

Reporting Required under Affordable Care Act for 2015

For the first time, when applicable large employers file their tax returns for 2015, they will need to file additional information returns required under the Affordable Care Act. Along with these information returns, these employers will need to provide statements to their full-time employees about the health insurance coverage they offered to their employees as required under the Affordable Care Act. Because this is the first time employers will have to do this reporting, many employers, and their accountants, are unsure how to complete these forms.

The forms are particularly challenging for employers who contribute to multiemployer health and welfare plans for their bargaining unit employees. How would an employer know whether or not a recently hired employee had enough hours for coverage through the plan during the month of their hire?

There is recent guidance issued by the IRS which clarifies how this reporting should be done for employers contributing to multi-employer plans, which will be covered in this step-by-step review of the forms. The instructions that follow pertain to the reporting an employer must complete for employees on whose behalf the employer contributes to a multiemployer health and welfare plan.

- First, are you an applicable large employer (ALE)?

The reporting requirements only apply to ALEs, defined in the Internal Revenue Code as an employer that employed on average at least 50 full-time employees, including full-time equivalents, on business days during the preceding calendar year.

A full-time employee is defined as an employee employed on average at least 30 hours of service per week, or 130 hours per month is the monthly equivalency. The number of full-time equivalents for a given month is determined by aggregating the hours of all non-full-time employees, and dividing that by 120; this resulting fraction is the number of full-time equivalents for a given month. The total of each month (full-time employees + full-time equivalents) should be averaged across the year. If the number is above 50, the employer is an ALE and subject to the reporting requirements; if below the employer is not an ALE and does not need to report.

Importantly entities which have a common owner or are otherwise related generally are combined for tax purposes. For purposes of determining their status as an ALE, all

entities under common control would be aggregated. If the combined total exceeds 50, all separate entities, even those that standing alone have less than 50 employees, are subject to the reporting requirements.

- Second, gather information from the plan(s) your employees are covered under.
 1. Does the plan provide minimum essential coverage?
 2. Does the plan provide minimum value?
 3. Does the plan offer dependent coverage?
 4. Does the cost of coverage satisfy the affordability requirements?

Having all this information will save you considerable time and, provided the answers to questions are yes, will allow you to input a few simple codes instead of exhaustive information.

Many plans are, or will be, sending a communication to contributing employers advising them that the plan satisfies this criteria, but consider contacting your plan(s) administrator(s) in order to verify.

These items are described briefly:

- Minimum essential coverage – Any insurance offered by an employer qualifies as minimum essential coverage.
- Minimum value – The plan must pay for at least 60% of medical expenses on average for a standard population. This is an actuarial calculation, and most multiemployer plans well exceed 60%.
- Dependent coverage – The plan must make coverage available to dependents until a child reaches the age of 26; the ACA requires plans to offer this.
- Affordability - This refers to whether the required employee contribution towards the lowest cost, self-only coverage is less than 9.56% of wages. In many plans the employees pay nothing, the coverage is paid for through employer contributions and no additional premiums are required from employees.

- Third, complete the forms.

ALEs will use Forms 1094-C and 1095-C. Form 1094-C is used to report summary information for each employer and transmit Forms 1095-C to the IRS.

Form 1095-C is the more detailed form used to report information about each employee.

Part I (Employee information and Employer information) is self-explanatory.

Part II (Employee Offer and Coverage) requires more attention. For employers that contribute to plans which satisfy all of the criteria, they will enter Code 1H on line 14 (“no offer of coverage”) and 2E on line 16 (“multiemployer interim rule relief”). No code is required for line 15. Again these specific instructions apply to the reporting that must be done for employees on whose behalf the employer contributes to a multiemployer health and welfare plan; different codes will apply for employees who are covered under a plan other than a multiemployer one.

Code 1H

Part II Employee Offer and Coverage	Plan Start Month (Enter 2-digit number):												
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Code 2E

Part III is only completed by employers who offer employer-sponsored self-insured coverage, not multiemployer plan coverage; therefore this section does not need to be completed on behalf of the bargaining unit employees who are covered by a multiemployer health and welfare plan.

- Fourth, file the forms and provide to employees.

Employers must complete and file a Form 1095-C for each employee who was a full-time employee of the employer for any month of the calendar year. Employers are also required to furnish a copy to all employees.

For employers required to file 250 or more Form 1095-Cs, they must file electronically by March 31, 2016; for those filing on paper, by February 28th. The Forms must be provided to employees by February 1, 2016.