The Affordable Care Act

Form 1094/1095 Reporting on 2024 Calendar Year

Susan Grassli
Health Benefits Compliance Attorney

GBS
A Leavitt Group Company

Agenda

Form 1094/1095 Reporting on 2024 Calendar Year

1. Overview

- ACA Background and Big Picture
- Small versus Large Employer Obligations
- Furnishing and Filing
- Mistakes and Corrections

2. Penalties

- Information Reporting Penalties
- Employer Shared Responsibility Penalties

3. 1094/1095 forms details

- 1094/1095 B forms
- 1094-C form
- 1095-C form

1. Overview

Form 1094/1095 Reporting on 2024 Calendar Year

1. Overview

ACA Big Picture

ACA Big Picture

Origins of Health Care Reform

- March 23, 2010: Patient Protection and Affordable Care Act
- March 30, 2010: Health Care and Education Reconciliation Act
- Most commonly referred to (collectively) as Affordable Care Act (ACA)

Multiple Provisions with Phased Effective Dates

- By 2014, most provisions were in effect
- By 2020, all remaining provisions were in effect

After a Law is Passed: Regulatory Authority

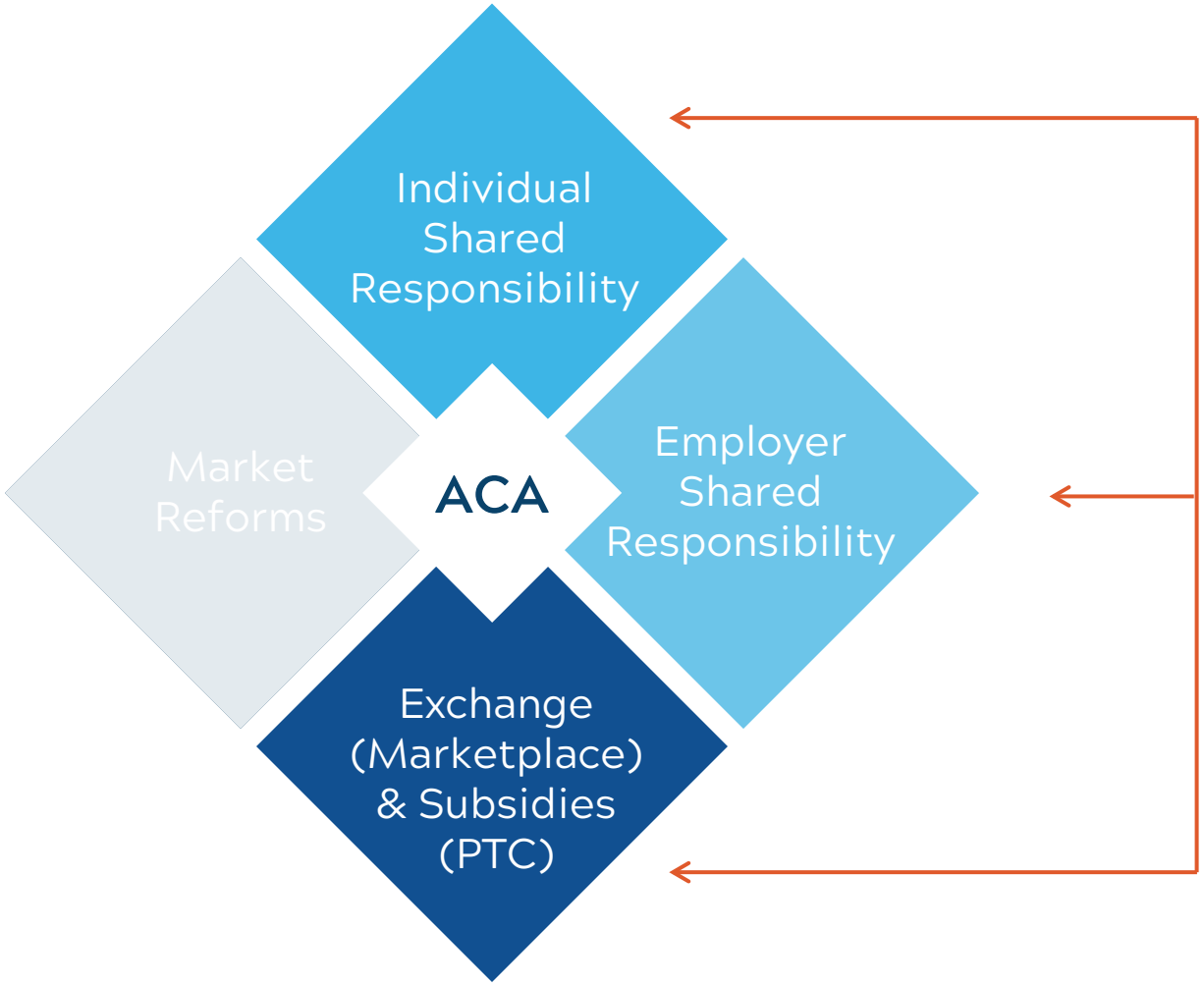
- Three Federal Departments have regulatory authority over the ACA
  - U.S. Department of Health and Human Services (HHS)
  - U.S. Department of Labor (DOL)
  - U.S. Treasury Department (IRS)
- Collectively, referred to as the “Tri-Agencies” or the “Departments”

