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## How to Complete ACA Reporting

As we move closer to the Affordable Care Act (ACA) report filing deadlines, many organizations are faced with the daunting task of completing the IRS ACA reporting documents. The IRS recently released final forms and instructions. Although most of this article is not applicable to organizations with fewer than 50 FT or Full-Time Equivalents (FTEs) who offer fully insured plans, they too must understand when these requirements apply.

In this article, we will provide the important areas of consideration and some guidance to help make your ACA Reporting smooth and effective.

### Who needs to file?

Employers with 50 or more employees are considered Applicable Large Employers (ALEs) and must report, as well as employers of any size who provide employer-sponsored self-insured health coverage. ALEs are those with 50 or more FTEs on business days in the preceding calendar year. Employees of all entities under common ownership must be counted. Employers with fewer than 50 FTEs who provide employer-sponsored self-insured health coverage are held to the same reporting requirements as ALEs.

### Control Group/Common Ownership Consideration

Don't forget the Employer Aggregation Rules. Companies that have a common owner or are otherwise related under rules of IRC section 414 typically fall into one bucket and are treated as a single employer for determining ALE status and are subject to the employer shared responsibility provisions, even if separately the employers would not be an ALE, and even if each entity has its own separate EIN. [Click here for additional information about Aggregation Rules.](#)

### Which Reports do I need to file?

1. [1094-C](#) and [1095-C](#): Employers with 50+ employees will need to use these forms to report both fully-insured and self-insured plans. Once completed for each employee, they must be submitted to the IRS using submittal form 1094-C.
2. [1094-B](#) and [1095-B](#): Employers with fewer than 50 employees who provide employer-sponsored self-insured health coverage will use form 1094 & 1095-B. [Click here for 1094-B and 1095-B IRS instructions.](#)

### What information is required?

Employers with 50+ employees will complete the "C" reporting regardless of whether sponsoring or participating in a fully insured or self-funded plan. The "B" reporting is for insurance carriers, small self-funded plans, and for employers.

Employers must complete Form 1095-C for each full-time employee and distribute to full-time employees by **Jan. 31** of each year and "transmit" all the individual 1095-Cs (information return) to the IRS along with Form 1094-C (transmittal form).

There is a system of codes (explained below) employers must use in various lines of the forms to indicate the employee's employment and health coverage with the employer during the 2015 calendar year.

**How do I complete the forms?** Under section 6055/6056, returns must be filed with the IRS according to the following instructions:

### **1094-C INSTRUCTIONS**

An employer must file a Form 1094-C (Transmittal Form) when it files one or more Forms 1095-C. Click here for [full IRS 1094-C instructions](#).

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

**Line 1-8:** Enter employer information and individual responsible for answering questions.

**Lines 9-16:** Designated Governmental Entities (DGE) only.

**Line 17:** Leave blank

**Line 18:** Enter the total number of Forms 1095-C that are being transmitted with the Form 1094-C.

**Line 19:** If this is the Authoritative Transmittal for this ALE member, then check the box on Line 19 (One Authoritative Transmittal must be filed for each ALE, even if the employer files several 1094-Cs or if the ALE is a member of an aggregated group.)

**Authoritative Transmittal:** Form 1094-C designated as the Authoritative Transmittal. Although an employer may file multiple Forms 1094-C, one "Authoritative Transmittal" Form 1094-C, identified on Line 19, Part I as the Authoritative Transmittal. One of the filed Forms 1094-C is designated as the Authoritative Transmittal and reports aggregate employer-level data. There must be only one Authoritative Transmittal filed for each employer. If this is the only Form 1094-C being filed for the employer, this Form 1094-C must report aggregate employer-level data for the employer and be identified on Line 19 as the Authoritative Transmittal.

### **PART II: [ALE Member Information](#)**

**Lines 20-22** to be completed only on the Authoritative Transmittal.

**Line 20:** The total number includes all Forms 1095-C that are filed for any individuals who enrolled in the employer-sponsored self-insured plan and that are filed with a separate transmittal filed by or on behalf of the employer.

