

# ACA Large Employer IRS Reporting Requirements: Form 1094-C and 1095-C



Presented by:  
Caitlin M. Gadel  
Phone: (952) 921-4619  
Email: [cgadel@seatonlaw.com](mailto:cgadel@seatonlaw.com)



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

## INTRODUCTION

- ▶ Separate from the 'Pay vs. Play' (Employer Mandate) rule, certain employers are required to report information about their workforce and insurance to the IRS beginning in 2016 about the 2015 calendar year.
- ▶ These employers are also required to give full-time employees a copy of this information.
- ▶ In March 2014, the IRS finalized the requirements.
- ▶ Originally, this reporting was required beginning January 1, 2015 (about 2014) but the IRS delayed the reporting requirements.



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

# WHO MUST REPORT?



## LARGE EMPLOYERS

- Applies to “large employers” as defined under the Employer Mandate (“Pay vs. Play”) rules.
- **50 or more Full-time + Full-time equivalent (FTEs) during the preceding calendar year.**
  - These are the employers that generally may be liable for a penalty under the Employer Mandate.
  - Employers with 50-99 employees will not be penalized in 2015 for not offering coverage, but this did not change the definition of large employer.
  - Only employers who have full-time employees are required to report.



## CONTROLLED GROUPS

- ▶ Controlled groups are taken into consideration.
  - ▶ All employees of all members of a controlled group are added together to determine the size of the controlled group.
  - ▶ Each member of the controlled group must file their own, separate employer reporting form.
  - ▶ There are additional rules for controlled groups.
  - ▶ Check to see if there your business has related entities.



## WHAT INFORMATION NEEDS TO BE REPORTED TO THE IRS AND GATHERED BY THE EMPLOYER?



## EMPLOYER INFORMATION

- ▶ The employer name, address, and EIN/TIN;
- ▶ Name and phone number of a contact person;
- ▶ Calendar year that relates to the information;
- ▶ For each calendar month, whether the employer offered its full-time employees and their dependents the opportunity to enroll in a plan that offered minimum essential coverage and minimum value;
- ▶ Percent of full-time employees who were offered coverage;
- ▶ Employer mandate transition relief;



## EMPLOYER INFORMATION

- ▶ The number of full-time employees each month;
- ▶ The total employees each month (using one of the following methods):
  - ▶ 1. First day of each month;
  - ▶ 2. Last day of each month;
  - ▶ 3. First day of the first payroll period that begins each month; and,
  - ▶ 4. Last day of the last payroll period that ends each month.



## EMPLOYEE INFORMATION

- ▶ The name, address, and SSN/taxpayer ID of each full-time employee during the calendar year and the months, if any, the employee was covered under the plan.
- ▶ An offer of coverage only counts if it would have provided coverage for every day in the calendar month (unless the employee was terminated).
- ▶ Each full-time employee's share of the lowest cost monthly premium for self-only minimum essential coverage, by calendar month;
- ▶ The safe harbor used to determine if the plan was affordable.



## INDICATOR CODES

- ▶ Types of coverage offered:
  - ▶ 1A. Qualifying Offer.
  - ▶ 1B. Minimum essential coverage providing minimum value offered to employee only.
  - ▶ 1C. Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) (not spouse).
  - ▶ 1D. Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to spouse (not dependent(s)).
  - ▶ 1E. Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse.



## INDICATOR CODES

- ▶ 1F. Minimum essential coverage NOT providing minimum value offered to employee, or 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 and who enrolled in self-insured coverage for one or more months of the calendar year.
- ▶ 1H. No offer of coverage.
- ▶ 1I. Qualifying Offer Transition Relief 2015.



## INDICATOR CODES

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



## INDICATOR CODES

- ▶ Other codes:
  - ▶ 2A. Employee not employed during the month.
  - ▶ 2B. Employee not a full-time employee. Enter code 2B if the employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month.
  - ▶ 2C. Employee enrolled in coverage offered.



## DO NOT REPORT

- ▶ Do not report:
  - ▶ If employer anticipates being a large employer the next year.
  - ▶ Do not report specific information about any look-back measurement method that was utilized.
  - ▶ Do not report information about employees in a “limited non-assessment period” for the entire year.



# WHERE DOES THE INFORMATION GET REPORTED?



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

## 1094-C Employer Form

<http://www.irs.gov/pub/irs-pdf/f1094c.pdf>

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

Department of the Treasury Internal Revenue Service

OMB No. 1545-2251

2014

120115

Information about Form 1094-C and its separate instructions is at [www.irs.gov/1094c](http://www.irs.gov/1094c).

