



Reporting Under Code §§ 6055 & 6056

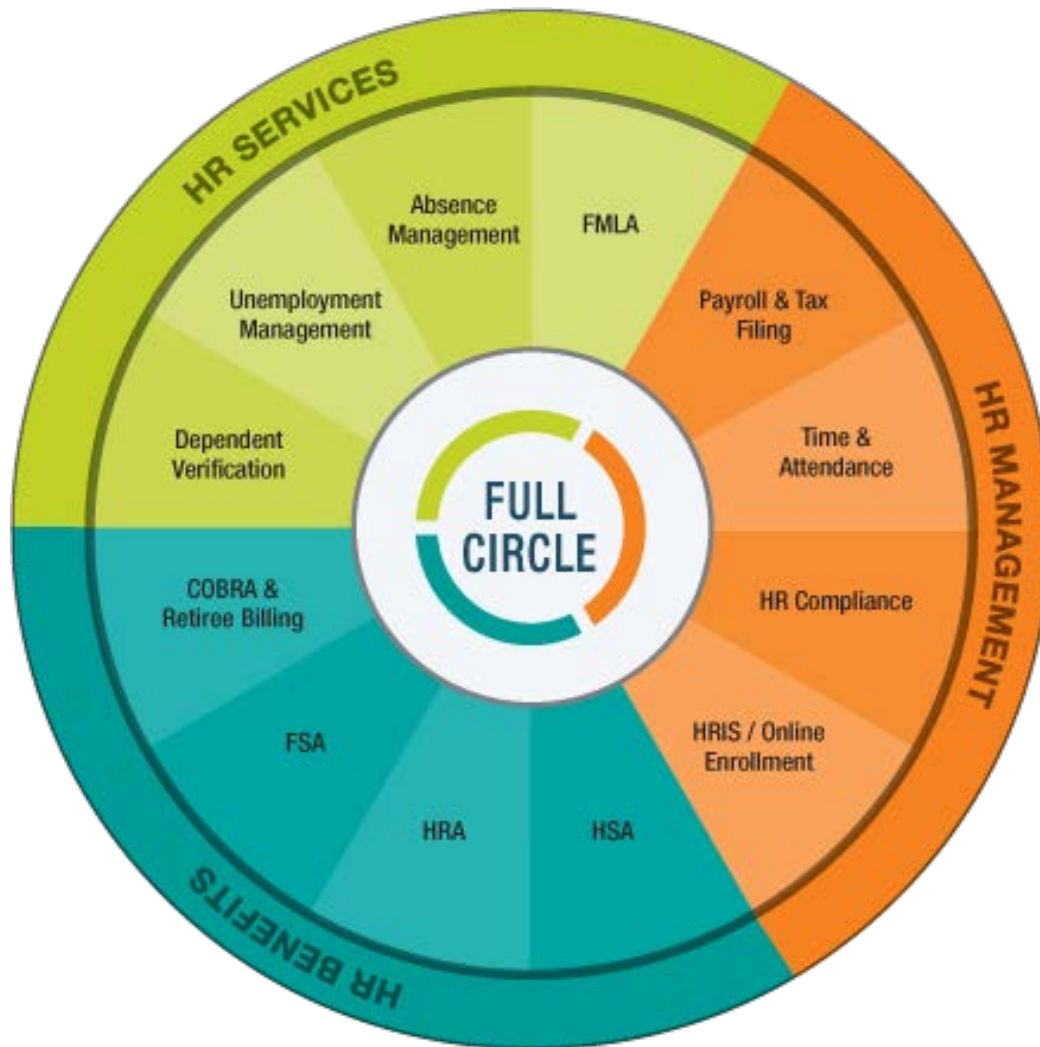
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- The Affordable Care Act (“ACA”) created new reporting requirements under Internal Revenue Code (“Code”) §§ 6055 and 6056.
- Under these new reporting rules, certain employers must provide information to the IRS about the medical plan coverage they offer (or do not offer) to their employees.
- Code § 6055 requires insurers, self-insured health plan sponsors, government agencies that administer government-sponsored health insurance programs and any other entity that provides minimum essential coverage (“MEC”) to report information on that coverage to the IRS and covered individuals.