ACA Big Picture

Examples of Regulatory Actions

- Investigating compliance
- Assessing penalties/tax
- Issuing guidance
  - Information and/or instructions meant to help entities understand how to interpret and comply
  - Examples of guidance: proposed rules, interim final rules, final rules, Notices, FAQs, forms, letters, model templates, and other sub-regulatory documents

ACA Big Picture



1094/1095 Forms provide information the Departments need in order to oversee compliance with these 3 provisions

ACA Big Picture

Purpose of 1094/1095 Forms

- The forms provide the Departments with information they need to accurately investigate compliance and assess penalties under:
  - Employer Mandate (offering affordable, minimum value coverage to full-time employees)
  - Marketplace/Exchange (individual/family eligibility for subsidies)
  - Individual Mandate (obtaining health insurance for self and dependents, penalty is now $0.00)

ACA Big Picture

Different 1094/1095 Forms for Different Purposes

- The **A forms** are completed by Exchange/Marketplace
- The **B forms** are completed by insurers/carriers and small employers that offer a self/level funded plan
- The **C forms** are completed by all large employers regardless of how plan is funded

1094 Form compared to 1095 Form

- **1094**: one form, similar to a cover sheet with general employer information, filed with IRS
- **1095**: one form for each individual (applicable) employee, furnished to employees, and filed with IRS

1. Overview

Small versus Large Employer Reporting

Small versus Large Employer

Reporting is Different for Large Employers compared to Small Employers

- **Large employers**
  - All large employers report
  - Includes all funding types (fully-insured, level funded, self funded)
  - File and furnish the **1094/1095-C form**

- **Small employers**
  - Some small employers report and some do not
    - If sponsor a self/level funded plan: Must report
    - If sponsor a fully insured plan: Need not report (but see rare exception to this rule on next slide)
  - File and furnish the **1094/1095-B form**

Small versus Large Employer

Reporting Process is Different for Large Employers Compared to Small Employers

- **Rare exception for small employers that sponsor a fully insured plan as well as a self funded HRA**
  - General Rule: Employers who sponsor fully insured plans do NOT report
    - This applies EVEN IF an employer offers both an insured group health plan AND a (self-funded) HRA
    - AS LONG AS an employee enrolls in both the insured group health plan and the HRA
  - Exception
    - Must report if an individual is covered by an HRA sponsored by one employer and a group health plan sponsored by another employer (such as spousal coverage)
    - This means each employer (or the health insurance carrier if the plan is insured) must report based
    - BUT only need to provide B forms to just these individuals, not to all enrolled employees

ACA Big Picture: The Forms

Understanding the difference between A, B and C forms

Exchange/Marketplace

A Form provides information about who purchased in Exchange, who is enrolled and when, and whether they received a Premium Tax Credit (also known as PTC or subsidies)

- 1095-A → IRS
- 1095-A → Enrollee

Insurers/Carriers and Small Employers

(*small employer with self/level funded plan*)

B Form provides information about who enrolled in group health plan

- 1094-B → 1095-B → IRS
- 1095-B → Enrollee/Employee

Large Employers

(**both fully insured & self/level funded plans**)

C Form provides information about health coverage including who was eligible for group health plan, who enrolled, and whether that plan was minimum value, affordable coverage

- 1094-C → 1095-C → IRS
- 1095-C → Employee

Small versus Large Employer

How is Large Employer Defined?

- **Large Employer** (“Applicable Large Employer” or ALE)
  - 50 or more full-time employees plus full-time equivalents based on prior full calendar year monthly average

- **Small Employer**
  - Less than 50 full-time employees plus full-time equivalents based on prior full calendar year monthly average

Calculate Size Accurately

- If employer size is in question (especially if close to the 50 threshold) double check size to confirm
- The size calculation has specific calculation rules that must be followed
  - Example, must include in size calculation all employees who are employed by entities that are part of a controlled group
  - For help calculating correctly, use the GBS 4 Step Process
    - Step 1 in that process addresses employer size
    - Step 1 toolkit and calculator help you determine employer size accurately
    - Request Step 1 by emailing ACA4Steps@GBSbenefits.com or ask your GBS broker team

Small versus Large Employer

Tip for Small Employers: Avoid This Common Pitfall!

- Employer size is determined based on data from the **full prior calendar year**
  - To calculate, use employee data from *January 1 through December 31* of the *prior* calendar year
- If an employer reaches 50+ in a month, it does NOT mean it will be considered large immediately
  - An employer will only be considered large when the *monthly AVERAGE* is 50+ based on prior year
- When you grow from small to large, carefully identify when you are considered large and when you must report, it may NOT be as soon as you think
  - Examples
    - Calculate monthly average size using data from **1/1/23 to 12/31/23** to determine whether you are large for **2024** and when you must file **2024 1094/1095-C forms** (due in March/April **2025**)
    - Calculate monthly average size using data from **1/1/24 to 12/31/24** to determine whether you are large for **2023** and when you must file **2025 1094/1095-C forms** (due in March/April **2026**)

Small versus Large Employer

Tip for Employers Close to the 50+ Threshold: Do We Report This Year

Do I Need to File 2024 1094/1095-C forms?

2023

If employer employs on average at least 50 FT + FTEE employees between January 1 2023 through December 31, 2023, then . . . .

2024

. . . The employer is considered an applicable large employer (ALE) for 2024.

