

# What is Form 1095-C: Employer-Provided Health Insurance Offer and Coverage

Updated for Tax Year 2014

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## OVERVIEW

The Affordable Care Act, or Obamacare, requires certain employers to offer health insurance coverage to full-time employees and their dependents. Further, those employers must send an annual statement to all employees eligible for coverage describing the insurance available to them. The Internal Revenue Service (IRS) created Form 1095-C to serve as that statement.

## Who has to file Form 1095-C?

The health care law defines which employers must offer health insurance to their workers. The law refers to them as "applicable large employers (<https://turbotax.intuit.com/tax-tools/tax-tips/Health-Care/What-is-an-ALE--Applicable-Large-Employer--for-Health-Care-Reform-/INF27933.html>)," or ALEs. A company or organization is an ALE if it has at least 50 full-time workers or full-time equivalents. A full-time worker, according to the law, is someone who works at least 30 hours a week.



A full-time equivalent, meanwhile, is two or more part-time employees whose hours add up to a full-time load. Two workers who each put in 15 hours a week, for example, would make up one full-time equivalent ( $15 \times 2 = 30 = 1 \text{ FTE}$ ). **Only ALEs are required to file Form 1095-C.**

## Information on the 1095-C

Every employee of an ALE who is eligible for insurance coverage should receive a 1095-C. Eligible employees who decline to participate in their employer's health plan will still receive a 1095-C. The form identifies:

- The employee and the employer
- Which months during the year the employee was eligible for coverage
- The cost of the cheapest monthly premium the employee could have paid under the plan

If an ALE does not offer its employees insurance, the 1095-C will indicate that fact. ALEs that don't offer coverage may be subject to financial penalties.

## Relationship to the 1095-B

Form 1095-C merely describes what coverage was made available to an employee. A separate form, the **1095-B**, provides details about an employee's actual insurance coverage, including who in the worker's family was covered. This form is sent out by the insurance provider rather than the employer.

However, some companies are "self-insured," meaning that they pay their workers' medical bills themselves, rather than paying premiums to an insurance company.

- In the case of self-insured employers, the employer is also the insurance provider, so it will also send out 1095-B forms (<https://turbotax.intuit.com/tax-tools/tax-tips/Health-Care/Does-Your-Company-Need-to-File-Form-1095-B-/INF27921.html>)
- Employers in this situation can send the "B" and "C" forms on a single combined form

## When the 1095-C must go out

Sending out 1095-C forms became mandatory starting the 2015 tax year. Employers send the forms not only to their eligible employees but also to the IRS. Employees are supposed to receive them by the end of January — so **forms for 2015** would be sent in **January 2016**.

Employers have until the end of February to send them to the IRS if filing paper forms, or until the end of March if filing electronically. Employers with 250 or more forms must file them electronically. Those with fewer than 250 have the option of filing paper forms or filing electronically.

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