms

Small Employer

 An employer that had fewer than 50 FTEs (including full-time equivalent employees) in the preceding calendar year

Applicable Large Employer (ALE)

- An employer that had 50 or more FTEs (including full-time equivalent employees) in the preceding calendar year
 - Employers eligible for 50-99 FTE transition relief must still complete reporting for CY 2015
- Controlled group rules apply all employees in a controlled group are taken into account to determine large employer status



2015 Reporting Requirements

Large employers (those with 50 or more full time equivalent employees) must complete, distribute, and file these forms beginning in early 2016 for CY 2015

	What to complete?	When? *
Large employer with	All applicable parts of	Forms 1095-C must be furnished to each FTE by
an insured health plan	Form 1094-C	Feb. 1, 2016 for CY 2015
	Parts I and II of Form 1095-C for each FTE	Form 1094-C and all Forms 1095-C must be furnished to the IRS by Feb. 29, 2016 to (unless filing electronically, then Mar. 31, 2016)
Large employer with a self-insured health plan		Forms 1095-C must be furnished to each FTE and each covered employee/individual by Feb. 1, 2016
(Note, small employer	All parts of Form 1095-C	
self funded plan must issue 1095-B to covered persons)	for each FTE and each covered employee/ individual	Form 1094-C and all Forms 1095-C must be furnished to the IRS by Feb. 29, 2016 (unless filing electronically, then Mar. 31, 2016)

^{*} For 2015, because January 31, 2016 and February 28, 2016 fall on a Sunday, the forms are due by February 1, 2016 and February 29, 2016 respectively



The "C" Forms

1095-	-C		-					t www.in		_		C	ORR	CTED	•	20	14		
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Street address (inc					,		9 Street a									telephone r		((
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Applicable tion 4980H Sate foor (enter code, pplicable)																			
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If Emp	ployer provi	ided self-insu	red coverage	e, check the	box and ente	er the infor	mation for	each co	vered in	ndividua									
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- 1094-C Transmittal Form used to report to the IRS summary information for each employer and to transmit all Forms 1095-C http://www.irs.gov/pub/irs-pdf/f1094c.pdf
- 1095-C reports information about each FTE; also provides information on employees and family members covered by the self-insured plan http://www.irs.gov/pub/irs-pdf/f1095c.pdf
- Instructions to "C" Forms http://www.irs.gov/pub/irs-pdf/i109495c.pdf



Form 1094-C

1094-C	Transmitta	al of Employer-Pr	ovided Health I	nsurance Offer and	CORRECTED	120115 OMB No. 1545-2251
Form I U94-U	Transmitte		nformation Ret			@@44
Department of the Treasury Internal Revenue Service	► Information	on about Form 1094-C and				2014
Part I Applicable L	arge Employer Me	ember (ALE Member)				
1 Name of ALE Member (Emp	loyer)	•		2 Employer identification number (EIN)	
3 Street address (including ro	om or quito no l					
3 Street address (including to	on or suite no.,					
4 City or town			5 State or province	6 Country and ZIP or foreign postal code	в	
7 Name of person to contact				8 Contact telephone number		
Name of Designated Govern	nment Entity (only if applicab	ole)		10 Employer identification number (EIN)		
11 Street address (including ro	om or suite no.)			•	For Offi	cial Use Only
12 City or town			13 State or province	14 Country and ZIP or foreign postal code		cial Ose Offig
12 City or town			13 State of province	14 Country and 21F or loreign postal code	пп	
15 Name of person to contact				16 Contact telephone number		шшш
17 Reserved	4005 O autoritud					
18 Total number of Form Part II ALE Membe		with this transmittai .				. •
7122 11011130						
				nue. If "No," see instructions		
20 Total number of Forn	ns 1095-C filed by and	d/or on behalf of ALE Me	mber			. •
21 Is ALE Member a me	mber of an Aggregate	ed ALE Group?				. Yes No
If "No," do not comp	lete Part IV.					
22 Certifications of Elig	gibility (select all that	t apply):				
A. Qualifying Offer	Method	B. Qualifying Offer Meth	od Transition Relief	C. Section 4980H Transition	Relief	D. 98% Offer Method
Under penalties of perjury, I	declare that I have exami	ined this return and accomp	anying documents, and to	the best of my knowledge and belief, they	are true, correct, and	complete.
))	
For Privacy Act and Papare	work Doduction Act Not	tico poo poparato instructi	Title	0-1 N- 01574	Date	= 4004 C
For Privacy Act and Paperv	VORK REQUESTION ACT NOT	tice, see separate instructi	ons.	Cat. No. 61571A		Form 1094-C (2014)



1094-C Part I

150112

Form 1094-C
Department of the Treasury

Internal Revenue Service

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

CORRECTED

OMB No. 1545-2251

► Information about Form 1094-C and its separate instructions is at www.irs.gov/f1094c.