2025

Because considered large for 2024, ALE must file/furnish the 2024 1094/1095-C forms in Feb/March of 2025

Small versus Large Employer

Tip: Cheat Sheet for Interaction Between Size, Reporting and Timing

Size Calculation Data	Year Size Results Apply	Data Year	Submission Due Date
Use data from January 1, **2023** through December 31, **2023**	If calculation result is 50+ then employer is large for **2024**	Report using data from **2024** calendar year	File and furnish 1094/1095-C forms by Feb/March/Apr **2025**
Use data from January 1, **2024** through December 31, **2024**	If calculation result is 50+ then employer is large for **2025**	Report using data from **2025** calendar year	File and furnish 1094/1095-C forms by Feb/March/Apr **2026**
Use data from January 1, **2025** through December 31, **2025**	If calculation result is 50+ then employer is large for **2026**	Report using data from **2026** calendar year	File and furnish 1094/1095-C forms by Feb/March/Apr **2027**
Use data from January 1, **2026** through December 31, **2026**	If calculation result is 50+ then employer is large for **2027**	Report using data from **2027** calendar year	File and furnish 1094/1095-C forms by Feb/March/Apr **2028**

Big Picture - Reporting

Tip for Large Employers with *Fully-Insured* Plans: Avoid this Common Pitfall!

- Your insurer/carrier is NOT filing/furnishing the **C forms** for you
  - Your insurer/carrier is filing/furnishing the 1094/1095 **B forms**
  - You must also file the 1094/1095 **C forms**
  - Employees should receive both a 1095-B form (from carrier/insurer) AND a 1095-C form (from you)
    - When/if the carrier tells they are filing/furnishing, they are referring to the B forms
    - If you think they are also filing/furnishing the C forms for you, confirm in writing to ensure this is accurate

Big Picture - Reporting

Tip Large Employers that Sponsor *Self/Level* Plans: Avoid this Common Pitfall!

- Do not leave **Part III of the 1095-C** form blank
  - You are required to provide both the B form information and the C form information
    - This is because there is no carrier/insurer that is separately providing 1095-B forms to employees
  - For convenience, the B form equivalent information is on the 1095-C form in Part III
    - Complete this section only for employees that are enrolled in your group health plan

1. Overview

Furnishing and Filing

Furnishing & Filing

Furnishing versus Filing

- **Furnishing** refers to providing 1095 forms to employees
- **Filing** refers to submitting the 1094/1095 forms to IRS

Filing Due Dates

- General deadlines (when dates do not fall on a weekend)
  - if filing hard copies February 28
  - if filing electronically March 31
- **FILING Deadlines for 2024 forms**
  - if filing hard copies **February 28, 2025**
  - if filing electronically **March 31, 2025**

Furnishing & Filing

Furnishing versus Filing

- **Furnishing** refers to providing 1095 forms to employees
- **Filing** refers to submitting the 1094/1095 forms to IRS

Filing Due Date Extensions

- Employers have option to apply for 30-Day Automatic Extension
- Employers must complete Form 8809
  - May submit Form 8809 on paper by mail, or electronically through the AIR System
  - Under certain hardship conditions, may apply for a second, additional 30-day extension.
- Proper and timely (on or before the regular due date) submission provides automatic 30-day extension

Furnishing & Filing

Furnishing versus Filing

- **Furnishing** refers to providing 1095 forms to employees
- **Filing** refers to submitting the 1094/1095 forms to IRS

Furnishing Due Dates

- General furnishing deadline (when dates do not fall on a weekend)
  - January 31 plus an automatic extension of no later than additional 30 days
- Furnishing deadline for **2024** forms
  - **March 3, 2025**
- **UPDATE:** Alternative Reporting Method per the *Paperwork Burden Reduction Act (December 2024)*
  - Employers may choose to furnish only to employees who request their 1095 form
    - Must provide clear, conspicuous and accessible notice that the 1095 form is available upon request and include and email and physical address where requests can be sent as well as phone number for questions
    - Must provide by (the later of) the general furnishing deadline or within 30 days of request.

Furnishing & Filing

Furnishing versus Filing

- **Furnishing** refers to providing 1095 forms to employees
- **Filing** refers to submitting the 1094/1095 forms to IRS

Furnishing Due Date Extensions

- Employers have NO OPTION to apply for an Extension because there is now an automatic and permanent 30-day extension
  - There was an option to apply for an automatic extension, but regulations issued December 13, 2022 made this automatic extension permanent

Furnishing & Filing

Matrix for 2024 Furnishing and Filing Deadlines

ACA Reporting Form	Where the Form Goes	2024 Form Deadlines
1095-C form	Furnish to employees • Original method • Alternative method	• March 3, 2025 • January 31, 2025 or within 30 days of request
1094-C and 1095-C (if electronic filing)	File with IRS	March 31, 2025
1094-C and 1095-C (if paper filing)	File with IRS (must be filing under 10)	February 28, 2025
1095-B form	Furnish to employees • Original method • Alternative method	• March 3, 2025 • January 31, 2025 or within 30 days of request
1094-B and 1095-B (if electronic filing)	File with IRS	March 31, 2025
1094-B and 1095-B (if paper filing)	File with IRS (must be filing under 10)	February 28, 2025

1. Overview

Furnishing to Employees

Furnishing & Filing

Furnishing to Employees

Which Employees Receive a 1095 Form from Employer

- If a large employer is furnishing the 1095-C form
  - All *full-time employees* receive the form, even if they were not eligible or offered coverage
    - If group health plan is self/level funded, must also provide the form to all other *enrolled* employees, including part-time, variable, short term employees. If not enrolled, these individual do not need a form.

