

Employer Shared Responsibility Provisions and Information Returns for Tax Year 2015



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What Employers Need to Know

- Fewer than 50 full-time employees (including full-time equivalent employees) – §4980H does not apply
- Applicable Large Employer (ALE) status
- Employer tax provisions for ALEs:
- Employer Shared Responsibility Provisions (§4980H)
- Information Reporting (§6056)
- Employers that offer self-insured plans:
- Information Reporting (§6055)



Employer Shared Responsibility Provisions

- ALEs must
 - Offer health coverage to their full-time (FT) employees (and their dependents), or
 - Potentially be subject to an employer shared responsibility payment
- Generally not effective until January 1, 2015
- Transition rule for 2015 for ALEs with less than 100 full-time employees (including full-time equivalent employees)



Determining ALE Status

- Number of employees and their hours of service in preceding year determines ALE status for the current year
- Definition of full-time employee
- Definition of full-time equivalent employee
- Seasonal worker exception
- Common ownership and controlled groups
- Transition rule for 2015 ALE determination



ALE Examples

- Company X had 40 full-time employees and 20 part-time employees at 60 hours each month
- The 20 part-time employees =
- 10 full-time-equivalent employees
- 40 FT plus 10 FTE = ALE (50 FT/FTE)
- Company X is subject to the employer shared responsibility provisions



Common Owner ALE

- For all of 2015 & 2016, Corp A owns 100% of Corp B and Corp C
- Number of 2015 FT employees:
 - Corp A – None
 - Corp B – 40
 - Corp C – 60

 - Total – 100
- Corp A + B + C is an ALE for 2016
- Corps B & C are each an ALE member



Defining a Full-Time Employee

- FT = 30 hrs/week or 130 hrs/month
- Two measurement methods
 - Monthly
 - Look-back
- Defining an hour of service
- Hour for which paid or entitled to be paid
- Special rules



ESRP Liability

- Liability exists if employer:
 - Does not offer coverage to at least 95% of FT employees (and their dependents) and at least one FT employee receives the PTC, OR
 - Does offer to 95% of FT employees (and their dependents), but at least one FT employee receives the PTC because, for that full-time employee, coverage was
 - not offered
 - unaffordable, or
 - did not provide minimum value
- 2015 Transition relief



Definition of Affordability and Minimum Value

- Affordability
 - Affordable if employee's share of lowest cost self-only coverage does not exceed 9.56% of household income
 - Three employer "safe harbors"
- Minimum value
 - Covers at least 60% total cost of benefits



Employer Shared Responsibility Payment

- Offer to less than 95% (70% for 2015)
 - Payment of 1/12 of \$2,080 per FT employee, above 30 threshold (per month)
- Offer to at least 95% (70% for 2015)
 - Payment of 1/12 of \$3,120 per PTC-receiving FT employee, (per month), subject to limitation



ESRP Assessment and Payment

- Employer will not make a payment with a return
- IRS will determine amount and notify employer
- Employer will have opportunity to respond before assessment
- IRS will send a notice and demand after assessment



2015 Transition Relief

- 50-99 FT + FTE employees (requires certification)
- Dependent coverage
- Non-calendar year plans
- First payroll rule (January 2015)



Health Coverage Reimbursement Arrangements

- Notice 2015-17 provides temporary relief from the §4980D excise tax
- Small employers with Employer Payment Plans got relief for 2014 and up to July 1, 2015
- S corporations continue to report pursuant to Notice 2008-1
- Market reforms do not apply to health plans that cover less than two current employees



Information Reporting Requirements for Applicable Large Employers (ALE)

- Requires ALEs to file an information return to report health care coverage offered to the employer's full-time employees for the calendar year
- Applies to employers who are subject to the employer shared responsibility provisions (§4980H)
- Information is used to (1) administer the employer shared responsibility provisions (§4980H) and (2) determine an employee's eligibility for the premium tax credit



Information Reporting Forms

- 1094-C (Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns):
 - Employer name, address, EIN, and contact information
 - # of 1095-Cs submitted
 - ALE member information
- 1095-C (Employer-Provided Health Insurance Offer and Coverage):
 - Employee name, TIN, and address
 - Employer name, EIN, and contact information
 - Covered individuals
 - Offer of coverage (by month)



Due dates to employees and IRS

- Required for calendar year 2015 (filed in 2016) and beyond
 - Furnished to Employee by January 31
 - Filed with the IRS by February 28 (March 31 if filed electronically)
- Voluntary filing for calendar year 2014 (filed in 2015)



Filing – Paper / Electronic

- Paper filing available only if submitting 250 or fewer information returns
- Must electronically file if submitting more than 250 information returns
- Details on Information Return filing preparation can be found on IRS.gov (search term 'AIR')



AIR Publications

- Publication 5164, Test Package for Electronic Filers of Affordable Care Act (ACA) Information Returns (AIR)
 - General and program specific testing information for use with ACA Assurance Testing System (AATS)
- Publication 5165, Guide for Electronically Filing Affordable Care Act (ACA) Information Return for Software Developers and Transmitters
 - Communications procedures, transmission formats, business rules and validation procedures for ACA Information Returns filed electronically



