



LIVE FROM NAHU!

ACA Employer Reporting – Form Completion How-Toss

December 10, 2015

Q: If an Employer wanted to do their own reporting 1095s, is there an easy E-fill version of the form to do such?

A: I'm not sure what you're looking for. The IRS has a fillable version of the form 1095-C. There are 2 issues to consider. First, completing these forms is time consuming and complicated. Second, if you must file electronically or if you want to file electronically, it is a highly technical process.

Q: If using rate of pay safe harbor and employee is on unpaid leave of absence the coverage would be unaffordable. What is best way to handle this?

A: If the employee is enrolled in the plan, there is no concern. An employee enrolled in Minimum Essential Coverage (MEC) cannot obtain a subsidy on the exchange. If the person is not enrolled, the employer may face a penalty. Depending on the length of the leave, the rate of pay safe harbor or the W-2 safe harbor may limit the employer's exposure.

Q: 1)1095C – what code for line 14 for months when a person is in the waiting period – 1H?

A: 1H

2)1095C – what code in line 16 for a person who waived coverage b/c they are on a spouse's plan

A: You would indicate which affordability safe harbor the employer is using for this class of employee. In this case, the series 1 code is important in that it shows that the employee had an offer of coverage.

3)1095C - if an ER had 100% part-timers - 800 people working 20hrs per week in 2014, they then have 50 or more full time equivalents.

But is it correct they would file nothing since there were no full-timers working 30 hrs per week (assuming no insurance offered or taken)

A: Yes, assuming this is an insured plan, the employer wouldn't have to file. But, this scenario is highly unlikely and may raise red flags in and of itself.

4)1095C - if ER had 40 employees working 30hrs per week in 2014 and 20 employees working 15hrs per week in 2014 - to equal 50 full time equivalents -

Is the ER only sending 1095C to the 40 employees who work 30 hrs per week (assuming coverage is not offered to part-timers)

A: An employer provides a 1095-C to full-time employees; those who work 30 hours or more per week or who averaged 120 hours per month.

5)1095C - line 14 - employer offers family coverage but employee takes employee only coverage or employee + child - what code should be used –

is it based on what is available to the employee regardless of what the employee takes or could take (i.e. single person cannot take family coverage)

A: Line 14 is based on the offer of coverage.

Q: If employer qualifies for 2015 transitional relief A i.e. 50-99 EE. Can they just select 1I for everyone for 12 months or do they have to complete lines 15 and 16

A: Line 14 would likely be 1H, no offer of coverage. Line 16 code would be 2I for non-calendar year transition relief.



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There is no need to complete line 15.

Q: Is an HRA considered a self insured plan?

A: Yes.

Q: Are we (as agents) preparing these for clients? How far do we go with a client on these forms?

A: Some brokers are assisting clients with these forms based on the questions that we've gotten in Compliance Corner. These are tax forms, so caution is warranted. It may be better to identify vendors who have the knowledge and ability to complete and file the returns and refer clients to them.

Q: At the end of the presentation, can you go back to the slide on multiple employer, etc. plans?

A:

Q: Is a PEO that does provide W2s for employees, also have to provide reporting forms if they offer insurance to these w2 employees? Or would employer who hires PEO?

A: The employer is responsible for filing the forms.

Q: How are employers mailing the 1095-C form? The address is immediately next to the social security number, and even if the social security number is truncated, some of my clients are nervous about how to efficiently send these out. Add to this the minor complication that the form does not fold or otherwise fit into any standard window envelope.

A: Given this concern, use a standard business envelope without a window.

Q: I'm assuming that the government does not think that self funded dental coverage is "health" coverage, is this correct?

A: Correct. Dental is an excepted benefit in most cases.

Q: 1A is typically the LEAST used code as most do not use the safe harbor.

A: Some employers are finding that this code is useful if the employer pays a significant amount toward coverage.

Q: safe harbor codes are ONLY used for waiving employees

A: Yes.



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Q: Can you please go in to more detail on 1H. The system we are using for this reporting has given a code of 1H for all employees, yet many of them are enrolled in coverage. It sounds like the wrong code is being applied to these employees. Can you provide more insight on this?

A: 1H applies if there is no offer of coverage. I don't see how this would be the most common code for an employer. 1E is a common code when coverage is offered to the employee, spouse and dependents.

Q: What Line 14 code do you use for an employee that meets all the requirements of 1E except they do not use a safe harbor but instead use their own method of affordability?

A: Line 14 does not address affordability. Line 16 is where the affordability safe harbor comes into play. There hasn't been any regulatory guidance on alternative methods of affordability despite the fact that the final rules acknowledge this as an option. If the employer uses an alternative method, I would expect that the IRS may have questions.

Q: would 2E apply in a situation where an employer pays into prevailing wage under federal contracts and a portion of the payment is allotted to benefits?

A: Yes.

Q: On line 16, what code is used if you know that your plan is not affordable under the safe harbor code for a few individuals?

A: You would leave it blank if the employee has not enrolled in coverage. This is a signal to the IRS that a penalty for the employer is likely assuming that the employee has not enrolled in coverage.

Q: Can someone pass Trey a bottle of water?

