ACA Employer Reporting Requirements
Timeline, Action Items & 2015 Strategic Considerations

Thursday
February 5, 2015
2 - 3 P.M.

Andrea Esselstein, JD
Group Benefits Compliance
Team Leader

Luke Clark
Senior Consultant
Group Benefits
AGENDA

2015 & 2016 Employer “Shared Responsibility” Requirements: RECAP

Shared Responsibilities Initiating the Reporting Requirements

Two New IRS Code Sections: 6055 & 6056

Draft Forms, Instructions & Codes

Informational Reporting Structure of IRS Code Section 6056: 1094-C & 1095-C

Immediate Takeaways & Frequently Asked Questions

What are Your Questions?
Plan Years on or after January 1, 2015: Employers ≥ 100 Full-Time Employees are Required to …
Plan Years on or after January 1, 2016: Employers ≥ 50 Full-Time Employees are Required to …

**Offer** Qualified Employer-Sponsored Coverage to Substantially All Full-time Employees, Including Dependents (ACA Definition)

Provide **Minimum Value** Coverage (60% Actuarial Value) To Full-Time Employees

Provide Affordable Coverage To Full-time Employees (Contribution For Self-only Coverage Cannot Exceed 9.5% Of Form W-2 Income)

**Reporting** Requirements Reflecting the Coverage Offered

Employer Penalty Exposure…

IRS Reporting Requirements…
Is Coverage Equal to Minimum Essential Coverage (MEC) & Minimum Value Requirements?

Are Plans Affordable to All Full-Time Employees?

Do Employees Qualify for Subsidies on the Public Exchange? (Creating Employer Penalty Exposure in 2015)?

Reporting for Effective ACA Implementation
IRS REPORTING REQUIREMENTS
Initiating ACA Employer Shared Responsibility Requirements

NEW ACRONYM!
ALE: Applicable Large Employer (Member Company for IRS Reporting Purposes)

6055 Reporting
To Determine Individual Mandate Penalties

6056 Reporting
To Determine Large Employers Subject to Shared Responsibility Penalties

Reporting of Employees Enrolled with Minimum Essential Coverage (6055 Reporting)
&
Reporting by Large Employers on Health Insurance Coverage Offered Under Employer-Sponsored Plans (6056 Reporting)
Employers Must File Returns Annually (File in 2016 for 2015 Plan Years)

...By February 28 IF using Paper OR by March 31 IF Filing Electronically

Copy or Substitute Statement Must be Provided to Employees by January 31

...Or May be Provided to Employees Electronically by Employee Consent
**Social Security Numbers (SSNs) for Dependents are Required**

**Dates of Birth are an Alternative for Data Collection only after Reasonable Efforts to Solicit SSNs**

**REASONABLE RULE:** THREE Attempts to Solicit SSNs Before Annual Filing

**ACCEPTABLE SOLICITATIONS:** During Enrollment, Electronic Mail, U.S. Postal Service, & Telephone
Birth Dates are an Alternative ONLY AFTER REASONABLE EFFORTS (THREE EFFORTS) are Made to Solicit Social Security Numbers

- Plan Enrollment May be the First Solicitation, if including a Field to Provide the SSN/TIN

- Additional Attempts are Required by December 31 of the Same Year as the First Request AND December 31 of the Following Year (following the first request)
INFORMATIONAL REPORTING STRUCTURE

6055 & 6056 FAST FACTS

6055 REPORTING

Applies to Employers of ALL SIZES, including those with Fewer than 50 Full-time Employees That Offer Minimum Essential Coverage (MEC)

Reporting under Section 6055 is by the Carrier for Fully-Insured Plans

INFORMATION REQUIRED BY INSURERS AND SMALL SELF-FUNDED EMPLOYERS AS TO WHICH INDIVIDUALS ARE ENROLLED IN MINIMUM ESSENTIAL COVERAGE