Health Coverage Information Reporting (\$6055)

- Impacts all insurers, providers of government-sponsored programs and employers that sponsor self-insured group health plans
- Effective 2015; first returns due 2016
- Transmittal of Health Coverage Information Return – Form 1094-B:
 - Identifying information for entity providing coverage & contact info
- Health Coverage – Form 1095-B:
 - Provided to the policy holder or other responsible individual and submitted to IRS
 - Self-insured ALE members report coverage on Form 1095-C, Part III



Health related forms taxpayers may receive for tax year 2015

- Form 1095-A – Health Insurance Marketplace Statement
- Form 1095-B – Health Coverage
- Form 1095-C – Employer-Provided Health Coverage Insurance Offer and Coverage



Form 1095-A – Health Insurance Marketplace Statement

Form **1095-A** Health Insurance Marketplace Statement VOID CORRECTED OMB No. 1545-2032
 Department of the Treasury Internal Revenue Service **2015**
 Information about Form 1095-A and its separate instructions is at www.irs.gov/form1095a.

Part I Recipient Information

1 Marketplace identifier 2 Marketplace-assigned policy number 3 Policy issuer's name
 4 Recipient's name 5 Recipient's SSN 6 Recipient's date of birth
 7 Recipient's spouse's name 8 Recipient's spouse's SSN 9 Recipient's spouse's date of birth
 10 Policy start date 11 Policy termination date 12 Street address (including apartment no.)
 13 City or town 14 State or province 15 Country and ZIP or foreign postal code

Part II Covered Individuals

A. Covered individual name	B. Covered individual SSN	C. Covered individual date of birth	D. Coverage start date	E. Coverage termination date
16				
17				
18				
19				
20				

Part III Coverage Information

Month	A. Monthly enrollment premiums	B. Monthly second lowest cost silver plan (SLCSP) premium	C. Monthly advance payment of premium tax credit
29			
30			
31			
32			
33			

33 Annual Totals
 For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60703G Form 1095-A (2015)

Form 1095-B – Health Coverage

Form **1095-B** Health Coverage VOID CORRECTED OMB No. 1545-2032
 Department of the Treasury Internal Revenue Service **2015**
 Information about Form 1095-B and its separate instructions is at www.irs.gov/form1095b.

Part I Responsible Individual

1 Name of responsible individual 2 Social security number (SSN) 3 Date of birth (if SSN is not available)
 4 Street address (including apartment no.) 5 City or town 6 State or province 7 Country and ZIP or foreign postal code
 8 Enter letter identifying Origin of the Policy (see instructions for codes): Small Business Health Options Program (SHOP) Marketplace identifier, if applicable

Part II Employer Sponsored Coverage (see instructions)

9 Employer name 10 Street address (including room or suite no.) 11 City or town 12 State or province 13 Country and ZIP or foreign postal code
 14 Employer identification number (EIN)

Part III Issuer or Other Coverage Provider (see instructions)

15 Name 16 Street address (including room or suite no.) 17 City or town 18 State or province 19 Country and ZIP or foreign postal code
 20 Name 21 Employer identification number (EIN) 22 Contact telephone number

Part IV Covered Individuals (Enter the information for each covered individual(s).)

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered (M = 12 months)	(e) Months of coverage															
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec				
23																			
24																			
25																			
26																			
27																			
28																			

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60704B Form 1095-B (2015)

Form 1095-C – Employer-Provided Health Coverage Insurance Offer and Coverage

Form **1095-C** **Employer-Provided Health Insurance Offer and Coverage** VOID CORRECTED **2015**
 Department of the Treasury Internal Revenue Service
 Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c

Part I Employee **Applicable Large Employer Member (Employer)**

1 Name of employee 2 Social security number (SSN) 7 Name of employer 8 Employer identification number (EIN)

3 Street address (including apartment no.) 9 Street address (including room or suite no.) 10 Contact telephone number

4 City or town 5 State or province 6 Country and ZIP or foreign postal code 11 City or town 12 State or province 13 Country and ZIP or foreign postal code

Part II Employee Offer and Coverage **Plan Start Month (Enter 2-digit number):**

14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
15 Employee Share of Lowest Cost Monthly Premium for Self-Only Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 49801 State (enter letter code)													

Part III Covered Individuals
 If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

	(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered (all 12 months)	(e) Months of Coverage											
					Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60105M Form **1095-C** (2015)

Affordable Care Act Resources

- IRS.gov
 - IRS.gov/aca – Affordable Care Act (ACA) Tax Provisions
 - Employers Resource page
 - Q&A section
 - Legal guidance and other resources
 - ACA Information Returns (AIR) - Technical Guidance (Use search term 'AIR')
- Other Health Care Information
 - HHS website: HealthCare.gov
 - SBA website: SBA.gov/healthcare
 - DOL website: DOL.gov/ebsa/healthreform