- If a small employer is furnishing the 1095-B form
  - All *enrolled* employees receive a form
    - Employees who were not eligible do not received a form. It doesn't matter whether employees are full-time or part-time

Furnishing & Filing

Furnishing to Employees

Exceptions to Furnishing a 1095-C Form to an Employee

- A large employer need not provide a 1095 to an employee when:
  - An employee is not a full-time employee in any month of the year
  - An employee is in a limited non-assessment period for all 12 months in the calendar year
    - Example: a new variable hour employee who during the calendar year was either not employed or was still in the initial measurement period and/or initial administrative period
    - Example: an employer is using the Look Back measurement method safe harbor, and over the applicable measurement period, the employee' hours of service were under 130 average per month (not full-time using the safe harbor)

Furnishing & Filing

Furnishing to Employees

Furnishing Methods- Paper versus Electronic Copies

- Must mail or hand-deliver
  - May provide the forms at the same time and in the same envelope as the Form W-2
- Exception to mailing or hand delivering:
  - ORIGINAL RULE: May furnish electronically if employee affirmatively consents **each year** to receive an electronic statement
    - Affirmative consent must relate directly to receiving the 1095 form, not to generally receiving other notices and documents electronically
    - To get consent, employee may approve electronically (email) or on paper but if on paper, must confirm consent electronically
    - Examples of electronic delivery include: 1) attaching the 1095 to an email, or 2) informing the employee how to access the 1095 on the employer's website.
  - **UPDATE:** Per the *Employer Reporting Improvement Act (December 2024)* employers do not need to get consent for electronic notice from employees **each year**
    - Need consent once initially, and need consent again only if consent is revoked
    - When getting the initial consent once, apply the original process above

Furnishing & Filing

Furnishing to Employees

How Many Forms Furnished Per Employee?

- May only furnish only one 1095 form per employee
  - Example, do not populate 2 different 1095 forms each with different time periods and/or information
- However,
  - A full-time employee who works for more than one employer that is a member of the same Aggregated Group (control group) must receive a separate 1095 form from each entity/employer
  - This is because each entity in the controlled group must report separately under its own EIN

1. Overview

Filing with IRS

Furnishing & Filing

Filing refers to submitting the 1094/1095 forms to IRS

- Must file the **1094 B or C** form (cover sheet) with copies of all **1095 B or C** forms with the **IRS**
- Filing must be electronic through the online ***ACA Information Return (AIR)*** system
  - Exception to requirement to file electronically:
    - Small employers that file less than 10 IRS forms may choose to file by mail
    - When counting number of forms to determine if meet the exception, must include all 1094/1095 forms as well as other tax forms like W-2 forms and 1099 forms
    - This means most all employers must file electronically

Furnishing & Filing

Filing with IRS - Electronic

Hardship Waivers to Allow Filing by Hard Copy/Mail

- Employers may still submit Form 8508 to request paper filing instead of electronic filing
  - The IRS encourages employers to file form 8508 at least *45 days* before the due date of the return
    - But employers are to allowed to file the request by no later than the regular submission due date
  - The IRS does not begin processing for 8508 waiver requests until January 1 of the calendar year in which the returns are due.
    - A factor that may be considered when determining whether a hardship exists is if the cost of filing the returns electronically exceeds the cost of filing the return on paper. Two cost estimates for software, programming, or third-party services for preparation of electronic files must be attached to Form 8508.
    - See form and instructions for more information https://www.irs.gov/pub/irs-pdf/f8508.pdf
  - Must reapply for each year a waiver is needed

Furnishing & Filing

Filing with IRS - Electronic

Filing Forms Electronically with the IRS

- If required to submit through the ACA *Information Return (AIR) system*, may choose either:
  - Filing with assistance of a vendor (third party transmitter)
  - Filing the forms on your own. If you choose to submit the forms directly on your own
    - Must use Extensible Markup Language (XML) format
    - Formatting directions for paper returns are in some cases different than the formatting required for XML, for more information, see *XML Schemas and Business Rules* published on IRS.gov
    - Start with our GBS summary entitled: *Filing Forms 1094-C and 1095-C with the IRS Electronically through the AIR Program*
    - For technical instructions, refer to helpful 18 page IRS resource entitled: *Guidelines for individual reporters are found at IRS Publication **5164** called Test Package for Electronic Filers of Affordable Care Act (ACA) Information Returns (AIR)*

Furnishing & Filing

Filing with IRS - Electronic

Tip when Filing Electronically with the IRS

- **TIP 1:** If considering submitting the forms electronically *without a vendor*, check out the process first before making a final decision
  - You must complete three steps with IRS before gaining access to submit forms
    - Register to use IRS e-services Tools
    - Apply for your Information Return Transmitter Control Code (TCC)
    - Test Communication with AIR System
  - The 1094/1095 forms must be in XML format to submit electronically through AIR System
  - Start the submission process early, a minimum of 30 days prior to deadline

