

Employer Reporting: Final 2015 Instructions and Forms Issued

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Employers with at least 50 full-time employees (“FTEs”) (including full-time equivalent employees) in the prior calendar year (referred to as Applicable Large Employers (“ALEs”)) must comply with new reporting requirements under the Affordable Care Act (“ACA”) beginning with calendar year 2015.

Recently, the final Forms 1094-C and 1095-C were issued along with instructions. While the final Forms are substantially similar to the draft versions issued earlier this year, the final instructions provide some helpful clarifications. Notable changes include:

- **Reporting on HRAs (Form 1095-C Part III).** The final instructions make it clear that an ALE with an insured group health plan and a self-insured HRA is not required to report the HRA coverage on Part III of Form 1095-C as long as the individual with the HRA coverage is also enrolled in the employer’s insured group health plan. The same is true with a self-insured group health plan with an HRA. However, reporting on the HRA is required in Part III if the individual with the HRA coverage is not enrolled in the employer’s group health plan (because, for example, he or she is enrolled in the group health plan of a spouse). Also, reporting on a retiree-only HRA that does not include other major medical coverage would be required. Employers may use either the Form 1095-C or Forms 1094-B and 1095-B to report this information.
- **Reporting COBRA offers (Form 1095-C Line 14).** The instructions clarify that:
 - An offer of COBRA made to a former employee upon termination of employment should not be reported as an offer of coverage on Line 14 of Form 1095-C. Instead, Code 1H (no offer of coverage) in Line 14 should be used for any month in which the offer of COBRA coverage applies.
 - An offer of COBRA made to an active employee as a result of a reduction in hours that resulted in a loss of health plan eligibility is reported using the same code in Line 14 as an offer of that type of coverage to any other active employee.
- **Determine monthly employee contribution (Form 1095-C Line 15).** An employer may, but is not required to, divide the total employee share of the premium for the plan year by the number of months in the plan year to determine the monthly employee contribution for the plan year. This monthly employee contribution would then be reported for any months of that plan year that fall in the 2015 calendar year.

For example:

- If the plan year begins January 1, the employer may determine the amount to report for each month by taking the total annual employee contribution for all 12 months and dividing by 12.
- If the plan year begins April 1, the employer may determine the amount to report for January through March, 2015 by taking the total annual employee contribution for the plan year ending March 31, 2015, and dividing by 12, and may determine the amount to report for April through December, 2015 by taking the total annual employee contribution for the plan year ending March 31, 2016, and dividing by 12.
- **Plan Year Information Requested on Form 1095-C.** In Part II there is a place for an employer to indicate the plan year start date by entering a two digit start month (01 through 12). For calendar year 2015 this is optional. Employers that do not offer group health plan coverage may use "00". An employer that changes the plan year during the calendar year (i.e., runs a short plan year) will use the earliest applicable month. For CY 2016 reporting, it is anticipated that the IRS will require ALEs to complete this plan year information.
- **Multiemployer interim rule relief (Form 1095-C Line 16).** If the employer qualifies for the multiemployer interim relief (Code 2E), then 2E will trump any other code, including 2C.

As a reminder, the Forms 1095-C for CY 2015 must be provided to all FTEs (if self-insured, to any covered individual) no later than February 1, 2016. Employers who file electronically have until March 31, 2016 to submit Form 1094-C and all Forms 1095-C to the IRS. Otherwise, the due date for paper delivery to the IRS is February 29, 2016.

For the final Forms and Instructions visit:

Form 1094-C: <http://www.irs.gov/pub/irs-pdf/f1094c.pdf>

Form 1095-C: <http://www.irs.gov/pub/irs-pdf/f1095c.pdf>

Instructions: <http://www.irs.gov/pub/irs-pdf/i109495c.pdf>