6056 REPORTING

Applies to Employers Averaging AT LEAST 50 FULL-TIME (Including Full-time Equivalent Employees) within the Preceding Calendar Year

Reporting under Section 6056 is by the Carrier AND the Employer for Fully-Insured Plans; and by the Employer for Self Funded Plans

INFORMATION REQUIRED BY LARGE EMPLOYERS AS TO WHETHER FULL-TIME EMPLOYEES (THOSE EMPLOYED FOR ONE MONTH WERE OFFERED COVERAGE OR MORE)
### “Snapshot” Information

Reporting information required by insurers and small self-funded employers as to which individuals are enrolled in minimum essential coverage.

Information is to assist the IRS with the individual coverage mandate & penalty enforcement of the ACA.

### Data for Reporting

1. Name, address, and taxpayer identification number ("TIN"), or date of birth (if TIN is not available) of employee.

2. Name and TIN, or date of birth, of each spouse or dependent of the employee who is also covered under the plan.

3. Months during which each listed individual was covered during the calendar year.

An individual is considered covered for the month if the individual was covered for at least one day during the month.
**SECTION 6056 GENERAL REPORTING METHOD**

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<tr>
<th><strong>“Snapshot” Information</strong></th>
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<tr>
<td>REPORTING INFORMATION REQUIRED BY LARGE EMPLOYERS AS TO WHETHER FULL-TIME EMPLOYEES (THOSE EMPLOYED FOR ONE MONTH OR MORE) WERE OFFERED COVERAGE, AND THE LOWEST AMOUNT AN EMPLOYEE MAY PAY TO RECEIVE MINIMUM VALUE COVERAGE</td>
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</tbody>
</table>

Information Assists the IRS with the Employer Coverage Mandate & Penalty Enforcement

May be Reported through a **General Method** OR Two **Alternative Methods**

<table>
<thead>
<tr>
<th><strong>Reporting Methods</strong></th>
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<tbody>
<tr>
<td><strong>GENERAL REPORTING METHOD</strong></td>
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<tr>
<td>Return for Each Full-time Employee (for one month or more during the calendar year) Documenting Coverage Offered and the Coverage an Employee Elects</td>
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<th><strong>ALTERNATIVE REPORTING METHODS</strong></th>
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<td>4980H Transition Relief</td>
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<td>98% Offer Method</td>
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<td>2015 Only</td>
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<td>95% Offer Method</td>
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## SECTION 6056 GENERAL REPORTING METHOD

<table>
<thead>
<tr>
<th>General Information</th>
<th>“Penalty” Information</th>
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<tbody>
<tr>
<td>Employer name, address, and EIN of employer;</td>
<td>Month-By-Month Certification as to whether the Employer Offered the Full-Time Employee (and his or her Dependents) the Opportunity to Enroll in Minimal Essential Coverage under an Employer-Sponsored Plan;</td>
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<td>Name &amp; number of the employer’s contact;</td>
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<td>Calendar year for which the information is reported;</td>
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<tr>
<td>Certification, month-by-month, as to whether employer</td>
<td>Amount of the Employee Contribution for the Lowest Cost Monthly Premium (Self-Only) for Coverage Providing Minimum Value</td>
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<td>offered full-time employee(and his or her dependents) the opportunity to enroll in employer-sponsored coverage</td>
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<tr>
<td>Months for which coverage was available;</td>
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<tr>
<td>Amount of the employee contribution for the lowest monthly premium cost for self-only coverage</td>
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<tr>
<td>Number of full-time employees for each month;</td>
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<tr>
<td>Name, address, and SSN of the full-time employee and the months of coverage</td>
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</table>
STRATEGIC OVERVIEW
EMPLOYER REPORTING REQUIREMENTS

What Forms are Necessary to Complete Section 6056 Requirements?

