

Employer Reporting Requirements (Forms 1095-C and 1094-C)

Quick Facts:

The Affordable Care Act (ACA) added two employer reporting requirements to the Internal Revenue Code (Code) taking effect for 2015:

- Code § 6056 requires **applicable large employers** to provide an annual statement to each **full-time employee** detailing the employer's health coverage offer.
- Code § 6055 requires employers that provide **minimum essential coverage** under a self-funded (uninsured) plan to provide an annual statement to covered employees.

The IRS has designed a new form, Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, for large employers to satisfy the requirement under Code § 6056. If the large employer self-funds its plan(s), the employer also will use Form 1095-C to satisfy the additional requirement under Code § 6055.

Employers providing Forms 1095-C to employees also must file copies with the IRS using a transmittal form, Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns. In addition, the transmittal form requests aggregated information.

Note: Small employers (under 50 full-time-equivalent employees) that sponsor self-funded health plans are subject to reporting requirements not discussed here. Self-funding by small employers is uncommon.

General Terms

An **applicable large employer** is an employer with 50 or more full-time employees, including full-time-equivalent employees.

Full-time employee generally means a common-law employee that averages 30 or more hours of service per week. An hour of service is each hour for which payment is made or due (e.g., performance of duties, vacation, holidays, paid absence, or leave).

Minimum essential coverage means any employer-sponsored group health plan, other than "excepted benefits." Most flexible spending accounts (FSAs) or stand-alone dental or vision plans are excepted benefits; that is, they are not minimum essential coverage.

Minimum value coverage means the minimum essential coverage plan's share of total allowed cost of benefits is at least 60 percent of such costs. The minimum value coverage is **affordable** if the employee's required contribution for self-only coverage does not exceed 9.5 percent of the employee's income from the employer.

Details:

What is the purpose of the new employer reporting requirements?

The reporting requirements are intended to help the IRS administer several provisions under the Affordable Care Act. Specifically, the IRS will use information reported by employers to determine:

- Employees that are (or are not) eligible for subsidies if they purchase health insurance in the individual Health Insurance Exchange (Marketplace);
- Large employers that fail to offer affordable minimum value coverage to full-time employees and whether the employer may be subject to potential penalties; and
- Individuals that are enrolled in minimum essential coverage that satisfies the ACA's individual mandate.

What is Form 1095-C?

Form 1095-C is a new form designed by the IRS to collect information about applicable large employers and the group health coverage, if any, they offer to their full-time employees. Employers will provide Form 1095-C (employee statement) to employees and file copies, along with Form 1094-C (transmittal form), to the IRS.

Form 1095-C is comprised of three parts:

- Part I: Identifying information about the employee and the employer.
- Part II: Information about the employer's offer of group health coverage.
- Part III: Information about the employer's self-funded health coverage (if any), including names and Social Security numbers of the employee and his or her covered dependents.

When does the new reporting requirement start?

The requirement first applies for calendar year 2015 with reports due in early 2016:

- 2015 Form 1095-C (employee statement): Due January 31, 2016.
- 2015 Form 1094-C (transmittal form with copies of Forms 1095-C): Due February 29, 2016 (or March 31, 2016, if filing electronically).

The due dates are the same as the due dates for Form W-2 for the same calendar year. If the due date falls on a weekend or legal holiday, the employer may file by the next business day.

If the employer is part of a controlled group, which entity has to provide Form 1095-C?

Entities that belong to the same controlled group, e.g., parent/subsidiaries companies or sister companies under common control, are counted together and their combined employee size determines if they are an applicable large employer. If so, each entity in the controlled group is deemed an applicable large employer that must complete the reporting requirements. Each of the entities will report under its Employer Identification Number (EIN).

Is the reporting requirement delayed another year for employers eligible for transition relief under the new "play or pay" rules?

No. The transition relief rules that allow some large employers to avoid penalties under the ACA's Employer Shared Responsibility provision (so-called "play or pay") for an extra year do not apply to the new reporting requirements.

What type of information is required to complete Form 1095-C?

Employers should work with their payroll administrators and human resources information system administrators to identify the data elements needed to complete Forms 1095-C and 1094-C. The level of detail will vary widely depending on whether the employer is eligible for simplified reporting.

All large employers must report basic information, similar to W-2 information:

- Employee name, Social Security number (SSN), address.
- Employer name, Employer Identification Number (EIN), address, telephone contact.

IRS regulations provide a general method for all applicable large employers to complete Form 1095-C. The general method requires reporting information about the full-time employee and the health coverage (type, required contribution) offered to that employee. Many employers, however, will be able to take advantage of one of the alternative (simplified) methods outlined in the regulations.

For example, alternative methods of reporting are available for employers that made a qualifying health coverage offer to employees for all 12 months or for employers that offered affordable minimum value coverage to at least 98 percent of full-time employees (and their children).

Employers that do not sponsor a self-funded (uninsured) plan will complete Parts I and II with respect to each full-time employee. Persons covered under a group insurance plan also will receive a form directly from the insurance company regarding the coverage.

For self-funded employers, what type of information is required to complete Form 1095-C?

Employers that sponsor a self-funded (uninsured) health plan providing minimum essential coverage have additional reporting requirements. For full-time employees, the employer will complete Parts I and II of Form 1095-C. If the full-time employee was covered under the self-funded plan, the employer also will complete Part III including names and SSNs of any covered dependents.

In addition, for any part-time employees covered under the self-funded plan, the employer will complete Parts I and III.

Are nonprofit employers or governmental employers (e.g., municipalities, public school districts) subject to the reporting requirements?

Yes, the reporting requirements apply to all applicable large employers. Employers should review the specific requirements for their type of organization with their advisors.

What is Form 1094-C?

Employers will file copies of Forms 1095-C with transmittal Form 1094-C to the IRS. The employer will indicate on Form 1094-C if it is eligible for alternative (simplified) reporting. Employers also will use this form to certify that the employer is eligible for transition relief under the ACA “play or pay” rules, if applicable.

Official Guidance:

The Internal Revenue Service (IRS) has released final forms and instructions to be used for Internal Revenue Code § 6055 and § 6056 reporting. This material is for 2014 reporting, which is voluntary for employers. Reports for 2015 (due in early 2016) will be required, however, so employers and their advisors should review the material and begin preparing now.

Forms and instructional materials include:

- [Form 1095-C](#), *Employer-Provided Health Insurance Offer and Coverage*
- [Form 1094-C](#), *Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns*.
- [Instructions](#) for Forms 1094-C and 1095-C.
- A short [brochure](#) designed by the IRS to help employers under the reporting requirements and the type of information needed to complete the forms.