**Line 21:** Check "No" and do not complete Part III, column (d), or Part IV if, for all 12 months of the calendar year, the employer was not a member of an Aggregated ALE Group.  
**Line 22:** An employer may be eligible to use an alternative reporting method and/or a form of transition relief if any of the following apply:

**A. Qualifying Offer Method:** An employer is eligible to use this method if it certifies it made a qualifying offer of Minimum Essential Coverage (MEC) providing minimum value to at least one full-time employee for all months during the year in which the employee was a full-time employee for whom an employer shared responsibility payment could apply. [Click here for additional details available under Part II, line 22 of the IRS instructions.](#)

**B. Qualifying Offer Method Transition Relief for 2015:** An employer is eligible to use this method if it certifies it made a qualifying offer for at least one month in calendar year 2015 to at least 95% of its FTEs. This does not include employees in a *Limited Non-Assessment Period*, i.e., a period during which an ALE is not subject to the employer pay-or-play penalty for a full-time employee, whether or not the employee was offered health coverage during that period. 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. [Click here for LNAP examples.](#)

**C. Section 4980H Transition Relief:** An employer is eligible to use this method if:

- The employer is an ALE or is part of an Aggregated ALE Group that had 50 to 99 full-time employees, including full-time equivalent employees, on business days in 2014;
- During the period of February 9, 2014, through December 31, 2014, the ALE or the Aggregated ALE Group of which the employer is a member did not reduce the size of its workforce or reduce the overall hours of service of its employees in order to qualify for the transition relief; and
- During the period of February 9, 2014, through December 31, 2015 (or, if the employer has a non-calendar-year plan(s)), ending on the last day of the 2015 plan year) the ALE or Aggregated ALE Group of which the employer is a member does not eliminate or materially reduce the health coverage, if any, it offered as of February 9, 2014.

For an employer that is eligible for this 2015 transition relief, no assessable payment under section 4980H(a) or (b) will apply for any calendar month during 2015 and, if the employer has a non-calendar-year plan, will not apply for the portion of the 2015 plan year that falls in 2016.

**D. 98% Offer Method:** An employer is eligible to use this method if the employer offered affordable health coverage providing minimum value to at least 98% of its employees for whom it is filing a Form 1095-C and offered Minimum Essential Coverage to those employees' dependents. If an employer uses this method, it is not required to complete the "Full-Time Employee Count" in Part III, column (b).

**PART III: ALE Member Information-Monthly (Lines 23-25)**

**Column (a): MEC Offer Indicator**

Note that although the instructions below say 95%, they also clarify later (page 16) that an employer can check yes if it offered coverage to at least 70% of full-time employees for calendar months in the 2015 plan year.

- Check yes if the employer offered minimum essential coverage to at least 95% of its full-time employees and their dependents for the entire calendar year on Line 23 for "All 12 Months" or for each of the 12 calendar months.
- Check yes for each applicable month if the employer offered minimum essential coverage to at least 95% of its full-time employees and their dependents only for certain calendar months.
- Check no for the months, if any, for which the employer did not offer minimum essential coverage to at least 95% of its full-time employees and their dependents.
- Check no if the employer did not offer minimum essential coverage to at least 95% of its full-time employees and their dependents for any of the 12 months for "All 12 Months" for each of the 12 calendar months.

However, an employer that did not offer minimum essential coverage to at least 95% of its full-time employees and their dependents but is eligible for certain transition relief described in the instructions later under Section 4980H Transition Relief for 2015 should enter an "X" in the "Yes" checkbox for Part III, Line 23, column (a), as applicable. [Click here for Section 4980H Transition Relief for 2015.](#)

**Column (b): Full-Time Employee Count for ALE Member.** Enter the number of full-time employees for each month, but do not count any employee in a Limited Non-Assessment Period (LNAP). (If the number of full-time employees (excluding employees in a Limited Non-Assessment Period) for a month is zero, enter "0"). LNAP applies when someone is not offered coverage because they are within a measurement period to determine eligibility.