Introduction



- Code § 6056 requires applicable large employers (“ALEs”) subject to the employer shared responsibility rules to report information on the health coverage offered to full-time employees to the IRS and covered individuals.
- It will also provide the government with information to administer other ACA mandates, such as the large employer shared responsibility penalty and the individual mandate.
- On March 5, 2014, the IRS released two final regulations on the ACA’s health coverage reporting requirements.
- On July 24, 2014, the IRS released draft forms relating to the information reporting requirements under Code §§ 6055 and 6056.
- On August 28, 2014, the IRS released instructions for the draft forms.
- On February 4, 2015, the IRS released final forms for 2014.
- On June 16, 2015, IRS released draft forms for 2015.
- On August 6, 2015, IRS released draft instructions for 2015

Summary of Forms



- The forms operationalize the information reporting requirements under IRC §§ 6055 and 6056.
- The draft forms issued include:
 - 1095-B - Health Coverage. Insurers and self-insured plans will provide one to each enrollee. The form provides information on the coverage provided.
 - 1094-B -Transmittal of Health Coverage Information Returns. Transmittal form insurers and self-insured plans will file with IRS along with all the Forms 1095-B.
 - 1095-C - Employer-Provided Health Insurance Offer and Coverage. Large employers will provide one to each enrollee. The form provides information on the coverage provided, and on to whom and when the coverage was offered.
 - 1094-C - Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns. Transmittal form insurers and self-insured plans will file with IRS along with all the Forms 1095-C.
 - 1095-A Health Insurance Marketplace Statement. Exchanges will provide to their enrollees.

Who must file?



- An ALE (50 or more full-time and full-time equivalent employees during 2014) must file one or more Forms 1094-C and must file a Form 1095-C for each employee who was a full-time employee of the employer for any month of the calendar year 2015.
- An ALE that provided health coverage through an employer sponsored self-insured health plan must also complete Form 1095-C, Part III for any full-time employee, non-full-time employee, employee family members and others) who are enrolled in an employer-sponsored self-insured health plan.
- If an employer offers health coverage through a health plan, and some of the enrollment options under the plan are employer-sponsored self-insured health arrangements while others are not (for example, some of the enrollment options are insured arrangements), the employer must only complete Form 1095-C, Part III, for the employees who enrolled in the self-insured enrollment option(s) under the plan.

Who must file?



- An employer that provides health coverage through an employer-sponsored self-insured health plan must complete Form 1095-C, Parts I and III, for any employee who enrolls in the health coverage, whether or not the employee is a full-time employee for any month of the calendar year.
- If the employee is a full-time employee for any month of the calendar year, the employer must also complete Part II.
- If, for all 12 months of the calendar year, the employee is not a full-time employee, the employer must complete only Part II, line 14, by entering code 1G in the “All 12 Months” column.



When do the forms have to be filed with the IRS?



- Under both Code §§ 6055 and 6056, the return and transmittal forms must be filed with the IRS on or before February 28 (March 31, if filed electronically) of the year following the calendar year of coverage.
- However, if the regular due date falls on a Saturday, Sunday or legal holiday, entities should file by the next business day. For calendar year 2015, these forms must be filed by February. 29, 2016, (or March 31, 2016, if filing electronically).
- These forms are not required to be filed for 2014.
- However, in preparation for the first required filing (in 2016 for 2015 coverage), reporting entities may voluntarily file in 2015 for 2014 in accordance with the draft forms and instructions.

What has to be provided to participants and when?



- All entities reporting under Code § 6055 or 6056 must furnish a copy of Form 1095-C, as applicable, to the person identified as the responsible individual named on the form.
- Statements must be furnished by mail, unless the recipient affirmatively consents to receive the statement electronically.
- The statement must be furnished on or before January 31 of the year following the calendar year of coverage.
- The first statements are due to individuals by February 1, 2016.



- **Part I - Responsible individual**

- Indicate the name, address, date of birth and social security number of the responsible individual.
- The responsible individual may be the primary insured employee, former employee, parent, uniformed services sponsor or other person enrolling individuals in coverage.



- **Part I - Responsible individual**

- On line 8, a letter must be entered identifying the origin of the policy:
 - A. Small Business Health Options Program (SHOP).
 - B. Employer-sponsored coverage.
 - C. Government-sponsored program.
 - D. Individual market insurance.
 - E. Multiemployer plan.
 - F. Miscellaneous minimum essential coverage.
- Line 9 is SHOP Marketplace Identifier



- **Part II – Employer Sponsored Coverage**

- This part is only completed by insurers of insured group health plans, including coverage purchased through the SHOP.
- Insurance companies entering codes A or B on line 8 will complete Part II.
- Employers reporting self-insured group health plan coverage on Form 1095-B enter code B on line 8 but do not complete Part II.



- **Part III - Issuer of Other Coverage Provider**

- This part has to be completed indicating the name and address of the entity providing the coverage.
- If the coverage is insured, it is the insurer.
- If the coverage is self-insured, it is the employer or the governmental or other entity providing the coverage.
- On line 18, the telephone number of a contact person must be entered if there are any questions from the employee participant.



• **Part IV - Covered Individuals**

- In this part, the name and social security number of each covered person.
- If the social security number (SSN) for the covered person cannot be obtained, then the person's date of birth must be entered. In addition, if the person was covered for twelve months, the column (d) is checked.
- If the person was not covered for twelve months, then months during the calendar year covered must be indicated in column (e).
- For the statement furnished to participants, the SSN may be truncated (showing only the last four digits and replacing the first five digits with asterisks(*)).