)		
	2 Employer identification number (EIN)	
	91-55555	
	·	
5 State or province	6 Country and ZIP or foreign postal code	
WA	98101	
•	8 Contact telephone number	
	206-555-1212	
	10 Employer identification number (EIN)	
		For Official Has Only
		For Official Use Only
13 State or province	14 Country and ZIP or foreign postal code	
		nmmm
·	16 Contact telephone number	шшшшш
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		▶ 400
	5 State or province WA 13 State or province	2 Employer identification number (EIN) 91-55555 5 State or province 6 Country and ZIP or foreign postal code WA 98101 8 Contact telephone number 206-555-1212 10 Employer identification number (EIN)

- Employer name, address & EIN, contact person, and phone number (do not complete lines 9-16 unless applicable only certain governmental units see appendix)
- □ Total number of Forms 1095-C submitted with the transmittal form



1094-C Part II

Part ALE Member Information			
19 Is this the authoritative transmittal for the	is ALE Member? If "Yes," check the box and conti	nue. If "No," see instructions	X
20 Total number of Forms 1095-C filed by	and/or on behalf of ALE Member		▶ 400
21 Is ALE Member a member of an Aggreg	ated ALE Group?		
If "No," do not complete Part IV.			
22 Certifications of Eligibility (select all t	hat apply):		
A. Qualifying Offer Method	B. Qualifying Offer Method Transition Relief	X c. Section 4980H Transit	ion Relief D. 98% Offer Method
Under penalties of perjury, I declare that I have ex	amined this return and accompanying documents, and to	the best of my knowledge and belief, the	ey are true, correct, and complete.
Larry Johnson	VP HR		February 10, 2016
For Privacy Act and Paperwork Reduction Act	Notice, see separate instructions.	Cat. No. 61571A	Porm 1094-C (2014)
	 Authoritative transmittal 		
	□ Total number of Forms 1095-	C filed by this employe	r
	Member of a controlled gro	up (aggregated ALE g	roup)
	☐ Certify eligibility for relief		
	☐ Signature, title and date		

USI

(d)

(e)

om 1094-C (2014) Part III ALE Memb	er Information — N	Monthly				Pa
	Offer Ir	sential Coverage ndicator	(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				Transition Heller Indicator
All 12 Months	X				X	A B
4 Jan						-
25 Feb						
26 Mar						
27 Apr						
28 May						
29 June						
30 July						
31 Aug						
32 Sept						
3 Oct						
14 Nov						

(b)

(C)

(a)

Dec

1094-C Part III

- Column (a). Did the employer offer MEC in the CY and for how long?
- Column (b). The FTE count for each month (unless eligible for 98% transition relief)
- Column (c). The total employee count for each month
- Column (d). Indicate if the employer is part of a controlled group
- Column (e). Certify eligibility for relief (either 50-99 FTE relief or 70%/80 relief)

Form 1094-C (2014)



120315 Page 3

Form 1094-C (2014)