*Note the difference! In column (b) do not count employees in a LNP; but in column (c), employers do include employees in a LNP in the count.*

**Column (c): Total Employee Count for ALE Member.** Enter the total number of all of your employees, including full-time employees and non-full-time employees and employees in a Limited Non-Assessment Period, for each calendar month. An employer must choose to use one of the following days of the month to determine the number of employees per month and must use that day for all months of the year:

- The first day of each month;
- The last day of each month;
- The 12th day of each month;
- The first day of the first payroll period that starts during each month;
- The last day of the first payroll period that starts during each month (provided that, for each month, the last day falls within the calendar month in which the payroll period starts).

If the total number of employees was the same for every month of the entire calendar year, enter that number in line 23, column (c) "All 12 Months" or in the boxes for each month of the calendar year. If the number of employees for any month is zero, enter "0".

#### **Alternative Reporting Method**

An employer that is eligible to use the Qualifying Offer Method may furnish each full-time employee who didn't enroll in self-insured coverage with either a copy of Form 1095-C as filed with the IRS or a statement containing:

- Employer name, address, EIN and contact name and telephone number for additional information about coverage and employee information filed with IRS.
- A statement indicating the employee, spouse and dependents, if any, received a Qualified Offer for all 12 months of the calendar year and are therefore not eligible for a premium tax credit and directing the employee to [IRS Pub. 97, Premium Tax Credit \(PTC\)](#) for more information.

#### **Column (d): Aggregated Group Indicator**

An employer that checked "yes" on Part II, Line 21, must complete this column. The employer has the option to check Line 23 or to check some or all of Lines 24-35, as applicable. If any checks are made in this column, the employer must complete Part IV.

**Column (e): Section 4980H Transition Relief Indicator** An employer that selected C on Part II, Line 22 (certifying that it is eligible for Section 4980H Transition Relief), must enter either:

- Code A, if it is eligible for relief as an employer with 50-99 full-time employees; or
- Code B, if it is eligible for relief as an employer with 100 or more full-time employees and is eligible for the increased offset (from 30 to 80) allowed to be used for calculating penalties.

#### **PART IV: Other ALE Members of Aggregated ALE Group (Lines 36-65)**

An employer that checked "yes" on Part II, Line 21, must complete this part. [Click here for further instructions.](#)

#### **1095-C INSTRUCTIONS**

An ALE must file a Form 1095-C (Information Return) for each employee who was a full-time employee for at least one month of the calendar year, even if the employee was not offered or enrolled in coverage. An ALE that sponsors a self-insured plan must file a Form 1095-C for each employee, regardless of full-time status, who enrolls in the coverage or enrolls a family member in the coverage. [Click here for full IRS 1095-C instructions.](#)

#### ***Part I: Employee/ALE Member (Employer)***

**Lines 1-6:** Employee's name, address and SSN.

**Lines 7-13:** Enter Employer's Name, EIN, complete address, name and telephone number of the contact person responsible for answering questions (should match the one used on Form 1094-C).

**Part II: Employee Offer and Coverage (Lines 14-16)** [Click here for full instructions.](#)

### **Line 14: Employer Offer of Health Coverage**

#### **Table 1: LINE 14**

For each calendar 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 and do not complete the individual calendar month boxes, or complete all of the individual calendar month boxes.

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. Thus, if an employee terminates coverage before the last day of the month, the employee does not actually have an offer of coverage for that month. See line 16, code 2B later for how the employer may complete line 16 in the event an employee terminates coverage before the last day of the month.

If the employee was a full-time employee for at least one calendar month, a code must be entered for each calendar month January through December, even if the employee was not a full-time employee for one or more of the calendar months. Enter the code identifying the type of health coverage actually offered by the employer (or on behalf of the employer) to the employee, if any. Do not enter a code for any other type of health coverage the employer is treated as having offered (but the employee was not actually offered coverage). For example, do not enter a code for health coverage the employer is treated as having offered (but did not actually offer) under the dependent coverage transition relief, or non-calendar year transition relief, even if the employee is included in the count of full-time employees offered minimum essential coverage for purposes of Form 1094-C, Part III, column (a). If the employee was not actually offered coverage, enter Code 1H (no offer of coverage) on line 14.