Form 1094-B –Transmittal of Health Coverage Information Returns

- The name, address and Employer Identification Number of the entity filing the forms must be indicated.
- On line 4, a contract telephone number must be indicated, if questions arise from employee participants.
- On line 9, the total number of Form 1095-B to be filed must be indicated.
- The form must be signed and dated and title of the person signing must be indicated.

Form 1095-C – Employer-Provided Health Insurance Offer and Coverage



• Part I - Employee

- On lines 1 through 6, indicate the name, address and social security number of the employee offered coverage.
- On lines 7-13 indicate the name, address and employer identification number of the employer.
- On line 10, indicate the telephone number of the person that the employee participant can call if he or she has any questions.



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



- **Part II - Employee Offer and Coverage**

- Enter Plan Start Month
- On line 14, enter the applicable code for the offer of coverage of each calendar month.
- If the offer was made for the entire calendar year 2015, place the code in the first column.
- 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).

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



- **Part II - Employee Offer and Coverage**

- **Applicable Codes - Offer of Coverage**

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

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



- **Part II - Employee Offer and Coverage**

- **Applicable Codes - Offer of Coverage**

- 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 (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage).
- 1I. **Qualified Offer Transition Relief 2015:** Employee (and spouse or dependents) received no offer of coverage, received an offer that is not a qualified offer, or received a qualified offer for less than 12 months.

This code is enter if other employees received qualifying offers (but this employee did not), or if this employee received a qualifying offer for some months during the year (code 1A would be entered for those months) but not for other months during the year (code 1I would be entered for those months).



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

- Line 15 is only completed if the coverage offered to the employee provided minimum value and Code 1B, 1C, 1D or 1E is entered in line 14 in either the “all 12 Months” box or in any of the monthly boxes.
- Enter into the Box the amount of the employee’s share of the lowest-cost monthly premium of individual coverage minimum essential coverage providing minimum value.
- Enter the entire amount including cents.
- If no amount is required, then 0.00 must be entered.
- If the amount is the same for all 12 months, then the amount is entered into the first column and do not complete the monthly boxes.
- If the employer did not offer health coverage or it offered health coverage that was not minimum essential coverage or did not provide minimum value, do not complete line 15.

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



- On line 16, enter the applicable code for the Code § 4980H Safe Harbor Codes and Other Relief for Employers of each calendar month.
- If the offer was made for the entire calendar year, place the code in the first column.
- If none of the codes apply for a calendar month, leave the line blank for that month.



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

- An employer enters the applicable Code Series 2 indicator code, if any, on Line 16 to report for one or more months of the calendar year in which one of the following situations applied to the employee:
 - the employee was not employed or was not a full-time employee;
 - the employee enrolled in the minimum essential coverage offered;
 - the employee was in a Limited Non-Assessment Period with respect to Code § 4980H(b);
 - non-calendar year transition relief applied to the employee;
 - the employer met one of the Code § 4980H affordability safe harbors with respect to this employee,
 - or the employer was eligible for multiemployer interim rule relief for this employee.



Form 1095-C – Employer-Provided Health Insurance Offer and Coverage

- **Applicable Codes- Code § 4980 Safe Harbor Codes and Other Relief for Employers**

- 2A. Enter code 2A if the employee was not employed on any day of the month. Do not use code 2A for a month if the individual is an employee of the employer on any day of the month. Do not use this code for the month during which an employee terminates employment with the employer.
- 2B. 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.
- Enter code 2B also if the employee is a full-time employee for the month and whose offer of coverage (or coverage if the employee was enrolled) ended before the last day of the month solely because the employee terminated employment during the month (so that the offer of coverage or coverage would have continued if the employee had not terminated employment during the month).
- Also use this code for January 2015 if the employee was offered health coverage no later than the first day of the first payroll period that begins in January 2015 and the coverage offered was affordable for purposes of the employer shared responsibility provisions under Code § 4980H and provided minimum value.



Form 1095-C – Employer-Provided Health Insurance Offer and Coverage

- **Applicable Codes- Code § 4980 Safe Harbor Codes and Other Relief for Employers**
 - 2C. Enter code 2C for any month in which the employee enrolled in health coverage offered by the employer, regardless of whether any other code in Code Series 2 might also apply.
 - 2D. Enter code 2D for any month during which an employee is in a Limited Non-Assessment Period
 - 2E. Enter code 2E for any month for which the multi- employer interim guidance applies for that employee.

Form 1095-C – Employer-Provided Health Insurance Offer and Coverage



- **Applicable Codes- Code § 4980 Safe Harbor Codes and Other Relief for Employers**
 - 2F. Enter code 2F if the employer used the Code § 4980H Form W-2 safe harbor to determine affordability for purposes of Code §4980H(b) for this employee for the year. If an employer uses this safe harbor for an employee, it must be used for all months of the calendar year for which the employee is offered health coverage.
 - 2G. Enter code 2G if the employer used the Code § 4980H federal poverty line safe harbor to determine affordability for purposes of Code § 4980H(b) for this employee for any month(s).
 - 2H. Enter code 2H if the employer used the Code § 4980H rate of pay safe harbor to determine affordability for purposes of Code § 4980H(b) for this employee for any month(s).
 - 2I. Enter code 2I if non- calendar year transition relief for Code § 4980H(b) applies to this employee for the month.



