



NAVIGATING HEALTHCARE REFORM

October, 2015

ACA In The News: Final 1094C-1095C Forms Released

Under the Affordable Care Act (ACA), employers with over 50 full-time employees, referred to as applicable large employers or ALEs, are subject to new reporting requirements effective in early 2016. These reporting requirements known as “the employer’s shared responsibility rules” are governed by Internal Revenue Service (IRS) Code Section 6056. They mandate that ALEs must provide information to the IRS and to their full-time employees statements regarding the health coverage they did or did not provide. The additional reporting is “intended to promote transparency with respect to health plan coverage and costs.” It will also provide the government with information to administer the ACA’s employer mandate, which imposes penalties on ALEs that do not offer affordable, minimum value coverage to their full-time employees and dependents.

REPORTING REQUIREMENTS

On September 17, 2015, the IRS released final 2015 versions of Forms [1094-C](#) and [1095-C](#), along with related [instructions](#). The 2015 final forms and instructions remained unchanged from the 2015 draft version, but do provide clarifications on some questions. The final instructions also contain the following key provisions:

- **Extensions of time to file returns with the IRS and furnish statements to individuals** (finalized from draft versions);
- **A process to obtain waivers from the electronic filing requirement** (finalized from draft versions); and
- **Relief from separate Section 6055 reporting for many health reimbursement arrangements (HRAs)** (clarified from prior guidance and draft versions).

Also, on June 29, 2015, President Obama signed the [Trade Preferences Extension Act of 2015](#) into law, which **increased the penalties for failure to file correct information returns or provide individual statements under Section 6056. These changes are effective for information returns and individual statements required to be filed or provided after December 31, 2015.**

AFFECTED EMPLOYERS

The Section 6056 reporting requirements apply to “applicable large employers” (ALEs) subject to the ACA’s employer shared responsibility rules. An ALE is an employer that employed an average of at least **50 full-time employees**, including full-time equivalents (FTEs), on business days during the preceding calendar year. Full-time employees are those employed, on average, **at least 30 hours of service per week**. Whether an employee qualifies as a full-time employee is determined under either the look-back measurement method or the monthly measurement method, as described in the employer shared responsibility [final regulations](#).

Section 6056 applies to all employers that are ALEs, regardless of whether coverage is offered to full-time employees, whether the employer is tax-exempt or a government entity (including federal, state, local and Indian tribal governments). However, only ALEs with full-time employees are subject to the Section 6056 requirements (and only with respect to their full-time employees). Thus, **ALEs without any full-time employees are not subject to the Section 6056 reporting requirements.**

FILING REQUIREMENTS – REQUIRED FORMS

Under Section 6056, each ALE is required to file the following with the IRS:

1. A single **transmittal form** (Form 1094-C, *Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Return*) for all of the returns filed for a given calendar year; and
2. A separate **employee statement** (Form 1095-C, *Employer-Provided Health Insurance Offer and Coverage*) for each full-time employee.

Substitute statements that comply with applicable requirements may be used, as long as the required information is included. Entities using substitute forms instead of the official IRS versions may develop substitute forms themselves or buy them from a private printer. Currently in draft form, [Publication 5223](#), *General Rules & Specifications for Substitute ACA Forms 1094-B, 1095-B, 1094-C, and 1095-C*

and *Certain Other Information*, explains the requirements for the format and content of substitute statements to recipients. **Only forms that conform to the official form and the specifications in Publication 5223 are acceptable for filing with the IRS.** Employers may not request special consideration.

The IRS also released final 2014 versions of [Form 1094-C](#) and [Form 1095-C](#), along with related [instructions](#). These are **2014 versions only**, and are not required to be filed for 2014. However, ALEs may voluntarily file them in 2015 with respect to 2014 coverage. On September 17, 2015, the IRS released final **2015 versions of Forms 1094-C and 1095-C**, along with related [instructions](#). The 2015 final forms remained unchanged from the 2015 draft versions. The 2015 final instructions were also largely unchanged from the 2015 draft versions, but provide clarifications on some questions.

DEADLINES FOR FILING WITH THE IRS AND FURNISHING STATEMENTS TO EMPLOYEES

Under Section 6056, the required forms must be filed with the IRS annually, no later than **February 28 (March 31, if filed electronically)** of the year following the calendar year to which the return relates. Due to the one-year delay, the first returns required to be filed under Section 6056 are for the 2015 calendar year, and must be filed no later than **February 29, 2016** (February 28, 2016, being a Sunday), or **March 31, 2016**, if filed electronically.

Each ALE will also be required to furnish statements annually to its full-time employees on or before **January 31** of the year immediately following the calendar year to which the statements relate. Thus, the first statements (the statements for 2015) must be furnished no later than **February 1, 2016** (January 31, 2016, being a Sunday).