FORM 1095-C: Employer-Provided Health Insurance Offer and Coverage
FORM 1094-C: Transmittal of Employer-Provided Health Insurance Offer and Coverage

REMINDER:
Employers Must Also Report Minimum Essential Coverage for Self-Insured Plans (6055)

Report Required to Communicate with Full-Time Employees
Report Required to File with the IRS (along with Form 1095-C)
INFORMATIONAL REPORTING STRUCTURE
Form 1095-C Employer-Provided Health Insurance Offer and Coverage

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For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.
**INFORMATIONAL REPORTING STRUCTURE**

**Form 1095-C Part II: Employee Offer and Coverage**

**Line 14: Indicator Codes for Employee Offer and Coverage**

**Code Series 1: Offer of coverage**

**Note:** A Code Must be Entered for Each Calendar Month **EVEN IF** the Employee was Not a Full-time Employee for One or More of the Calendar Months.
**INFORMATIONAL REPORTING STRUCTURE**

Form 1095-C Part II: Employee Offer and Coverage

**Line 14: Code Series**

Minimum Essential Coverage (MEC) providing minimum value offered to:

1A Full-time employee with employee contribution for self-only 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). (Referred to by the IRS as “Qualifying Offer”)

1B Employee only

1C Employee and at least Minimum Essential Coverage offered to dependent(s) (not spouse)

1D Employee and at least Minimum Essential Coverage offered to spouse (not dependent(s))

1E Employee and at least Minimum Essential Coverage offered to dependent(s) and spouse

1F Minimum Essential Coverage NOT providing Minimum Value offered to employee, or employee and spouse or dependent(s), or employee, spouse, and dependents
### Line 14: Code Series (cont’d)

Minimum Essential Coverage (MEC) providing minimum value offered to:

- **1G** 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. Enter code 1G in the “All 12 Months” box and do not complete the monthly boxes.

- **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
**INFORMATIONAL REPORTING STRUCTURE**

Form 1095-C Part II: Employee Offer and Coverage

**Line 15:** Employee Share of lowest Cost Monthly Premium for Self-Only Minimum Value Coverage

Complete only when Codes 1B, 1C, 1D or 1E are checked

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<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
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<tr>
<td>Employer Name</td>
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For Privacy Act and Paperwork Reduction Act Notices, see separate instructions.
## INFORMATIONAL REPORTING STRUCTURE
### Form 1095-C Part II: Employee Offered Coverage

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

Note: Enter only one code per month per employee

**2A. Employee not employed during the month. Do not use this code for the month during which an employee terminates employment with the employer.**

**2B. Employee not a full-time employee and did not enroll in minimum essential coverage, if offered for the month**

**2C. Employee enrolled in coverage offered**

**2D. Employee in a section 4980H(b) Limited Non-Assessment Period (i.e., employee is in an initial measurement period)**

**2E. Multiemployer interim rule relief. Enter code 2E for any month for which the multiemployer interim guidance applies for that employee; Code 2E supersedes Code 2d if both apply.**

**NOTE:** Employer is treated as offering health coverage to an employee if the employer is required by a collective bargaining agreement or related participation agreement to make contributions for that employee to a multiemployer plan that offers, to individuals who satisfy the plan’s eligibility conditions, health coverage that is affordable and provides minimum value, and that also offers health coverage to those individuals’ dependents.
What Forms are Necessary to Complete IRS Code Section 6056 Requirements?

1094-C & 1095-C

**FORM 1094-C**

Transmittal of Employer-Provided Health Insurance Offer and Coverage

1094-C: Report Required to File with the IRS (along with Form 1095-C)

Each Applicable Large Employer (ALE) has an Independent Obligation to File Returns & Provide Statements under Section 6056
## INFORMATIONAL REPORTING STRUCTURE
### Form 1094-C Part III: ALE Member Information