Form 1095-C – Employer-Provided Health Insurance Offer and Coverage



- **Applicable Codes- Code § 4980 Safe Harbor Codes and Other Relief for Employers**
- What is a “Limited Non-Assessment Period”?
 - The definitions section of the instructions lists the six limited non-assessment periods applicable to Code § 4980H(b).
 - A limited non-assessment period generally refers to a period during which an ALE member will not be subject to an employer shared responsibility penalty under Code § 4980H for a full-time employee, even if the employee is not offered health coverage during that period.

Form 1095-C – Employer-Provided Health Insurance Offer and Coverage



- **Applicable Codes- Code § 4980 Safe Harbor Codes and Other Relief for Employers**

- An employer will not be subject to a penalty under Code § 4980H(a), and in certain cases Code § 4980H(b), with respect to an employee in the following circumstances:
 - the transition rule for an employer's first year as an applicable large employer;
 - the application of Code § 4980H for the three full calendar month period beginning with the first full calendar month in which an employee is first otherwise eligible for an offer of coverage under the monthly measurement method;
 - the application of Code § 4980H during the initial three full calendar months of employment for an employee reasonably expected to be a full-time employee at the start date, under the look-back measurement method;
 - the application of Code § 4980H during the initial measurement period to a new variable-hour employee, seasonal employee, or part-time employee determined to be employed on average at least 30 hours of service per week, under the look-back measurement method;
 - the application of Code § 4980H following an employee's change in employment status to a full-time employee during the initial measurement period, under the look-back measurement method; and
 - the application of Code § 4980H to the calendar month in which an employee's start date occurs on a day other than the first day of the calendar month.



Form 1095-C— Employer-Provided Health Insurance Offer and Coverage

• **Part III - Covered Individual**

- This part is only completed if the employer offers self-insured health coverage in which the employee is enrolled.
- This part must be completed for any employee who enrolled in coverage regardless of whether the employee is full-time employee.
- If the employer is required to complete this part, an "X must be entered in the box.



Form 1095-C– Employer-Provided Health Insurance Offer and Coverage

• **Part III - Covered Individual**

- This part may be completed by an employer offering self-insured health coverage for any other individual who enrolled in the coverage under the plan for one or more calendar months of the year but was not an employee for any calendar month of the year,
- This includes a non-employee director, a retired employee who retired in a previous year, a terminated employee receiving COBRA coverage who terminated employment during a previous year, and a non-employee COBRA beneficiary (but not including an individual who obtained coverage through the employee's enrollment, such as a spouse or dependent obtaining coverage when an employee elects family coverage).
- If the Form 1095-C is used with respect to an individual who was not an employee for any month of the calendar year, Part II must be completed by using Code 1G in the "All 12 Months" box or the box for each month of the calendar year.

Form 1095-C – Employer-Provided Health Insurance Offer and Coverage



- **Part III - Covered Individual**

- In this part, the name and social security number of each covered person must be entered.
- If the social security number for the covered person cannot be obtained, then the person's date of birth must be entered.
 - For the statement furnished to participants, the SSN may be truncated (showing only the last four digits and replacing the first five digits with asterisks(*)).
- In addition, if the person was covered for twelve months, column (d) is checked.
- If the person was not covered for twelve months, then months during the calendar year covered must be indicated in column (e).



Form 1094-C – ALE Member Information



- **Part I - Applicable Large Employer Member**

- The name, address and Employer Identification Number of the member filing the forms must be indicated. This should match the employer's address on Form 1095-C.
- On lines 7 and 8, a contact person's name and telephone number must be indicated if questions arise.
- Lines 9 through 16 are only completed if an entity is a Designated Governmental Entity ("DGE") filing on behalf of employer.
- DGE is a person or persons that are part of or related to appropriately designated for purposes of these reporting requirements.
- On line 18, the total number of Form 1095-C to be filed must be indicated.



Form 1094-C - ALE Member Information

• **Part I – Applicable Large Employer Member**

- The box on line 19 is checked if this Form 1094-C is the Authoritative Transmittal to report aggregate employer-level data for the employer.
- Only one Authoritative Transmittal can be filed for each employer.
- If only one Form 1094-C is being filed for the employer, that Form 1094-C must report aggregate employer-level data for the employer and be identified on line 19 as the Authoritative Transmittal.
- If multiple Forms 1094-C are being filed for an employer so that Forms 1095-C for all full-time employees of the employer are not attached to this transmittal (because Forms 1095-C for some full-time employees of the employer are being transmitted separately), one of the Forms 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 should be completed only on the Authoritative Transmittal for the employer.
- If this is not the Authoritative Transmittal for the employer, lines 20–22, Parts III or IV should not be completed.
- On line 20, enter the total number of Forms 1095-C that will be filed by and on behalf of the employer.
- This number includes Forms 1095-C for the employer's full-time employees that are filed with this transmittal, those that will be filed with another transmittal filed by or on behalf of the employer, and Forms 1095-C filed for non-full-time employees who enroll in the employer's employer-sponsored self-insured health plan.