**Part I Applicable Large Employer Member (ALE Member)**

1 Name of ALE Member (Employer) 2 Employer identification number (EIN)

3 Street address (including room or suite no.)

4 City or town 5 State or province 6 Country and ZIP or foreign postal code

7 Name of person to contact 8 Contact telephone number

9 Name of Designated Government Entity (only if applicable) 10 Employer identification number (EIN)

11 Street address (including room or suite no.)

12 City or town 13 State or province 14 Country and ZIP or foreign postal code

15 Name of person to contact 16 Contact telephone number

**For Official Use Only**

17 Reserved

18 Total number of Forms 1095-C submitted with this transmittal

**Part II ALE Member Information**

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member

21 Is ALE Member a member of an Aggregated ALE Group?  Yes  No  
If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

A. Qualifying Offer Method  B. Qualifying Offer Method Transition Relief  C. Section 4980H Transition Relief  D. 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature Title Date

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 61571A Form **1094-C** 2014

ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited



# 1094-C Employer Form

http://www.irs.gov/pub/irs-pdf/f1094c.pdf

Form 1094-C 2015  
Page 2

**Part III ALE Member Information – Monthly**

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

Form 1094-C 2015

# 1095-C Employer Form

http://www.irs.gov/pub/irs-pdf/f1094c.pdf

Form 1095-C 2014  
Page 1

**1095-C Employer-Provided Health Insurance Offer and Coverage**

Department of the Treasury  
Internal Revenue Service

VOID  
CORRECTED

OMB No. 1545-2231  
2014

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

**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.)  
10 Contact telephone number  
11 City or town  
12 State or province  
13 Country and ZIP or foreign postal code

**Part II Employee Offer and Coverage**

14 Offer of Coverage (Enter optional code)

All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec

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

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

16 Applicable Section 4980H Code (Enter letter 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.

Can. No. 60709M Form 1095-C 2014

## COMBINED REPORTING

- ▶ Employers who are also issuers of minimum essential coverage (employers that offer major medical self-insured coverage) need to report certain information to the IRS. This information is combined with the large employer reporting requirements and all information is reported on a single form 1095-C.
- ▶ Large employers with fully-insured coverage will use the I.R.C. §6056 portion (the top part) of the form and will leave the rest blank because the insurer is responsible for the I.R.C. §6055 information for insured group health plans.



## ELECTRONIC FILING

- ▶ Employers filing more than 250 forms (each employee form counts as one) are required to file to forms electronically.
- ▶ Smaller employers are encouraged to file the forms electronically.



## FORMS TO EMPLOYEES

- ▶ Employers must give information to full-time employees (even if they decline coverage).
- ▶ May provide a copy of Form 1095-C or a substitute statement (as long as that statement has all the required information).
- ▶ Employers can send this information by first class mail to the employee's last known address.
  - ▶ Employees can consent to receive the information electronically, but because the information is important for the employee's tax purposes, the consent must specifically reference the reporting requirements and explain the importance of the information.
  - ▶ I.E. general ERISA electronic consent will not satisfy the requirement.

Seaton | Peters | Revnew  
*The Lawyers for Employers*



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

## GENERAL REPORTING METHOD

- ▶ General Reporting Method:
  - ▶ Fill out 1094-C and 1095-C for all full-time employees.
  - ▶ “Simplified” reporting methods if the employer offers sufficient coverage to make it unlikely that they will be subject to an employer mandate penalty and employees are not eligible for premium tax credits.

Seaton | Peters | Revnew  
*The Lawyers for Employers*



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

## QUALIFYING OFFER METHOD

- Reporting Based on Certification of Qualifying Offers:
  - Must certify that for all months during the year in which the employee was a full-time employee the employer:
    - (1) offered minimum essential coverage providing minimum value at an employee cost for employee-only coverage not exceeding **9.5% of the mainland single federal poverty line** to one or more of its full-time employees.
    - Federal poverty line in 2015 = \$11,770. Employees can pay about \$93/month.
    - (2) offered minimum essential coverage to the employee's spouses and dependents (a qualifying offer).



## 2015 QUALIFYING OFFER METHOD

- Alternative Method Based on Certification of Qualifying Offers for 2015 Solely for 2015:
  - To use this method the employer must certify that it has made a **qualifying offer** to at least 95% of its full-time employees and to their spouses and dependents.



## 98% OFFERS

- ▶ Option to Report Without Separate Identification of Full-Time Employees if Certain Conditions Related to Offers of Coverage Are Satisfied (98 Percent Offers):
  - ▶ Don't have to identify whether a particular employee is a full-time employee for one or more calendar months of the reporting year or report the total number of its full-time employees for the reporting year, if it certifies that it offered minimum essential coverage providing minimum value that was affordable to at least 98% of the employees (that are reported on 1095-C), and their dependents (regardless of whether the employee is a full-time employee for employer mandate purposes).