Extensions may be available in certain circumstances. However, an alternate deadline is generally not allowed for employers with non-calendar year plans. Although employers may collect information on a plan year basis, employees will need to receive their individual statements early in the year in order to have the requisite information to correctly and completely file their income tax returns for that year.

PROPOSED FILING AND FURNISHING EXTENSIONS

The 2015 instructions allow employers an **automatic 30-day extension of time to file** with the IRS. To receive the automatic extension, employers must complete and file [Form 8809](#), *Application for Extension of Time To File Information Returns*, by the due date of the returns. The form may be submitted on paper, or through the FIRE System either as a fill-in form or an electronic file. No signature or explanation is required for the extension. Under certain hardship conditions, employers may also apply for an additional 30-day extension. See the instructions for Form 8809 for more information.

Employers may also request an extension of time to furnish the statements to recipients by sending a letter to:

Internal Revenue Service, Information Returns Branch
Attn: Extension of Time Coordinator
240 Murall Drive, Mail Stop 4360
Kernersville, WV 25430

The letter must include:

- The filer's name, TIN and address;
- The type of return;
- A statement that extension request is for providing statements to recipients;
- A reason for delay; and
- The signature of the filer or authorized agent.

A request must be postmarked **by the date on which statements are due to recipients**. If the request for an extension is approved, employers will generally be granted a maximum of 30 extra days to furnish the statements.

GATHER YOUR MONTHLY TRACKING DATA FOR 2015 NOW

To prepare for 2016, applicable large employers need to track information each month in 2015, including:

- Whether you offered full-time employees and their dependents minimum essential coverage that meets the minimum value requirements and is affordable.
- Whether your employees enrolled in the self-insured minimum essential coverage you offered.

You need to track this information because you could be subject to an employer shared responsibility payment if either:

- You offered coverage to fewer than 70% (for 2015; after 2015 this threshold changes to 95%) of your full-time employees and their dependents and at least one full-time employee enrolled in coverage through the Health Insurance Marketplace and receives a premium tax credit, or
- You offered coverage to at least 70% (for 2015) of your full-time employees and their dependents, but at least one full-time employee receives a premium tax credit (because coverage offered was not affordable, did not provide minimum value or the full-time employee was not offered coverage). After 2015, the threshold changes to 95%.

<p>Form 1095-C: Employer Provided Health Insurance Offer and Coverage</p> <ul style="list-style-type: none"> • Provide to full-time employees to use when filing their tax returns. • File with the IRS as an information return. • Reports information about health insurance coverage offered and any safe harbors or other relief available to the employer, or reports that no offer of coverage was made. • Reports enrollment information from employers who offer self-insured plans and information about employees and individuals who enrolled in minimum essential coverage. • Helps the IRS determine if your organization potentially owes an employer shared responsibility payment to the IRS. • Helps the IRS determine whether your full-time employees and their dependents are eligible for the premium tax credit. 	<p>Form 1094-C : Transmittal of Employer Provided Health Insurance Offer and Coverage Information Returns</p> <ul style="list-style-type: none"> • File with the IRS as a transmittal document for Forms 1095-C, Employer Provided Health Insurance Offer and Coverage. • Provides a summary to the IRS of aggregate employer-level data. • Helps the IRS determine whether an employer is subject to an employer shared responsibility payment and the proposed payment amount.
<p>What you'll need for Form 1095-C</p> <ul style="list-style-type: none"> • Who is a full-time employee for each month. • Identifying information for employer and employee such as name and address. • Information about the health coverage offered by month, if any. • The employees share of the monthly premium for lowest-cost self-only minimum value coverage. • Months the employee was enrolled in your coverage. • Months the employer met an affordability safe harbor with respect to an employee and whether other relief applies for an employee for a month. • If the employer offers a self-insured plan, information about the covered individuals enrolled in the plan, by month. 	<p>What you'll need for Form 1094-C</p> <ul style="list-style-type: none"> • Identifying information for your organization. • Information about whether you offered coverage to 70% of your full-time employees and their dependents in 2015. (After 2015 this threshold changes to 95%.) • For the authoritative transmittal. • Total number of Forms 1095-C you issued to employees. Information about members of the aggregated applicable large employer group, if any. • Full-time employee counts by month. • Total employee counts by month. • Whether you are eligible for certain transition relief.

PAYROLL PROVIDER SUPPORT

Most payroll providers are offering to file these reports on behalf of employers for an additional fee. Contact your payroll provider regarding their specific services if you have not already done so. If your payroll provider is unable to support you with these requirements or if you need additional information, please contact your BKS-Partners Account Management team.