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COHN REZNICK
BENEFITS CONSULTANTS

10 THINGS YOU NEED TO KNOW ABOUT:

THE NEW AFFORDABLE CARE ACT REPORTING REQUIREMENTS

1 *It's Here*

Employers with 50+ full-time equivalent (FTE) employees in calendar 2014 are Applicable Large Employers (ALEs) who must capture monthly calendar year 2015 workforce and full-time employee data along with health plan eligibility and enrollment information.

2 *Smaller Employers Aren't Exempt*

Employers with 50 – 99 FTEs in calendar 2014 who qualify for the employer mandate delay until 2016 don't get a reporting pass in 2015; you too must prepare to report for 2015 just like larger employers.

3 *Aggregated "ALE" Group Member Employers Report Their Own Data*

If you're part of a Controlled Group of companies (with 50+ FTEs in 2014 across the Controlled Group) then you have your own reporting responsibilities even if you have less than 50 employees and/or when you participate in a single health plan offered for the Controlled Group.

4 *IRS Releases Final Reporting Forms*[1]

ALEs will complete a *Transmittal Form 1094-C* and prepare an *Employee Statement Form 1095-C* **(Parts I and II)** for every full-time employee. These forms will be used by the IRS to review and assess penalties under the employer mandate and to determine if an employee qualifies for premium tax credits if coverage was obtained from a Marketplace. In addition, ALEs must furnish a copy of the personalized *Employee Statement Form 1095-C* to all full-time employees regardless of whether coverage was offered and/or accepted by that employee. The IRS didn't change the previously issued draft forms although the instructions do offer more clarity.

5 *Insurance Companies Provide Individual Mandate Documentation*

Employees and other individuals (such as COBRA participants) with employer-sponsored group health coverage provided under an **insured arrangement** will receive a separate *Form 1095-B (Health Coverage)* from the insurance carrier as proof of coverage to satisfy the individual mandate. The insurance company will submit this documentation to the IRS, as well. One *Form 1095-B* will be issued to the employee (or other individual) that will include coverage information for a spouse and dependents (if any). ALEs with insured plans will not be responsible to provide this information to employees and other enrollees.

6 *Employers With Self-Funded Plans Have More Work To Do*

ALEs will complete the *IRS Transmittal Form 1094-C* and must complete **Parts I and II** of the *Employee Statement Form 1095-C*. Employers with self-funded plans (for any month(s) in 2015) must also complete **Part III** of the *Employee Statement Form 1095-C*. This section is completed for any employee (and covered dependents) that enrolled in self-funded coverage for any month in 2015. Other individuals such as COBRA qualified beneficiaries and part-time employees who are covered by the employer's plan must also be issued an *Employee Statement Form 1095-C*, as well[2]. This proves to the IRS that these employees (and dependents) and other individuals satisfy their individual mandate requirements. This is the same information that an insurance carrier reports for insured group health plans on *Form 1095-B*. Be sure to capture everyone's Social Security Number (including dependents).

7 Transmitting Forms To The IRS

ALEs must submit the *Transmittal Form 1094-C* to report employer-level information, indicate how many *Employee Statement Forms 1095-C* will be submitted, provide information about other controlled group employer members (if applicable), report monthly population and coverage data and indicate if any special certifications may apply such as being eligible for one or more of the employer mandate transition relief provisions (i.e. for non-calendar year plans, small employer mandate delay until 2016, etc.).

8 "ALE" Member Employers Must Identify Other Controlled Group Companies

Employers that identify themselves as part of a controlled group of companies for any part of the calendar year must include the name and Employer Identification Number of up to 30 other ALE Member companies on the *Transmittal Form 1094-C.* The list of ALE member companies must be reported in descending order based on the average number of full-time employees in the ALE member companies.

9 Know The Codes

ALEs will provide information about the coverage being offered to each full-time employee on the *Employee Statement Forms 1095-C* **Part II** using a series of codes the IRS has created. The **Offer of Coverage** on Line 14 (Codes 1A – 1I) will generally describe whether or not Minimum Essential Coverage was offered to an employee, spouse and/or any dependents. Employers will generally report the monthly contribution for the lowest cost health option for self-only coverage on Line 15 to allow the IRS to determine if affordable coverage is available to the employee from the employer. Line 16 will be filled in using Codes 2A – 2I for each month and will clarify such issues as whether the individual was employed during the month, whether the individual is eligible and/or enrolled in coverage, what if any affordability safe harbor may apply when an employee has declined an offer of coverage (there are separate codes for use of the W-2, Base Pay or Federal Poverty Line approach), and is the employee in a waiting period or other limited non-assessment period for which the employer would not be liable for a penalty for that month.

10 Deadlines And Penalties

The first reports for 2015 are due to the IRS no later than February 29, 2016 or March 31, 2016 when an employer is filing the returns to the IRS electronically. Employees must receive their *Employee Statement Form 1095-C* no later than January 31, 2016. The IRS will not assess penalties for the 2015 reporting year for employers that make a good faith effort to comply with the new requirements. In general, the penalty structure will be the same as for incomplete or incorrect filing of W-2 information.

[1]*The IRS has released the 2014 version of these forms however; reporting of information for calendar 2014 is voluntary. While we anticipate that the IRS will not significantly modify the forms or the required information as employers prepare for the 2015 reporting obligations, we cannot with certainty make this claim. These forms are officially titled* ***Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns*** *(Form 1094-C) and* ***Employer Provided Health Insurance Offer and Coverage*** *(Form 1095-C)*

[2]*Employers have the option to use Forms 1094-B and 1095-B for non-employee plan members.*

ADDITIONAL INFORMATION

For specific questions concerning information contained in this **10 Things**, please contact your CohnReznick Benefits consultant. This information is not intended to render tax or legal advice. Employers should consult with qualified legal and/or tax counsel for guidance with respect to matters of law, tax and related regulation. CohnReznick Benefits consultants provides comprehensive consulting and administrative services with respect to all forms of employee benefits, risk management, qualified and non-qualified retirement plans, M&A due diligence, private client services, and compensation and human resources. For additional information about our services, please contact us at 516-683-6100 or mail@cohnreznickbenefits.com.