For reporting offers of coverage for 2015, an employer relying on the multiemployer arrangement interim guidance should enter code 1H on line 14 for any month for which the employer enters code 2E on line 16 (indicating that the employer was required to contribute to a multiemployer plan on behalf of the employee for that month and therefore is eligible for multiemployer interim rule relief). For a description of the multiemployer arrangement interim guidance, see Offer of health coverage in the Definitions section. For reporting for 2015, Code 1H may be entered without regard to whether the employee was eligible to enroll or enrolled in coverage under the multiemployer plan. For reporting for 2016 and future years, ALE Members relying on the multiemployer arrangement interim guidance may be required to report offers of coverage made through a multiemployer plan in a different manner.

**Code Series 1:** These codes specify the type of coverage offered to an employee and his or her spouse and dependents. The codes, which are used to assess employee and family member eligibility for premium tax credits for coverage through the exchange, are:

**1A:** Qualifying Offer.

**1B:** MEC providing minimum value offered to the employee only.

**1C:** MEC coverage providing minimum value offered to the employee and at least MEC offered to the employee's dependent(s), but not spouse.

**1D:** MEC providing minimum value offered to the employee and at least MEC offered to the employee's spouse, but not dependent(s).

**1E:** MEC providing minimum value offered to the employee and at least MEC offered to the employee's dependent(s) and spouse.

**1F:** MEC not providing minimum value offered to the employee; to the employee and the employee's spouse or dependent(s); or to the employee and the employee's spouse *and* dependents.

**1G:** Offer of coverage to an 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.

**1H:** No offer of coverage.

**1I:** Qualifying Offer Transition Relief 2015.

Even if an employee was not a full-time employee for one or more of the months, a code must be entered for each calendar month. These codes identify the type of health coverage actually offered by the employer.

**Line 15:** Employee Share of the Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage.

**Table 2: LINE 15**

Complete Line 15 ONLY if code 1B, 1C, 1D or 1E is entered on Line 14. If you using 1A in line 14, Qualifying Offer Method, leave Line 15 blank for any month for which a Qualifying Offer is made. Enter the amount of the employee share of the lowest cost monthly premium for self-only MEC providing minimum value that is offered to the employee. To determine the monthly employee premium for the plan year, divide the total employee share of the premium for the plan year by the number of months in the plan year. If applicable, enter dollars and cents and if no employee contribution is required, enter "0.00" - do not leave blank. If the same amount applies to all 12 months, an employer may enter the amount either once in the "All 12 Months" box or in each monthly box. If the amount was not the same for all 12 months, an employer should enter the amount in each calendar month for which the employee was offered minimum value coverage.

If you entered 1G, 1F, 1H or 1I in line 14, also leave line 15 blank.

**Line 16: Applicable Section 4980H Safe Harbor.** The codes here indicate that one of the following situations applies to the employee:

- The employee was not employed or was not employed full-time;
- The employee enrolled in the MEC offered;
- The employee was in a limited non-assessment period;
- Non-calendar-year transition relief applied to the employee;
- The employer met one of the Section 4980H affordability safe harbors with respect to this employee; or
- The employer was eligible for multiemployer interim rule relief for this employee.

**Table 3: LINE 16**

Only one code may be entered per calendar month. If none of the codes apply for a particular calendar month, boxes may be left blank. When more than one code applies for the same month, use code 2C for any month in which an employee enrolled in MEC. If the same code applies to all 12 months, an employer may enter the code either once in the "All 12 Months" box or in each monthly box.

**Code Series 2:** An employer should understand all of the following code descriptions:

**2A:** To be used if an employee was not employed on any day of the calendar month. This includes terminated employees who were enrolled in COBRA coverage. Not to be used for a month in which the

individual was employed by the employer for any day of the month or for the month in which employment ends.