A:

Q: safe harbors can differ by location or class

A: Yes.

Q: What are the differences in the 1094C section 22?

A: Line 22 certifies for employers, where applicable, that they are eligible for up to 4 kinds of relief. Each of the types of relief has different requirements and different "rewards or benefits" related to the type of relief. Not all employers will qualify for any of these items while some may qualify for more than one.

Each option is described in the forms instructions. One of the most important is likely to be box C for transition relief. If an employer qualified for transition relief either as an employer with 50-99 or 100 or more full-time and full-time equivalent employees, this is the box that claims that relief.



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Q: Are employers required to report on part time employees? Our payroll vendor indicates that they will not print a 1095-C for part time wage earners for the Employers fully insured plan.

A: No.

Q: Is there a code needed in Box 14 of the Form 1095-C for the months after termination of an employee?

A: 1H for no offer of coverage is the likely code.

Q: We have a group that manages assisted living facilities. The facilities are set up with different employer entities. The management group has ownership in some of these entities but not all. We set this up as a MEWA so all employee entities could be covered on one medical plan. Should they be filing as aggregate ALE since they have the management control on all employer entities or should they be filing each employer entity separately?

A: Each employer with an EIN (employer identification number) is responsible for reporting on its employees. As a part of form 1094-C, each employer will list other employers who are part of the controlled (aggregated) employer group.

Q: can you use 1A and not check box A on line 22?

A: Yes.

Q: Why would I use C on Line 22 if all my employees meet 1A?

A: You would use box C if you are relying on transition relief for any part of the year.

Q: Never mind about question about line 22

A:

Q: Fully Insured Employer covers employee working less than 30 hours (due to State or City law). Should they include those employees in the 1094/1095-C reporting offer of coverage?

A: No, since this is an insured employer.

Q: does a fully insured group need to complete the 1094B

A: No. This form is completed by the insurance company.

Q: Can multiple Safe Harbors be selected?

A: Yes, by class of employee.



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Q: Trey, if a group is a confirmed controlled group, does each separate EIN an "Authoritative Transmittal" or does one EIN serve as one. The IRS Instructions speak to an example of "Divisions" can someone provide a clear answer to this not even the payroll companies are clear on this?

A: Divisions are part of the same EIN. Entities that are part of a controlled group (aggregated group) would each have their own EIN and would each file an "authoritative transmittal." Separate divisions within a company would not file an "authoritative transmittal" as there would be only one for the entire firm.

Q: Does line 16 need to be completed if employee was offered covered. Do you need to indicate on line 16 they took it if fully insured. Or for fully insured is that the responsibility of the health insurer

A: If employee is enrolled, Line 16 would indicate 2C.

Q: Sorry, but what is the code if benefits are offered to an employee, but the employee does not take it?

A: For code series 1, you would indicate what the offer of coverage was. For code series 2, you would use the safe harbor code that the employer has chosen.

Q: fulltime is one who AVERAGES at least 130 hours/month. (not more than 130)

A: Yes, the threshold for full-time employee is 130 hours. Anything above that is still a full-time employee.

Q: I would NEVER leave blanks.

A: In some instances, blanks are the only option.

Q: Can we get the answers or comments Trey is making on the top 10 Employer Reporting questions in writing?

A:

Q: If I am fully insured but generously offer coverage to employees working 20 hours, do I need to complete a 1095C or would the carrier just do the B?

A: The carrier would do the reporting for part-time employees.

Q: For union groups, does the employer have to report full time employees who waive coverage under the union plan?

A: Codes 1H and 2E are the codes for union groups under the multiemployer plan relief.



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Q: I was under the impression ALEs had to provide the 1095-C form to all employees, including PT and use code 1H and 2B. Are you saying this is not necessary?

A: IF the plan is self-insured, then the employer would provide a 1095-C for any covered employees, including part-time since the employer is also seen as the “issuer” of coverage.

Q: if coverage not affordable for a few months due to leave of absence, you leave line 16 blank since it is unaffordable

A: Yes, assuming that the employee is not enrolled in coverage. If the employee is enrolled in coverage you would use 2C.

Q: Is the 1094-B the form that the employee submits with their personal income tax return? The 1095-C is solely for the employer mandate (penalty), correct?

A: The 1095-B form is the form you’re likely asking about. The employee is not obligated to submit the forms with their taxes.

How do I use the information on my Form 1095-B?

- This form provides information about your health coverage, including who was covered, and when the coverage was in effect.
- If Form 1095-B, Part IV, Column (d), shows coverage for you and everyone in your family for the entire year, you can simply check the full-year coverage box on your tax return.
- If you did not have coverage for the entire year, use Form 1095-B, Part IV, Column (e), to determine the months when you or your family members had coverage. If there were months that you did not have coverage, you should determine if you qualify for an [exemption](#) from the requirement to have coverage. If not, you must make an [individual shared responsibility payment](#).
- You are not required to file a tax return solely because you received a Form 1095-B if you are otherwise not required to file a tax return.
- Do not attach Form 1095-B to your tax return - keep it with your tax records.

Source: IRS Tax Tip published February 23, 2016.