Furnishing & Filing

Filing with IRS - Electronic

Tip when Filing Electronically with the IRS

- **TIP 2**: If using your payroll company or a reporting vendor to submit the forms for you, clarify what level of assistance they will be providing:
  - Will the payroll/vendor populate forms
    - AND file with IRS
    - AND furnish 1095 forms to employees
  - Will the payroll/vendor populate forms
    - AND file with IRS
    - But not furnish 1095 forms to employees
  - Will the payroll/vendor populate forms
    - But not file forms with IRS
    - But not furnish 1095 forms to employees

Furnishing & Filing

Filing with IRS - Paper

Filing Paper Forms with the IRS

- For the few small employers that have the option to file with IRS via mailing hard copies
  - Print forms in landscape format
  - Keep forms flat, do not fold, paper clip or staple the forms
  - On each package:
    - Write employer name
    - Number packages consecutively
    - Place the 1094-C form in package number 1
  - Keep copies for at least 3 years
  - Send First Class Mail
    - IRS address is based on the U.S. State in which an employer's principal business is located
    - *See next slide for address*

Furnishing & Filing

Filing with IRS - Paper

Filing Paper Forms with the IRS

- Use one of two IRS addresses, based on the U.S. State in which an employer's principal business is located
  - Department of Treasury, IRS Center, Austin TX 73301
    - Alabama, Arizona, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia
  - Department of Treasury, IRS Center, P.O. Box 219256 Kansas City, MO 64121-9256
    - Alaska, California, Colorado, District of Columbia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Utah, Washington, Wisconsin, Wyoming

1. Overview

Federal versus State Reporting

State-Specific Reporting

State Reporting compared to Federal ACA 1094/1095 Reporting

- The ACA is a federal law
  - A provision in the ACA requires most individuals to obtain health coverage for themselves and dependents. This is called the Individual Mandate.
    - There was a change effective January 1, 2019
    - The Individual Mandate is still in place but penalty is $0.00
    - In essence this provision no longer has any teeth
- There are some similar state laws
  - In response to the federal penalty change to $0.00, some states passed "individual mandate-type" rules and requirements
    - Employers with employees in these states need to be aware of these state reporting rules

- **UPDATE: Note that the new federal law that allows alternative method to furnish the forms to only employees who request a 1095 form, does NOT apply to state reporting rules. Follow state reporting rules closely.**

State-Specific Reporting

State Reporting v. Federal ACA 1094/1095 Reporting

- States with "Individual Mandate-type" rules
  - California, Massachusetts, New Jersey, Vermont, Rhode Island, and the District of Columbia (DC).
- The laws in these states vary, but generally:
  - **Employees** who reside in those states have additional rights and obligations
    - Including obtaining health coverage for self and dependents
  - **Employers** with employees residing in these states have additional requirements
    - This means employers have state reporting requirements in addition to federal ACA reporting requirements
  - **Reporting** under state requirements are similar to the ACA 1094/1095 forms
    - Some states allow employers to use the ACA 1094/1095 forms, and other states have their own forms
    - For details, ask for our GBS summary entitled: *State-Specific Individual Mandate Rules and Annual Information Reporting Requirements*

1. Overview

Mistakes and Corrections

Mistakes and Corrections

Corrections should be filed “as soon as possible” after an error is discovered

- **Correcting Paper Forms**
  - To correct form 1094-C: Prepare a new stand alone fully completed Form 1094-C with the correct information
    - Enter an X in the “CORRECTED” box
    - Do not file other documents, e.g. the 1095-Cs
  - To correct form 1095-C: Prepare a new fully completed 1095-C with the correct information
    - Enter an X in the “CORRECTED” box
    - File with it a Form 1094-C that does NOT have the “CORRECTED” box checked
    - Furnish a copy of the corrected 1095-C to the employee
    - Exception: when an incorrect dollar amount is discovered on line 15, it may fall under a safe harbor (no need to file correction) if no single amount in error differs from the correct amount of more than $100
  - To correct a form 1095-C that was furnished to an employee (but not yet filed with the IRS): write, type, or print “CORRECTED” on the new Form 1095-C and give it to the employee

Mistakes and Corrections

Corrections should be filed “as soon as possible” after an error is discovered

- **Correcting Electronic Forms**
  - If originally filed electronically, need to file corrections electronically as well.
    - Exception: if number of corrected forms filed electronically was less than 10, may file corrections by paper but must get a waiver using Form 8508
  - Corrections can only be made to previous transmissions that have been “Accepted, Accepted with Errors or Partially Accepted”
    - File as soon as possible
    - Furnish the corrected copy to recipient as well
    - Include only corrected forms, not originals
  - For more on how to submit corrections electronically, review IRS Publication **5165**, *Guide for Electronically Filing Affordable Care Act (ACA) Information Returns for Software Developers and Transmitters* at **section 7.1**

Mistakes and Corrections

Tip: To Avoid These Extra Steps, Try Prevention

- Employers are ultimately responsible and liable for correct and timely forms
  - Penalty letters are sent directly to employers
- Learn the reporting rules so you can identify potential issues
- In advance of filing, review forms for accuracy to catch mistakes
  - Be aware that many reporting platforms can have mistakes in forms that need to be corrected
  - All employers should check the forms for accuracy prior to filing, even if getting assistance furnishing and/or filing through a vendor or payroll system