**Line 19: Is this the Authoritative Transmittal for this ALE Member?**

- **ONLY ONE AUTHORITY TRANSMITTAL FILED FOR EACH EMPLOYER**
  - Example of Multiple Forms 1094-C Filed for One Employer: Separate Divisions that May Not use a Central Payroll System.
  - One of the Forms 1094-C must be Designated as the Authoritative Transmittal and Report Aggregate Employer-level Data for all Full-time Employees (Employees of Each Division)

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**DRAFT AS OF**

**October 15, 2014**

**DO NOT DISTRIBUTE**

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| Form 1094-C | Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns | 2014
|-------------|----------------------------------------------------------------------------------------|------
| **Part I (Applicable to Large Employer Member (ALE Member))** | | |
| Name of ALE Member (Employer) | | |
| Street address (including city, state, and zip code) | | |
| | | |
| **Part II** | | |
| City or town | State or province | Zip code and area code (if applicable) | |
| | | | |
| **Part III** | | |
| Name of parent or subsidiary | | |
| Street address (including city, state, and zip code) | | |
| | | |
| **Part IV** | | |
| City or town | State or province | Zip code and area code (if applicable) | |
| | | | |

**For Official Use Only**

- **19** Is this the Authoritative Transmittal for this ALE Member? If *Yes*, check the box and continue. If *No*, see instructions.
- **20** Total number of Forms 1094-C referred to on behalf of ALE Member.

**ALE Member Information**

- **18** Total number of Forms 1094-C transmitted with this transmittal.

**Certifications of Eligibility (select all that apply)**

- A. Qualifying Offer Method
- B. Qualifying Offer Method Transition Relief
- C. Section 4019(A) Transition Relief
- D. safe harbor 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**

**Date**

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.
INFORMATIONAL REPORTING STRUCTURE
Form 1094-C Part III: ALE Member Information

DRAFT AS OF October 15, 2014
DO NOT FILL

Line 22: Only Completed on the Authoritative Transmittal

☐ A. Qualifying Offer Method

☐ B. Qualifying Offer Method Transition Relief (95% Offer Method)

☐ C. 4980H Transition Relief

☐ D. 98% Offer Method
A. Qualifying Offer Method
Employer must certify that it made a qualifying offer for all 12 months

a. If using this code, then use of code 1A on Form 1095-C, line 14; or alternatively, use one of the different offer codes for Form 1095-C, line 14 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

B. 2015 Qualifying Offer Method Transition Relief
a. 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
b. If using this code, then use of code 1A on Form 1095-C, line 14; or alternatively, use one of the different offer codes for Form 1095-C, line 14 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

C. 4980H Transition Relief
a. Employer qualifies if either:
   i. Fewer Than 100 Full-Time Employees, Including Full-Time Equivalent Employees (50-99 Transition Relief) or
   ii. 2015 Transition Relief for Calculation of Assessable Payments Under Section 4980H(a) for ALEs with 100 or More Full-Time Employees, Including Full-Time Equivalent Employees (100 or More Transition Relief)

D. 98% Offer Method
a. 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
b. employer is not required to identify which of the employees for whom it is filing were full-time employees; also not required to complete the “Full-Time Employee Count” in Part III, column (b)
### Lines 23-35: ALE Member Information

**Column A – Minimum Essential Coverage Offer Indicator**

- Check X in the “Yes” box on Line 23 for “All 12 Months” if coverage was offered to at least 95% of full-time employees for the entire calendar year, else
- Check X in the “Yes” box for each month that coverage was offered to at least 95% of full-time employees, or
- Check X in the “No” box for each month that coverage was not offered to at least 95% of full-time employees, or
- Check X in the “No” box on Line 23 for “All 12 Months” if coverage was not offered to at least 95% of full-time employees for any months in the entire calendar year

An employee in a “Limited Non-Assessment Period” is not counted as part of the 95% test. E.g., employees not yet eligible for coverage because they are a newly-hired full-time in a probationary period, or newly-hired variable hour employee that is in their initial measurement period.
Lines 23-35: ALE Member Information

Column B – Full-Time Employee Count

Enter the number of full-time employees for each month, but do not include any employee in a Limited Non-Assessment Period

Column C – Total Employee Count

Enter the total number of employees, including full-time employees and non-full-time employees, for each calendar month

- Must use either the first or last day of the month to determine the census
### Lines 23-35: ALE Member Information

#### Column D – Aggregated Group Indicator

Check **“Yes”** if the employer is treated as a single employer under the Controlled Group Regulations, i.e., IRC Sections 414(b), 414(c), 414(m), or 414(o).