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	

1094-C Part IV

Only complete if part of a controlled group of companies

 Name and EIN of each member of the controlled group during the CY



Form 1095-C

Form 1095 Department of the Internal Revenue Se	Treasury					Health 5-C and its								_	OID	ECTE			ьо . 1545-22	
	ployee									IlaaA	cable L	arge	Emplo	ver Me	ember	(Emr	olover)			
1 Name of employ					2 Soci	al security nur	mber (SSI	N) 7	7 Name of			3-		,		` ' '	, ,	r identifica	ation num	ber (EIN)
3 Street address	including apart	ment no.)						9	Street ad	dress (in	cluding roo	om or sui	te no.)			10	O Contact	telephone	number	
4 City or town		5 State or pro-	rince		6 Coun	try and ZIP or	foreign po	stal code 1	1 City or to	wn		12 St	ate or pro	vince		10	3 Country a	and ZIP or f	oreign post	tal code
Part II Em	ployee Off	er and Co	verage																	
	All 12 Months	s Jan	Feb		Mar	Apr		May	June		July		Aug	Sep	ot	Oc	t	Nov)ec
14 Offer of Coverage (enter required code)																				
15 Employee Share of Lowest Cost Monthly Premium,	9																			
for Self-Only Minimum Value Coverage	\$	\$	\$	\$		\$	\$		\$	\$		\$		\$	9	6	\$		\$	
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)	9																			
If En	rered Indiversity of the control of	vided self-ins	sured cov	erage, с		(c) DOB (If	SSN is	(d) Covere	d	ach co	overed in	ndividua		Months	of Cover	age				
(a) Nam	e or covered in	uividuai(a)		(D) 331	•	not avai	lable)	all 12 monti	hs Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17																				
18																				
19																				
20																				
21																				
22																				
For Privacy Act	and Paperwe	ork Reduction	Act Notic	e, see s	eparate	instruction	s.				Cet	No. 6070	5M					Form	1095-	C (2014)



1095-C, Part I

600115 VOID 1095-C OMB No. 1545-2251 **Employer-Provided Health Insurance Offer and Coverage** CORRECTED 2014 Department of the Treasury ▶ Information about Form 1095-C and its separate instructions is at www.irs.gov/f1095c. Internal Revenue Service Part I Employee Applicable Large Employer Member (Employer) 1 Name of employee 8 Employer identification number (EIN) 2 Social security number (SSN) 7 Name of employer 555-55-5555 **ABC Company** John Smith 91-555555 3 Street address (including apartment no.) 9 Street address (including room or suite no.) 10 Contact telephone number 123 Park Lane 456 Rose Way 206-555-1212 4 City or town 5 State or province 6 Country and ZIP or foreign postal code 11 City or town 12 State or province 13 Country and ZIP or foreign postal code 98101 Bellevue WA 98004 Seattle WA

- Employee name, SSN, address,
- Employer name, EIN, address, contact phone number



1095-C, Part II

Part II Emp		r and Cove	rage										
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1E												
15 Employee Share of Lowest Cost Monthly Premium,													
Monthly Premium, for Self-Only Minimum Value Coverage	\$ 100.00	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)	2C												

- ☐ Indicate the type of offer of coverage (if any) with appropriate Codes
- □ Indicate the lowest cost monthly premium for self-only MV coverage (not necessarily the cost the individual pays)
- □ Indicate any safe harbor that may apply with appropriate Code



Part II Emp	loyee Offer	r and Cove	rage	•				,	•				
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter	1E												
required code)													

Code Series I, Offer of Coverage

- 1A: Qualifying Offer: MEC of MV offered to FTEs with an employee contribution for self-only coverage that is equal to or less than the FPL safe harbor (based upon the 2015 FPL guidelines released by HHS, \$93.18) and at least MEC offered to a spouse an dependents
- 1B: MEC providing MV offered only to the employee
- 1C: MEC providing MV offered to the employee and at least MEC offered to dependents (not spouse)
- 1D: MEC providing MV offered to the employee and at least MEC offered to spouse (not dependents)
- 1E: MEC providing MV offered to the employee and at least a MEC plan offered to spouse and dependents
- **1F**: MEC not providing MV offered to the employee or the employee, spouse, and/or dependents
- 1G: Offer of coverage to employee who was not a FTE for any month of the CY and who enrolled in self-insured coverage for one or more months for the calendar year
- 1H: No offer of coverage (employee not offered any health coverage or the employee offered non-MEC)
- 11: Qualified offer transition relief 2015: employee and spouse or dependents received no offer of coverage, or received an offer that is not a qualified offer or received a qualified offer for less than 12 months (see appendix)



Code Series 2 4980H Safe Harbor Codes and Other Relief for Employers

2A: Employee was not employed during the month

2B: Employee was not a FTE

2C: Employee enrolled in coverage offered – this Code trumps any other Code (for example if both 2C and 2G apply, use 2C)

2D: Employee in a limited non-assessment period (e.g., initial measurement period, waiting period)