2. Penalties

Form 1094/1095 Reporting on 2023 Calendar Year

Penalties

Employers are Exposed to Penalties under Two Separate ACA Provisions

- Separate Penalties
  - Information Reporting: Internal Revenue Code sections 6721 and 6722
  - Employer Shared Responsibility: Internal Revenue Code sections 4980H(a) and 4980H(b)

- Example
  - ACME Company believes it is a small employer and thus is not exposed to ACA employer shared responsibility rules. It offers a group health plan to full time employees but the monthly premium for single coverage does not meet affordability thresholds.
  - In reality, ACME Company is part of a controlled group, and all entities in that controlled group have a total aggregated employee count over 50. This makes ACME Company a large employer.
  - As a result, ACME Company could be assessed two separate penalties: 1) a penalty for failing to offer affordable coverage (under employer shared responsibility) AS WELL AS 2) a penalty for failing to file/furnish the 1094/1095-C forms (under Information Reporting).

2. Penalties

1094/1095 Reporting Penalties

Information Reporting Penalties

The Rule

- Large employers (and small employers who must file/furnish) will be penalized for:
  - Failure to file/furnish
  - Incorrect or incomplete forms
  - Late filing/furnishing
- No more "Good Faith" relief from penalty
  - The good faith relief from penalty (for incorrect or incomplete forms) provided leniency on penalties if applied.
    - This means no more leniency on unintentional mistakes, including a common mistakes
    - Mistake Example: marking NO in column A on 1094-C form (did not offer to 95% FT employees) instead of YES (did offer to 95% of FT employees)

Information Reporting Penalties

Penalty	2024 Tax Year (filed in 2025)	Original Amount
Failure to file/furnish - up to 30 days late	$60 per form	$30
Failure to file/furnish - 31 days late through August 1	$130 per form	$60
Failure to file/furnish - after August 1 or not filed at all	$330 per form	$100
Failure to file/furnish - intentional disregard (no cap)	$660 per form	$250
*This number is the annual penalty cap, but cap may be lower for small employers, depending on the employer's total annual gross receipts	$3,987,000*	$1,500,000

Information Reporting Penalties

IRS is Actively Sending Proposed Penalty Letters

- **1865-C letter:**
  - For employers who filed but there are problems with the forms submitted or the forms submitted were late
- **5698/5699 letters:**
  - For employers who failed to file but IRS believes are large and should have filed
    - IRS may be discovering these large employers by comparing how many W-2 Forms employers filed
- **5005A letter**
  - For employers who fail to respond to Letters 5698/5699
    - This letter includes proposed penalties
- **6145 letter**
  - For employers who respond to Letters 5698/5699 but response is unsatisfactory or incomplete
    - This letter does not include proposed penalties

2. Penalties

Employer Mandate Penalties

Employer-Shared Responsibility Penalties

The Rule

- Applicable large employers (ALEs) will be penalized if two elements exist:
  - **The ALE either**:
    - Fails to offer Minimum Essential Coverage (MEC) health coverage to at least 95% of full-time employees and dependents, AND/OR
    - Offers MEC to 95% of full-time employees and dependents, but that coverage fails to meet affordability and/or minimum value thresholds
  - **AND**
    - One or more full time employees purchases coverage in the ACA Exchange/Marketplace and receives a subsidy (aka premium tax credit or PTC) to help pay for that coverage
- The IRS is actively sending proposed penalty letters
  - The IRS is currently working on penalties based on 2022 forms

Employer-Shared Responsibility Penalties

	Code § 4980H(a) non-offering penalty if owe all 12 months	Code § 4980H(b) affordability / minimum value penalty if owe all 12 months
2015	$2,080.00 X all FT employees (minus 30)	$3,120.00 X all FT employees who go to Marketplace / Exchange and obtain a subsidy
2016	$2,160.00 X all FT employees (minus 30)	$3,240.00 X all FT employees who go to Marketplace/Exchange and obtain a subsidy
2017	$2,260.00 X all FT employees (minus 30)	$3,390.00 X all FT employees who go to Marketplace / Exchange and obtain a subsidy
2018	$2,320.00 X all FT employees (minus 30)	$3,480.00 X all FT employees who go to Marketplace / Exchange and obtain a subsidy
2019	$2,500.00 X all FT employees (minus 30)	$3,750.00 X all FT employees who go to Marketplace/Exchange and obtain a subsidy
2020	$2,570.00 X all FT employees (minus 30)	$3,860.00 X all FT employees who go to Marketplace/Exchange and obtain a subsidy
2021	$2,700.00 X all FT employees (minus 30)	$4,060.00 X all FT employees who go to Marketplace/Exchange and obtain a subsidy
2022	$2,750.00 X all FT employees (minus30)	$4,120.00 X all FT employees who go to Marketplace/Exchange and obtain a subsidy
2023	$2,880.00 X all FT employees (minus30)	$4,320.00 X all FT employees who go to Marketplace/Exchange and obtain a subsidy
2024	$2,970.00 X all FT employees (minus30)	$4,460.00 X all FT employees who go to Marketplace/Exchange and obtain a subsidy
2025	$2,900.00 X all FT employees (minus30)	$4,350.00 X all FT employees who go to Marketplace/Exchange and obtain a subsidy