- **Part II - ALE Member Information**

- On line 21, indicate whether the ALE Member is a member of an Aggregated ALE Group.
- An Aggregated ALE Group refers to a group of ALE Members treated as a single employer under Code § 414(b), 414(c), 414(m), or 414(o).
 - If “Yes” is checked on line 21, complete the “Aggregated Group Indicator” in Part III, column (d), and then complete Part IV to list the other members of the Aggregated ALE Group.
- If, for all 12 months of the calendar year, the employer was not a member of an Aggregated ALE Group, check “No,” and do not complete Part III, column (d), or Part IV.



- **Part II - ALE Member Information**

- If the employer meets the eligibility requirements and is using one of the Offer Methods and/or one of the forms of Transition Relief indicated, each applicable box must be checked on line 22.

- **A. Qualifying Offer Method**

- This box is checked if the employer is eligible to use and is using the Qualifying Offer Method for one or more full-time employees.
- To be eligible to use the Qualifying Offer Method, the employer must certify that, for all months during the year in which the employee was a full-time employee for whom a Code § 4980H employer shared responsibility payment could apply, the employer made a Qualifying Offer.



■ Part II - ALE Member Information

• A. Qualifying Offer Method

- A “qualifying offer” is an offer to one or more of its full-time employees for all months during the year for which the employee was a full-time employee and which are not within a limited non-assessment period, of 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, and that includes an offer of minimum essential coverage to the employees’ spouses and dependents.



■ Part II - ALE Member Information

• A. Qualifying Offer Method

- If the employer uses this method, it must not provide on Form 1095-C, line 15, the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value.
- It must instead use the Qualifying Offer Code 1A on Form 1095-C, line 14, to indicate that the employee received a Qualifying Offer for all 12 months.
- Use of this method is optional and an employer may, rather than report using this method and the Qualifying Offer code 1A, report on line 14 the applicable offer code and on line 15 the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value for that month.
- An employer may not, for any month, use code 1A and also report the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value.



■ Part II - ALE Member Information

• A. Qualifying Offer Method

- If the employer is eligible to use the Qualifying Offer Method, it may use the Qualifying Offer code 1A for any month for which it made a Qualifying Offer to an employee, even if the employee did not receive a Qualifying Offer for all 12 months.
- However, the employer must furnish a copy of Form 1095-C to any employee who did not receive a Qualifying Offer for all 12 months, unless the Qualifying Offer Method Transition Relief applies.



■ Part II - ALE Member Information

■ A. Qualifying Offer Method

- **Alternative Method of Furnishing to Employees under the Qualifying Offer Method:**
- For a full-time employee who received a Qualifying Offer and enrolled in self-insured coverage, the employer must furnish the information reporting enrollment in the coverage on Form 1095-C, Part III.
- The employer may not use the alternative method of furnishing Form 1095-C under the Qualifying Offer Method for that employee.
- The employer may provide the information to the employee by furnishing a copy of Form 1095-C as filed with the IRS (with or without the statement).



Form 1094-C -ALE Member Information



■ Part II - ALE Member Information

■ A. Qualifying Offer Method

- **Alternative Method of Furnishing to Employees under the Qualifying Offer Method:**
- An employer that is eligible to use the Qualifying Offer Method meets the requirement to furnish the Form 1095-C to its full-time employees who received a Qualifying Offer for all 12 months of the calendar year, and who did not enroll in coverage that is self-insured coverage, if it furnishes each of those full-time employees either a copy of Form 1095-C as filed with the IRS or a statement containing the following information:
 - Employer name, address, and EIN.
 - Contact name and telephone number at which the employee may receive information about the offer of coverage and the information on the Form 1095-C filed with the IRS for that employee.
 - A statement indicating that, for all 12 months of the calendar year, the employee and his or her spouse and dependents, if any, received a Qualifying Offer and therefore are not eligible for a premium tax credit.
 - A statement directing the employee to see Pub. 974, Premium Tax Credit (PTC), for more information on eligibility for the premium tax credit.



■ Part II - ALE Member Information

• B. 2015 Qualifying Offer Method Transition Relief

- This box is checked if the employer is eligible for and is using the Qualifying Offer Method Transition Relief for 2015.
- To be eligible to use the Qualifying Offer Method Transition Relief for the 2015 calendar year, the employer must certify that it made a Qualifying Offer for one or more months of calendar year 2015 to at least 95% of its full-time employees.