2E: Multiemployer interim rule relief

2F: W-2 Safe Harbor

2G: FPL Safe Harbor

2H: Rate of Pay Safe Harbor

21: Non-CY transition relief applies (generally non-CY plans)



Importance of Safe Harbor Determinations

These safe harbor options are available::

- W-2 Safe Harbor (Box 1)
- Rate of Pay Safe Harbor
- Federal Poverty Level Safe Harbor



1095-C, Part III

Covered Individuals If Employer provided self-insu	red coverage, check th	e box and enter th	ne informatio	on for e	ach co	vered in	ndividua	al. X						1	
(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN Is	(d) Covered all 12 months						Months						
		not available)	all 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
¹⁷ John Smith	555-55-5555		X												
¹⁸ Mary Smith	444-44-4444		X												
¹⁹ Peter Smith	333-33-3333		X												
²⁰ Susan Smith	222-22-2222		X												
21															
22															
For Privacy Act and Paperwork Reduction	Act Notice, see separate	instructions.				Cat.	No. 6070	5M					Form	1095-	C (2014

- Large employers sponsoring a **self-insured plan** must complete Part III check box to indicate self-insured coverage is provided
- Report the name and SSN of each individual enrolled in the coverage (including the employee, regardless of full-time status). A TIN may be used for family members if SSN is not available. DOB is not required if SSN is entered. Indicate the months during the reporting year (CY) the individuals had coverage.
- For example, if an employee covers himself, his spouse and two children, all four individuals are reported in Part III



Self-Insured Health Plan - Non-Employees

Use "C" forms to reflect MEC of non-employees in the CY

- Applies with respect to:
 - ¬ covered former employee not employed during the CY,
 - ¬ terminated employee with COBRA coverage who was not an employee during the entire CY,
 - a non-employee COBRA qualified beneficiary, or
 - ¬ other non-employees (watch MEWA issues)
- Form 1095-C complete Parts I, II and III
 - Use Code 1G to reflect coverage under a self-insured plan
 - ¬ Include any covered family members in Part III
- An insured employer does not report on the coverage offered to non-employees – carrier responsible

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
4 Offer of Coverage (enter equired code)	1G												
5 Employee Share of Lowest Cost Monthly Premium.													
Aonthly Premium, or Self-Only Ainimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
6 Applicable Section 4980H Safe Harbor (enter code, rapplicable)													

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	d (e) Months of Coverage								Dec			
Bob Miller	SSN	not dramately	X	Jan		Mai		May	Julie	July	Aug	Оерг			
18															
19															
20															
21															
2															
For Privacy Act and Paperwork Reduction A		Cat. No. 60705M									Form 1095-C (2014)				

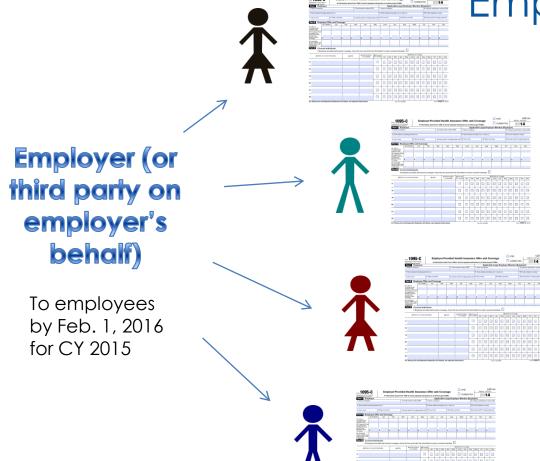


SSN vs. DOB

Reasonable efforts must be made to obtain the tax identification number (TIN, usually the SSN) for all covered individuals, but a date of birth (DOB) may be used in the event those reasonable efforts do not produce the TIN

- What's a reasonable effort?
 - Initial solicitation at the time the relationship with the covered individual(s) is established (e.g., upon hire or initial enrollment)
 - ¬ If unsuccessful, an annual solicitation must be made by Dec. 31 of the same year
 - ¬ If still unsuccessful, a second solicitation is required by Dec. 31 of the following year
 - ¬ If still unsuccessful, no penalties applied if a DOB is used in lieu of a TIN
- Medicare rules require collection of TINs (SSNs), so carriers and TPAs likely already have this information
 - ¬ Use of truncated SSNs is permissible





