

Mandatory ACA Reporting In Effect: How to Meet the New Requirements

Presented by



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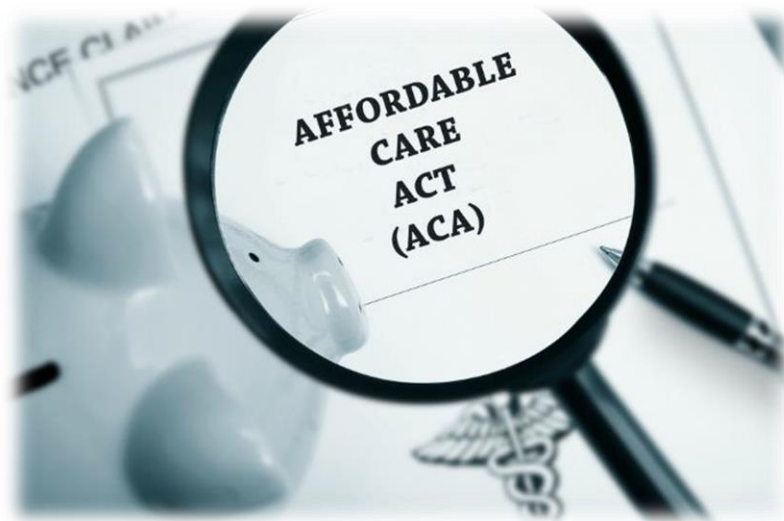
About Stacy

- Nationally known expert on the Affordable Care Act
- Attorney at Marathas, Barrow & Weatherhead, LLP, in Boston
- Co-author of the definitive treatise on the Affordable Care Act, Thompson's The New Health Care Reform Law: What Employers Need to Know (a Q&A Guide), 5th Edition.

Learning Objectives

- Determining if you're an applicable large employer (ALE)
- Calculating full-time and full-time equivalent employees (FTEs)
- Understanding minimum essential coverage (MEC)
- Pointers for capturing and tracking required data
- How to properly complete and submit 1095-C (and 1094-C transmittal)
- Meeting filing deadlines and avoiding penalties

Origins of ACA Reporting



IRS Tax Codes and ACA Reporting

- ACA reporting enforced through Sections 6055 and 6056 of the Internal Revenue Code
- **Section 6055** applies to:
 - Health insurance carriers
 - Small employers that sponsor self-funded health plans
 - Other entities that provide minimum essential coverage
- **Section 6056** applies to:
 - Applicable large employers (ALEs)

Businesses Affected by ACA Reporting

- Applicable large employers that meet the 50 or more full-time employee count
- All self-insured employers, regardless of size



Are You Insured or Self-Insured?

- **Self-insured / self-funded employers** pay for medical claims directly
- **Insured employers** purchase health insurance from a dedicated provider (such as Humana, Blue Cross Blue Shield, Aetna, etc.)



Are You an ALE?

- Applicable large employer has 50 or more full-time employees or full-time equivalent employees
- A full-time employee averages at least 30 hours of service per week during the calendar month (or 130 hours in a month)
- Hours of service represent each hour an employee is paid or entitled to payment

Calculating Full-time Equivalent Employees

- To determine the number of full-time equivalent employees for a month:
 - Add up the part-time service hours in a month (up to 120 hours per employee)
 - Divide the total by 120; if this results in a fraction, round down to the next whole number
- For example, if seven employees work 20 hours/week, you would have four FTEs.

*7 x 20 hours/week = 140; 140 x 4 weeks/month = 560
560 ÷ 120 = 4.66 (or rounded down = 4)*

Careful Tracking is Key

- Employer classification is determined each calendar year
- Depends on the average size of your workforce in the prior year
- May want to consider dedicated time-tracking software or outsource to a payroll vendor or benefits administrator



Smaller, Self-Insured Employers and the 1095-B

- Less reporting responsibility for smaller businesses with 50 or fewer full-time employees
- Self-insured employers will need to fill out the 1095-B (and the 1094-B transmittal form)
- Employers that aren't self-insured don't have to file

Understanding Minimum Essential Coverage



Minimum Essential Coverage Penalties

- Potential penalties if you don't offer MEC to the annual employee percentage threshold
- Additional penalties if you offer coverage that isn't affordable or doesn't provide minimum value
- Most broad-based medical plans meet the legal parameters for minimum value
- Use safe harbor tests to determine coverage affordability

Types of Minimum Essential Coverage

- Government-sponsored programs
- Employer-sponsored coverage (*Any job-based plan, which includes retiree plans and COBRA coverage*)
- Individual market coverage
- Grandfathered plans
- Other plans recognized by the Department of Health and Human Services as MEC
- Does *NOT* apply to fixed indemnity coverage, life insurance or dental or vision coverage.