■ Part II - ALE Member Information

- **B. 2015 Qualifying Offer Method Transition Relief**
 - If an employer uses this method, it must not provide on Form 1095-C, line 15, the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value and instead must use either the Qualifying Offer code 1A or the Qualifying Offer Method Transition Relief code 1I on Form 1095-C, line 14, to indicate the months in 2015 for which the employer is eligible for the Qualifying Offer Method Transition Relief code 1I or the months for which the employee received a Qualifying Offer code 1A.
 - For any months for which the employee received a Qualifying Offer, the employer must report using the Qualifying Offer code 1A to indicate that the employee received a Qualifying Offer for that month.



■ Part II - ALE Member Information

• B. 2015 Qualifying Offer Method Transition Relief

- For any month, use of this method is optional, and an employer may, rather than report using this method and the Qualifying Offer code 1A or the Qualifying Offer Method Transition Relief code 1I, report on line 14, the applicable offer code and on line 15 the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value for that month.
- An employer may not, for any month, use code 1A or code 1I and also report the dollar amount required as an employee contribution for the lowest-cost employee-only coverage providing minimum value.



■ Part II - ALE Member Information

- **B. 2015 Qualifying Offer Method Transition Relief**
 - **Alternative Furnishing Methods Under the Qualifying Offer Method Transition Relief for 2015.** Solely for 2015, for any employee of an employer eligible for the Qualifying Offer Method Transition Relief who does not receive a Qualifying Offer for all 12 calendar months, including employees who receive no offer, the employer may, in lieu of providing the employee with a copy of Form 1095-C, furnish a statement containing the following information.
 - Employer name, address, and EIN.
 - Contact name and telephone number.
 - A statement indicating that the employee and his or her spouse and dependents, if any, may be eligible for a premium tax credit for one or more months of 2015.
 - A statement directing the employee to see Pub. 974 for more information on eligibility for the premium tax credit.



Form 1094-C -ALE Member Information



■ Part II - ALE Member Information

- **B. 2015 Qualifying Offer Method Transition Relief**
 - **Alternative Furnishing Methods Under the Qualifying Offer Method Transition Relief for 2015**
 - Whether or not an employee received a Qualifying Offer, for an employee who enrolled in self-insured coverage, the employer must furnish the information reporting enrollment in the coverage on Form 1095-C, Part III.
 - The employer may not use the alternative method of furnishing Form 1095-C under the Qualifying Offer Method or the Qualifying Offer Method Transition Relief for that employee. Rather, the employer may provide the information to the employee by furnishing a copy of Form 1095-C as filed with the IRS (with or without the statement).



Form 1094-C -ALE Member Information



■ Part II - ALE Member Information

- **C. Code § 4980H Transition Relief**

- This box must be checked if either (1) 2015 Code § 4980H Transition Relief for ALEs with Fewer Than 100 Full-Time Employees, Including Full-Time Equivalent Employees (50-99 Transition Relief) or (2) 2015 Transition Relief for Calculation of Assessable Payments Under Code § 4980H(a) for ALEs with 100 or More Full-Time Employees, Including Full-Time Equivalent Employees (100 or More Transition Relief) apply.
- If an employer checks this box, it must also complete Form 1094-C, Part III, column (e), Code § 4980H Transition Relief Indicator, to indicate the type of Code § 4980H transition relief for which it is eligible.



Form 1094-C -ALE Member Information



■ Part II - ALE Member Information

• D. 98% Offer Method

- This box is checked if the employer is eligible for and is using the 98% Offer Method.
- To be eligible to use the 98% Offer Method, an employer must certify that it offered, for all months of the calendar year, affordable health coverage providing minimum value to at least 98% of its employees and their dependents for whom it is filing a Form 1095-C employee statement.
- The employer is not required to identify which of the employees for whom it is filing were full-time employees, but the employer is still required to file Forms 1095-C on behalf of all of its full-time employees.
- For this purpose, the health coverage is affordable if the employer meets one of the Code § 4980H affordability safe harbors.



Form 1094-C -ALE Member Information



■ Part II - ALE Member Information

- **D. 98% Offer Method**
 - If an employer uses this method, it is not required to complete the “Full-Time Employee Count” in Part III, column (b).
 - The form must be signed and dated and title of the person signing must be indicated.



Form 1094-C - ALE Member Information



- **Part III - ALE Member Information- Monthly**

- Column (a) Minimum Essential Coverage Offer indicator

- The ALE member will use this column to indicate whether it offered MEC to at least 95% of its full-time employees and their dependents.
- For this purpose, “dependent” means the employee’s child—including a child that has been adopted or placed for adoption—through the last day of the month containing the child’s 26th birthday.
- There are several considerations that ALE members should keep in mind when completing this column.
- First, the 95% threshold is reduced to 70% for 2015 (and for months during the 2015 plan year that occur in 2016 if the ALE member has a non-calendar-year plan)..