Employer-Shared Responsibility Penalties

IRS is Actively Sending Proposed Penalty Letters

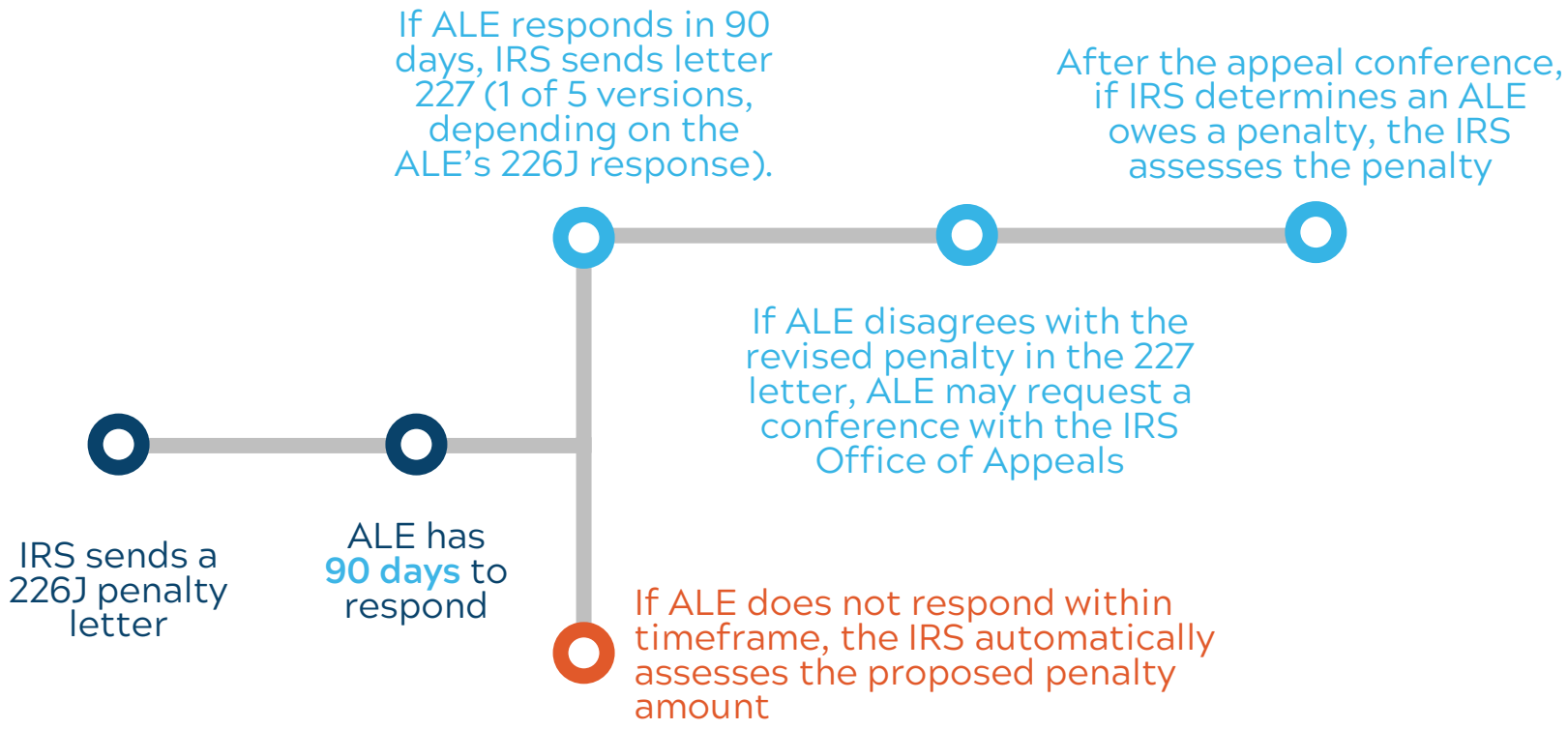
- **226J letter**
  - Initial penalty letter with proposed penalty amounts
  - **UPDATE**: employers now have 90 days (compared to 30 days) to respond to this letter per *the Employer Reporting Improvement Act* (December 2024)
- **5040J letter**
  - Follow-up letter when there has been no response to 226J letter
- **227J, 227K, 227L,227M or 227N letter**
  - Follow-up letter after employer submits 226J response letter
  - Version sent depends on contents of ALE response letter
- **233J letter**
  - Notifies employer that IRS actually charged/assessed an Employer Shared Responsibility penalty. It explains due date, amount due, and payment options.
  - P233J notifies of changes to the assessed Employer Shared Responsibility Payment (ESRP).

UPDATE:

There is now a 6-year Statute of Limitations on Employer Mandate penalties per the ***Employer Reporting Improvement Act (December 2024)***. This means penalty exposure expires 6 years from the filing due date.