Employee Delivery

- Forms 1095-C are individual statements (specific to a single employee and applicable family members); employees use these forms when filing 2015 federal income tax returns
- Statements must be furnished on paper by mail unless the recipient affirmatively consents to receive the statement electronically
 - Consent to receive W-2
 electronically does not transfer
 to Form 1095-C delivery –
 separate consent needed



IRS Delivery

- Forms 1095-C are submitted to the IRS and provided to the participant for use when filing his/her federal income tax return for CY 2015
- Form 1094-C serves as a cover letter and is used to submit all of the Forms 1095-C to the IRS



All Forms 1095-C...



...are transmitted with one* Form 1094-C...

*An employer may file multiple Forms 1094-C, but one "Authoritative Transmittal" must be filed for each employer





...to the IRS by Feb. 29, 2016 for CY 2015 (or Mar. 31, 2016 if filing electronically)

Filers of 250 or more Forms must file electronically



Penalties

Penalties may apply for failure to provide or furnishing incorrect or incomplete Forms 1094-C and 1095-C

- Range from \$50/Form (\$500,000 annual max.) for failure to furnish corrections within 30 days to \$250/Form (\$3M annual max.) for failure to timely file or furnish forms to individuals
- Intentional failure to file is \$500 per form with no annual cap
- Penalties were recently increased significantly in relation to these form filings as well as filing W-2 and W-3 forms
- 2015 Relief: No penalties when employers have made good faith efforts to comply with these reporting requirements – however no relief for a failure to timely file or furnish the statements
- Otherwise penalties may apply, however they can be waived or reduced for reasonable cause



Information to Collect

Basic Information (1094-C & 1095-C)

- ☐ Name, EIN, address, contact person, contact person's phone number
- ☐ If part of a controlled group, name and EIN of other employer members
- ☐ If health plan coverage is offered, funding status during the calendar year (insured or self-insured)
- ☐ Calendar year (CY) reported (e.g., 2015)
- ☐ Name, address, social security number (SSN) of all FTEs

Employer Information Reported On a Monthly Basis (1094-C)

- ☐ Was an offer of MEC made to at least 95% of FTEs and children to age 26 for each month of CY?
- ☐ Total number of FTEs for each month of the CY
- ☐ Total number of all employees (FTEs and non full-time) for each month of the CY
- □ 2015 transition relief eligibility: medium sized employer relief or 70%/80 relief

FTE Information Reported On a Monthly Basis

- ☐ The health plan coverage, if any, offered to the FTE (and any family members) each month of the CY
- ☐ The self-only premium an employee must pay for the lowest-cost plan that provides minimum value
- The reason why an employer would not be subject to a penalty for a particular month (e.g., employee in waiting period, employee in IMP)
- ☐ The months for which the employer relied on non-CY relief with respect to the FTEs

If Self-Insured, Covered Employee Information Reported On a Monthly Basis

□ Names, SSN (or TIN of family members if SSN is not available) and months of coverage for any employee/non-employee (e.g., retiree, COBRA QB) (and their family members) covered by the self-insured health plan during the CY

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Subject to change as guidance develops



Who Does the Reporting?

No one vendor is likely to have all of this data

- Payroll Vendor
- Benefits Administrator/Third Party Administrator
- Insurance Carrier
- Have you discussed who will be doing this reporting?
 - Payroll vendor
 - Internal Resource
 - Outsourced to another entity
 - Accountant
- Liability for reporting most often stays with the employer



What to Do Now!

Action Items – Large Employers

- Begin to track and collect information necessary to complete Forms 1094-C and 1095-C for CY 2015 (due in early 2016)
- Be mindful if you change funding arrangements (insured to self-insured or vice versa)
 mid-CY as this will likely impact your required reporting
- Also, watch any other mid-year changes that impact affordability or the nature of health plan coverage (e.g., single coverage to family coverage) as this will impact the information reported on a monthly basis
- Coordinate with payroll and benefits providers to see what if any assistance is available for 1094-C and Forms 1095-C preparation
 - The Employers are permitted to use a third party to facilitate filing returns and furnishing employee statements, although the large employer remains responsible for the reporting under Section 6056



Questions?

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