Form 1094-C - ALE Member Information



- **Part III - ALE Member Information- Monthly**

- Column (a) Minimum Essential Coverage Offer indicator

- Second, if the ALE member is eligible for the transition relief for qualifying employers with 50–99 full-time employees, it should check the “yes” box for 2015 (and any months of the 2015 plan year occurring in 2016 if the employer has a non-calendar-year plan) even if it did not offer MEC to the requisite percentage of full-time employees.



Form 1094-C -ALE Member Information



- **Part III - ALE Member Information- Monthly**

- Column (a) Minimum Essential Coverage Offer indicator
 - Third, an employee in a Limited Non-Assessment Period is not counted in determining whether minimum essential coverage was of an employer's full-time employees and their dependents.



Form 1094-C -ALE Member Information



- **Part III - ALE Member Information- Monthly**

- Column (b) Full-Time Employee Count for ALE Member

- Enter the number of full-time employees for each month, but do not include any employee in a Limited Non-Assessment Period. (If the number of full-time employees (excluding employees in a Limited Non-Assessment Period) for a month is zero, enter 0.)
- If the employer certified that it was eligible for the 98% Offer Method by selecting box D, on line 22, it is not required to complete column (b).



Form 1094-C -ALE Member Information



- **Part III - ALE Member Information- Monthly**

- Column (c) Total Employee Count for ALE Member

- Enter the total number of employees, including full-time employees and non-full-time employees, for each calendar month.
- An employer must choose to use either the first day of each month or the last day of each month to determine the number of employees per month and must use the same day (first or last day of the month) for all months of the year.
- If the total number of employees was the same for every month of the entire calendar year, enter that number in line 23 “All 12 months.”
- If the number of employees for any month is zero, enter 0.



Form 1094-C -ALE Member Information

- **Part III - ALE Member Information- Monthly**

- Column (d) Aggregated Group Indicator

- An employer must complete this column if it checked “Yes” on line 21, indicating that, during any month of the calendar year; it was a member of an Aggregated ALE Group.
- If during each month of the calendar year, the employer was a member of an Aggregated ALE Group, enter “X” in the “All 12 months” box.
- If the employer was not a member of an Aggregated ALE Group for all 12 months but was a member of an Aggregated ALE Group for one or more month(s), enter “X” in each month for which it was a member of an Aggregated ALE Group.
- If an employer enters “X” in one or more months in this column, it must also complete Part IV.



Form 1094-C -ALE Member Information



- **Part III - ALE Member Information- Monthly**

- Column (e) Code § 4980H Transition Relief Indicator

- If the employer certifies by selecting box D on line 22, that it is eligible for Code § 4980H Transition Relief and is eligible for the 50 to 99 Relief, enter code A.
- If the employer certifies by selecting box C on line 22, that it is eligible for Code § 4980H Transition Relief and is eligible for the 100 or More Relief, enter code B.
- An employer will not be eligible for both types of relief.



Form 1094-C -ALE Member Information



- **Part IV - Other ALE Members of Aggregated ALE Group**

- An employer must complete this Section if it checks “Yes” on line 21.
- If the employer was a member of an Aggregated ALE Group for any month of the calendar year, enter the name(s) and EIN of up to 30 of the other Aggregated ALE Group members.
- If there are more than 30 members of the Aggregated ALE Group, enter the 30 with the highest monthly average number of full-time employees (as reported in Part III, column (b)) for the year or for the number of months during which the ALE Member was a member of the Aggregated ALE Group.



Form 1094-C -ALE Member Information



- **Part IV - Other ALE Members of Aggregated ALE Group**

- Regardless of the number of members in the Aggregated ALE Group, list the members in descending order listing first the member with the highest average monthly number of full-time employees.
- The employer must also complete Part III, column (d), to indicate which months it was part of the Aggregated ALE Group.

Penalties for Noncompliance



- A reporting entity that fails to comply with the Code § 6055 or 6056 reporting requirements may be subject to the general reporting penalties for failure to file correct information returns and failure to furnish correct payee statements.
- Two different sections of the Internal Revenue Code discuss the penalties for not complying with Code §§ 6055 and 6056 reporting:
 - Code § 6721 discusses failing to send correct returns to the IRS.
 - The basic penalty is \$250 for each incorrect return.
 - The total fine during any calendar year will not exceed \$3,000,000.
 - Code § 6722 discusses failing to provide employee statements.
 - The penalty is the same as above but applies for not providing individual statements.

Penalties for Noncompliance



- However, penalties may be waived if the failure is due to reasonable cause and not to willful neglect.
- The final regulations also include short term relief from penalties to allow additional time to develop appropriate procedures for data collection and compliance with these new reporting requirements.
- For returns and statements filed and furnished in 2016 to report offers of coverage in 2015, the IRS will not impose penalties on reporting entities that can show they make good faith efforts to comply with the information reporting requirements.
- This relief is provided only for incorrect or incomplete information reported on the return or statement, including social security numbers, TINs or dates of birth.
- No relief is provided for reporting entities that do not make a good faith effort to comply with these regulations or that fail to timely file an information return or statement.