Seaton | Peters | Revnew  
*The Lawyers for Employers*



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

## 98% OFFERS

- ▶ Example: Employer has 1,000 employees who are expected to have at least 27 hours of service per week in a calendar year. Employer does not want to determine which of these employees are full-time employees for purposes of the employer mandate. Before the start of the year, Employer makes an offer of minimum essential coverage providing minimum value that is affordable to 990 of these 1,000 employees and reports under IRC §6056 for all 1,000 employees.
  - ▶ Employer is not required to report either the total number of full-time employees for the year or whether any particular employee was a full-time employee for any calendar month during the year.

Seaton | Peters | Revnew  
*The Lawyers for Employers*



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

## WHEN DOES THE INFORMATION GET REPORTED?



## DUE DATES

- ▶ The timing is similar to W-2 reporting.
  - ▶ The information must be given to individuals by Jan. 31.
    - ▶ Jan. 31 2016 is a Sunday – so the form is due Monday Feb. 1, 2016.
  - ▶ Information must be filed with the IRS by February 28 (March 31 if filed electronically).
    - ▶ Feb. 28, 2016 is a Sunday – so the form is due Monday, March 1, 2016.
- ▶ The timing does not change if an employer operates with a non-calendar plan year.
  - ▶ While it might be easier to collect information on a plan-year basis, employees need the information to file their taxes.



# WHY DO EMPLOYERS HAVE TO REPORT THIS UNFORMATION



## ENFORCEMENT OF ACA PROVISIONS

- ▶ This information is needed to:
  - ▶ Enforce the employer mandate penalty;
  - ▶ Administer premium tax credits; and,
  - ▶ Enforce the Individual Mandate.



## PENALTIES

- ▶ Penalties apply for failure to file.
  - ▶ The penalty for not filling out these returns is \$100 per failure, not to exceed \$1.5 million.
  - ▶ However, for the first year of filing, the IRS has stated that penalties will not be assessed against employers that make a good-faith effort.
  - ▶ Generally, filing late does not meet the good-faith effort requirements.



## HOW DO EMPLOYERS PREPARE FOR REPORTING?





## THIRD PARTIES

- ▶ While employers are responsible for the reporting, they may contract with third parties to help with the reporting.
- ▶ Employers will always be responsible if there is a mistake or penalty as a result of the mistake.
- ▶ There can only be one “master” Form 1094-C submitted to the IRS.
  - ▶ Be careful if utilizing multiple third parties to help facilitate reporting.
    - ▶ For example if third party A collects information about office location 1 and third party B collects information about office location 2.
  - ▶ Each employee must receive only one Form 1095-C.

Seaton | Peters | Revnew  
*The Lawyers for Employers*



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

## REMEMBER

- ▶ Additional guidelines for employers participating in multiemployer plans.
  - ▶ Communicate with multiemployer plan administrators now to make sure everyone is on the same page about responsibilities for reporting requirements.

Seaton | Peters | Revnew  
*The Lawyers for Employers*



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

## VERIFY INFORMATION NOW

- ▶ Verify that coverage offered is affordable, offers minimum value, and provides minimum essential coverage.
- ▶ Verify and track the cost to employees.
- ▶ For each calendar month, track who is offered coverage and who is enrolled in coverage.
  - ▶ Remember, in order to be an offer of coverage the employee must be able to get coverage for every day in the calendar month.
- ▶ Identify and track full-time employees and total employees for each calendar month.
- ▶ Track and verify employer mandate transition relief.
- ▶ Track and verify affordability safe harbor

 Seaton | Peters | Revnew  
*The Lawyers for Employers*



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

### What you'll need for Form 1095-C

- Who is a full-time employee for each month.
- Identifying information for employer and employee such as name and address.
- Information about the health coverage offered by month, if any.
- The employee's share of the monthly premium for lowest-cost self-only minimum value coverage.
- Months the employee was enrolled in your coverage.
- Months the employer met an affordability safe harbor with respect to an employee and whether other relief applies for an employee for a month.
- If the employer offers a self-insured plan, information about the covered individuals enrolled in the plan, by month.

### What you'll need for Form 1094-C

- Identifying information for your organization.
- Information about whether you offered coverage to 70% of your full-time employees and their dependents in 2015. (After 2015 this threshold changes to 95%.)
- For the authoritative transmittal
  - » Total number of Forms 1095-C you issued to employees.
  - » Information about members of the aggregated applicable large employer group, if any.
  - » Full-time employee counts by month.
  - » Total employee counts by month.
  - » Whether you are eligible for certain transition relief.

 Seaton | Peters | Revnew  
*The Lawyers for Employers*



ExpertQuote, Inc – Your Benefits Team

Copyright 2015. Confidential Duplication Prohibited

THANK YOU!

Presented by:  
Caitlin M. Gadel  
Phone: (952) 921-4619  
Email: [cgadel@seatonlaw.com](mailto:cgadel@seatonlaw.com)