1095-C Filing for ALEs



1095-C Filing Guidance

- Insured employers complete Parts I & II
- Self-insured employers complete Parts I, II & III
- Every eligible employee must receive a 1095-C (even if coverage is declined)

Form **1095-C** **Employer-Provided Health Insurance Offer and Coverage** VOID CORRECTED OMB No. 1545-2251
2015

Department of the Treasury
Internal Revenue Service
Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c

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

1 Name of employee		2 Social security number (SSN)		7 Name of employer				8 Employer identification number (EIN)			
3 Street address (including apartment no.)						9 Street address (including room or suite no.)				10 Contact telephone number	
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	

Part II Employee Offer and Coverage **Plan Start Month** (Enter 2-digit number):

14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
	15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4902H Safe Harbor (enter 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. Cat. No. 60705M **Form 1095-C** (2015)

1095-C Filing Guidance (cont.)

- Part I includes employee and employer identifying information
- Part II captures offer of coverage information
- Part III (for self-insured employers only) addresses the coverage actually supplied for covered individuals, including non-employees such as retirees and COBRA participants
- Part III is not required for insured employers since the health insurance providers will file a 1095-B on behalf of the employer

Pointers for Line 14 on the 1095-C

- Line 14: “Offer of Coverage”
 - Include nine codes, 1A - 1I
 - Indicates whether minimum essential coverage was offered each month of the year
 - If code applies for the entire 12 months, only enter code once in ‘All 12 Months’ column

	All 12 Months	Jan
14 Offer of Coverage (enter required code)		

Pointers for Line 15 on the 1095-C

- Line 15: “Employee Share of Lowest Cost, Monthly Premium for Self-Only Minimum Value Coverage”
 - Only fill out if you entered code 1B, 1C, 1D, or 1E on Line 14
 - Include cents and do not round numbers
 - If code applies for the entire 12 months, only enter code once in ‘All 12 Months’ column

15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage													
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Pointers for Line 16 on the 1095-C

- Line 16: “Applicable Section 4980H Safe Harbor”
 - Includes nine codes, 2A - 2I
 - Indicates employee status, what an employee did when offered coverage and any affordability safe harbors
 - Only fill out if a code applies to the employee for a particular month

16 Applicable
Section 4980H Safe
Harbor (enter code,
if applicable)

1094-C at a Glance

- Summarizes 1095-C filings submitted
- Cover sheet includes:
 - Identifying information for your business
 - Summary of coverage offered
 - Employee count data
 - Whether you're eligible for certain transition relief (including certifications)

Form **1094-C** Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns CORRECTED 120116
OMB No. 1545-2251
2015

Department of the Treasury
Internal Revenue Service
Information about Form 1094-C and its separate instructions is at www.irs.gov/form1094c

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	
17 Reserved <input type="checkbox"/>			

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

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

Part II ALE Member Information

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. 41571A Form **1094-C** (2015)

Filing Deadlines

- On December 28, the IRS issued Notice 2016-4, which extended the filing deadlines
- For 2015 tax year:
 - March 31, 2016: Distribute form 1095 copies to recipients and/or employees
 - May 31, 2016: Deadline for paper filing of 1095s (and 1094 transmittals) to the IRS
 - June 30, 2016: Deadline to e-file 1095s (and 1094 transmittals) to the IRS
- If you file at least 250 forms, you must file 1095s (and 1094 transmittals) electronically

Avoiding Filing Penalties

- The IRS penalty for failing to file or furnish ACA forms increases from \$100 to \$260, with a maximum of \$3 million
- Relief exists for accidentally filing incorrect information during the one-year transition period



Additional Filing Considerations

- Pull data from various sources: HR, payroll, benefits and time-tracking systems
- Strict data security is critical
- Find a SOC-certified and HIPAA-compliant service to file your forms



1095 Filing Dos and Don'ts

- **DO** notify employees that they will be receiving a 1095-C and may need information from it to complete their previous year tax filing
- **DON'T** file more than one 1095-C per employee
- **DO** file corrected returns as soon as possible after an error is discovered
- **DON'T** file more than one 1094-C authoritative transmittal

Final Notes

Final Notes

- Regulations under the Affordable Care Act require certain employers to file annual information returns with health insurance coverage information
- Track essential reporting data year-round for accurate 1095 and 1094 filing
- Mind filing deadlines to avoid IRS penalties
- Rely on a reputable, IRS-authorized e-file provider

Thank you!

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