**2B:** To be used if an employee was not a full-time employee for the month and did not enroll in MEC, if offered for the month, or was a full-time employee for the month and whose coverage or offer of coverage ended before the last day of the month solely because the employee terminated employment during the month. (Assumes the coverage or offer of coverage would have continued if the employee had not terminated employment.). Also to be used for January 2015 if an employee was offered health coverage no later than the first day of the first payroll period that began in January 2015 and the coverage offered was affordable and provided minimum value.

**2C:** To be used if an employee enrolls in coverage offered. Not to be used 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. Also not to be used for any month in which a terminated employee is enrolled in COBRA continuation coverage (enter code 2A instead).

**2D:** To be used for any month in which an employee was in a limited non-assessment period. Also to be used if an employee was in an initial measurement period, rather than code 2B. Not to be used for an employee in a limited non-assessment period for whom the employer is also eligible for the multiemployer interim rule relief for the month (enter code 2E instead).

**2E:** To be used for any month for which the multiemployer arrangement interim guidance applies for the employee, regardless of whether any other code might also apply. If code 2C, 2F, 2G or 2H also applies, enter code 2E.

**2F:** To be used if the employer used the Section 4980H Form W-2 safe harbor to determine affordability for the employee for the year. If the safe harbor is used for an employee, it must be used for all months of the calendar year for which the employee is offered health coverage. (I.e., an employer cannot use W-2 safe harbor for some months and another safe harbor for others, for the same employee.)

**2G:** To be used if the employer used the Section 4980H federal poverty line safe harbor to determine affordability for the employee for any month(s).

**2H:** To be used if the employer used the Section 4980H rate of pay safe harbor to determine affordability for the employee for any month(s).

**2I:** To be used if non-calendar-year transition relief applies to the employee for the month.

**Part III: Covered Individuals (Lines 17-22)** [Click here for full instructions.](#)

Complete this part ONLY if the employer offers employer-sponsored self-insured health coverage in which the employee or other individual enrolled. Employer-sponsored self-insured health coverage does not include coverage under a multiemployer plan.

**Table 4: PART III**

An ALE member with a self-insured major medical plan and a health reimbursement arrangement (HRA) is required to report the coverage of an individual enrolled in both types of MEC coverage under only one of the arrangements. An ALE member with an insured major medical plan and an HRA is not required to report HRA coverage of an individual if the individual is eligible for the HRA because he or she enrolled in the insured major medical plan. An ALE member with an HRA must report coverage under the HRA for any individual who is not enrolled in a major medical plan of the ALE member (e.g., the individual enrolled in a spouse's employer's group health plan).

Only complete the checkbox if the employer is completing Part III.

This part must be completed by an employer offering self-insured health coverage for any individual who was an employee for one or more calendar months of the year, whether full-time or not, and who enrolled in the coverage.

The family members must be included on the same form as the employee, if an employee has covered family members on the same plan (employee elected family coverage).

This part may be completed by an employer that offers self-insured health coverage for individuals who enrolled in the coverage for at least one calendar month of the year and who were not employees for any calendar month of the year. An employer that reports on any individual who was not an employee for any month of the calendar year must be sure to complete Part II, Line 14, using code 1G in the "All 12 Months" box or in the box for each individual month.

If a nonemployee individual enrolls in coverage under a self-insured health plan, all family members that are covered due to the individual's enrollment must be included on the same Form 1095-B or Form 1095-C as the individual who is offered, and enrolls in, the coverage.

**Columns (a) through (c):** Require the names, SSNs and dates of birth of each individual enrolled in the coverage, including the employee reported in Part I, Line 1. Only enter a date of birth in Column (c) if there is no SSN reported in Column (b). For covered individuals who are not the employee, a tax identification number (TIN) may be entered if the covered individual does not have a SSN.

**Column (d):** If the individual was covered for at least one day per month for all 12 months of the calendar year.

**Column (e):** If an individual was not covered for all 12 months, the employer must check the box(es) corresponding to the month(s) in which the individual was covered for at least one day.

**Reference information:**

[IRS Question and Answers – 1094-C & 1095-C](#)

[ACA Information Center for ALEs](#)

[ACA Tax Provisions for Employers](#)

[ACA Legal Guidance and Other Resources](#)

[Definitions of Key Terms](#)

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