#### Column E – Section 4980H Transition Relief Indicator

- If box D on line 22 is checked enter **“A”** – to signify 50 – 99 Relief.
- If box C on line 22 is checked enter **“B”** – to signify 100 or more Relief.
## INFORMATIONAL REPORTING STRUCTURE

### Form 1094-C Part IV: Other ALE Members of Aggregated ALE Group

**Lines 36-65: Other ALE Members of Aggregated ALE Group**

Only Complete if a Member of a Controlled Group

Enter the name(s) and EIN of the members of the controlled group; if more than 30 member companies, list the 30 with the largest average number of full-time employees.

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<tr>
<th>Name</th>
<th>EIN</th>
<th>Name</th>
<th>EIN</th>
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<tbody>
<tr>
<td>36</td>
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*Form 1094-C 2014*
1. Verify Internal Systems are Structured to Collect Necessary (Internal Coordination)

2. Assign Responsibility for Reporting & Upcoming Communication Needs

3. Collect Necessary Data
   
a) Offer of Coverage to Employees & Dependents, including the Months that Coverage was Available
b) Names, Social Security Numbers and Addresses for Covered Employees & Dependents
   (Consider Annual Solicitation Requirements for SSNs within the Implementation Timeline)
c) Number of Full-time Employees for each Month in the Calendar Year
d) Full-time Employees’ Monthly Contributions

4. Determine Employee Classifications (i.e., full-time, part-time, variable-hour, seasonal employees) & Document these Definitions for Recordkeeping

5. Consider How to Generate and Deliver the Required forms; e.g., Prepare and Deliver Internally or Use a Vendor
TAKEAWAYS

REMINDERS

FINAL Forms & Instructions are **NOT** yet Available

Simplified Reporting Methods are Available, yet Awaiting Final Instructions **May OR May Not** Be Practical to Use these Methods

Steps are Required for Employers with **Fully-insured Plans** to Collect Necessary Data for 6056 Reporting
FREQUENTLY ASKED QUESTIONS
Some Employees are Receiving 1095-A Forms & Asking Employers for Clarifications

- Form 1095-A is a Tax Form Sent to Consumers Enrolled in Health Insurance Public Exchange in 2015
- Employees will Need to File this form along with their Form 1040; providing Information employees need to complete Form 8962 for the Premium Tax Credit (Federal Subsidy)

No Employer Responsibility for Forms 1095-A

- 1st time Use of these Forms
- Understandable of Employees think it’s an Employer-created Document
THANK YOU FOR JOINING US!

Andrea Esselstein, JD
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Luke Clark, Senior Consultant
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Upcoming Oswald COMPLIANCE Recap!

BRIEF TO-THE-POINT SUMMARIES OF KEY CONSIDERATIONS & LEGISLATIVE UPDATES

Today’s Webinar Attendees will Receive a Link to an Upcoming Pre-Recorded Oswald Compliance Series, offering Key Takeaways, Action Items & Strategic Considerations for Employers in 2015

STAY TUNED!

Contact

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djarvis@oswaldcompanies.com
Upcoming Oswald Webinar……

WELLNESS PROGRAMS THAT WIN
What you can learn from successful companies

osWell’s Employer Webinar
Wellness Programs That Win: What You Can Learn From Successful Companies
Tuesday, February 10
2:00 – 2:30 PM
Presented by Aaron Witwer
Questions? Contact oswell@oswaldcompanies.com