What Information is needed to be Collected?



- **For each employee:**

- Employment date of each employee who became full time during 2015.
- Months during 2015 in which the employee was full -time or part-time.
- Months during 2015 in which employee was subject to a waiting or measurement period.
- Months during 2015 in which the employee was offered minimum essential coverage with minimum value in 2015.
- Months during 2015 in which the employee was covered by minimum essential coverage with minimum value in 2015.
- Months in 2015 in which minimum essential coverage offered to spouse and dependent children.
- If the employee waived coverage , what affordability safe harbor applies.
- For each month . the amount of the employee contribution for the lowest-cost monthly premium for self-only minimum essential coverage that provides minimum value.
- For self-insured plan, the names and social security numbers for each member of the employee's family and for what months they were covered.

What Information is needed to be Collected?



• For each employer:

- Were they members of a controlled group?
- If yes, the names of each member.
- The total number of full-time employees for each month in 2015.
- The total number of all employees for each month in 2015.
- Does any transitional rule apply for any month during 2015?
- For what months during 2015 were at least 70% of full-time employees offered minimum essential coverage?



Questions



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- HR Benefits
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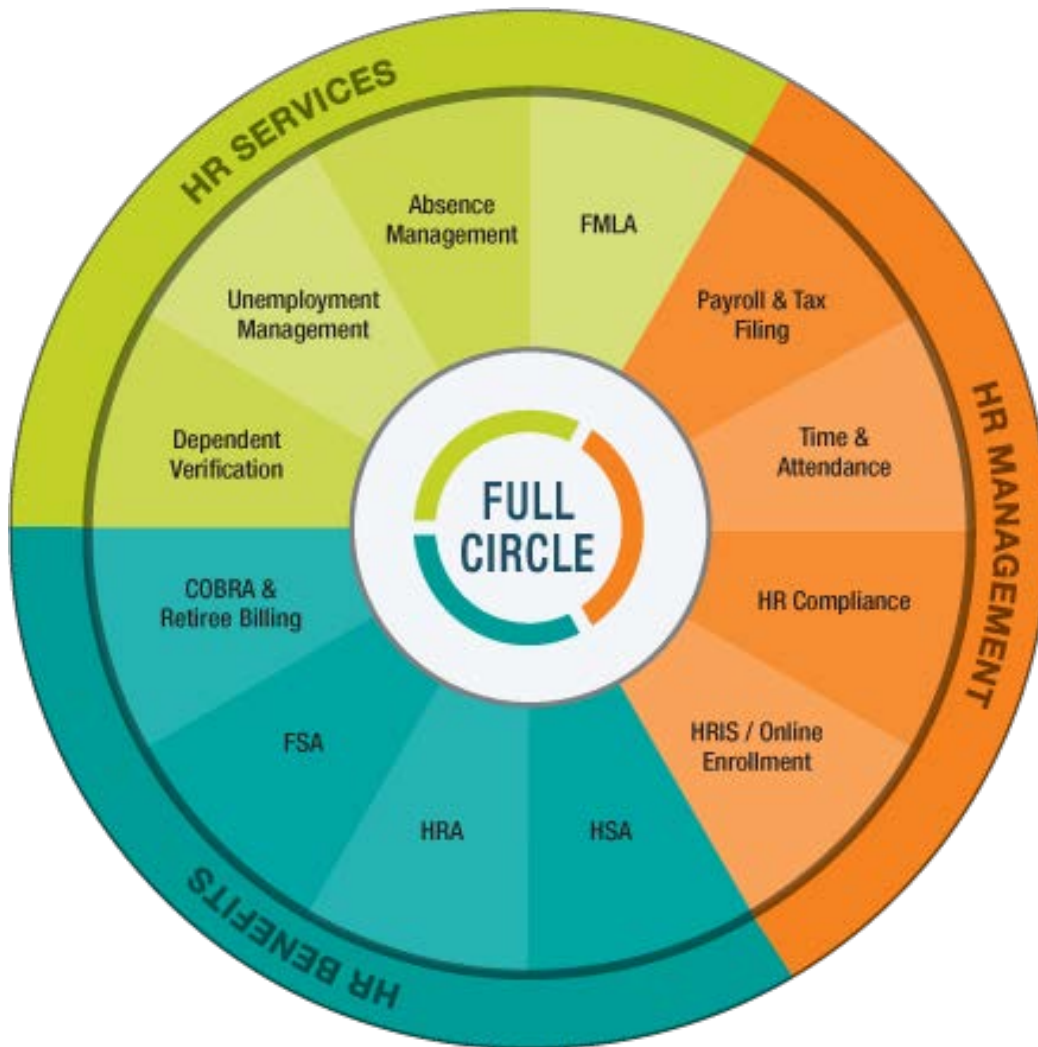
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