Employer-Shared Responsibility Penalties

226J Penalty Letter Flowchart / Timeline



Employer-Shared Responsibility Penalties

HHS Exchange Letter 1411

Not To Be Confused With an IRS Penalty Letter…

- HHS Letter 1411 is not a penalty letter.
  - It is not sent by IRS but is sent by HHS or an individual state Exchange/Marketplace
  - Informs employers about employees who received an Exchange/Marketplace subsidy
  - Employers have an opportunity to respond if they wish but it is not required

3. 1094 / 1095 Forms

Form 1094/1095 Reporting on 2023 Calendar Year

3. 1094 / 1095 Forms

1094/1095-B Reporting

1094/1095 B Reporting

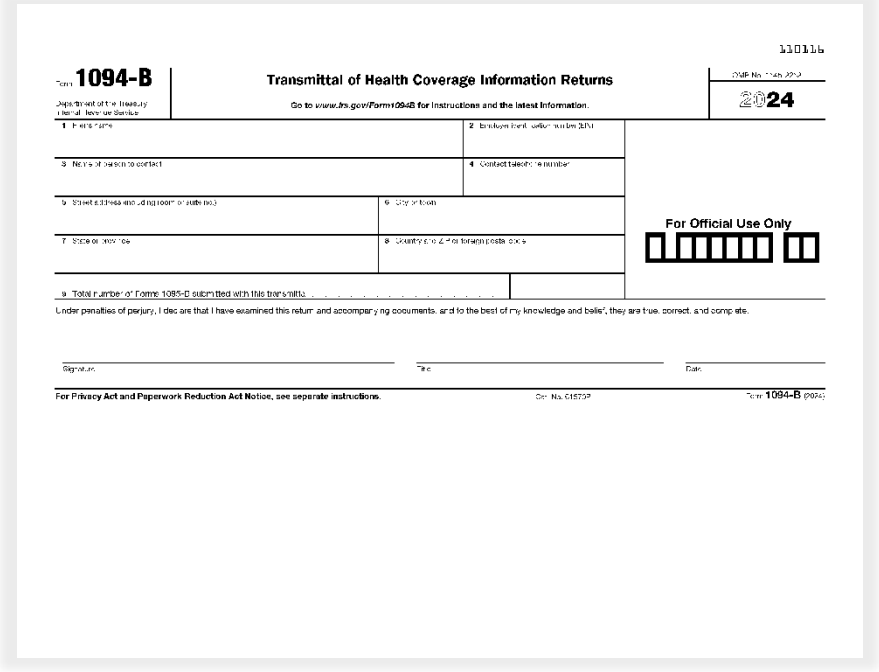
Small Employer Reporting

- Small employers that sponsor **self/level funded group health plans** must file/furnish the B forms
  - The B forms are much simpler than C forms
- Small employers that sponsor **insured group health plans** do NOT report at all *(but check HRA rule)*

Reporting includes Filing and Furnishing

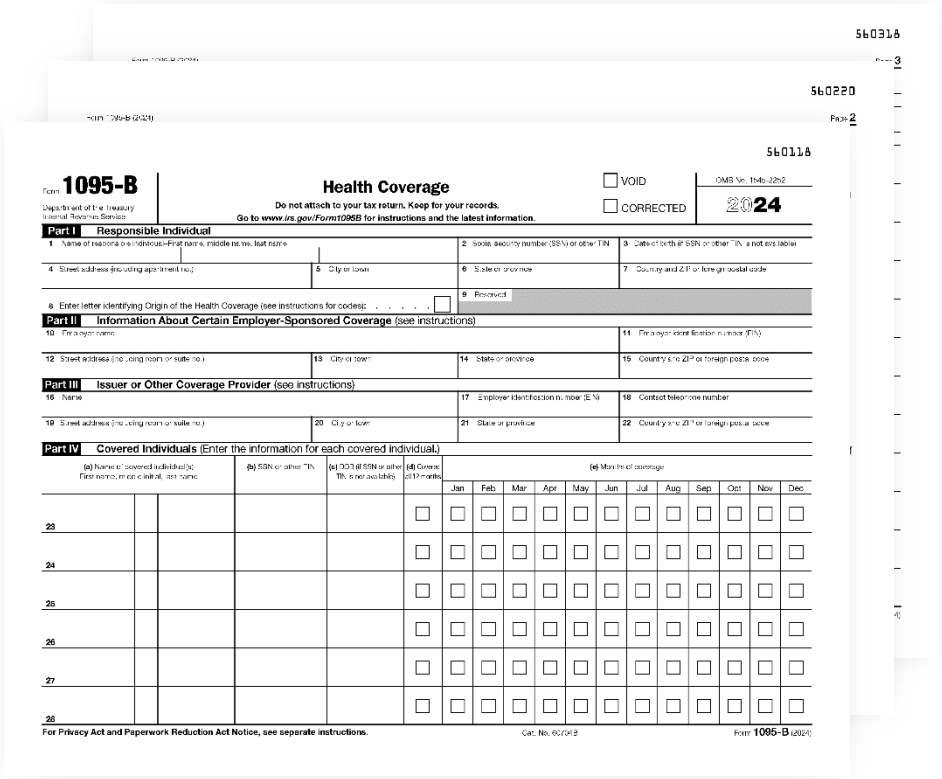
- File the 1094-B form and copies of the 1095-B forms with the IRS
- Furnish the 1095-B forms to all enrolled employees
  - Small employers may choose the alternative method to furnish
  - This alternative already existed in regulations for small employers but it is now codified per the *Paperwork Reduction Act (December 2024)*. See discussion above

1094/1095 B Reporting



Form 1094-B

Complete one form



Form 1095-B

Complete a form for each employee who was enrolled in your group health plan (or your ICHRA)

110116

Form **1094-B**

Department of the Treasury
Internal Revenue Service

Transmittal of Health Coverage Information Returns

Go to *www.irs.gov/Form1094B* for instructions and the latest information.

OMB No. 1545-2252

2024

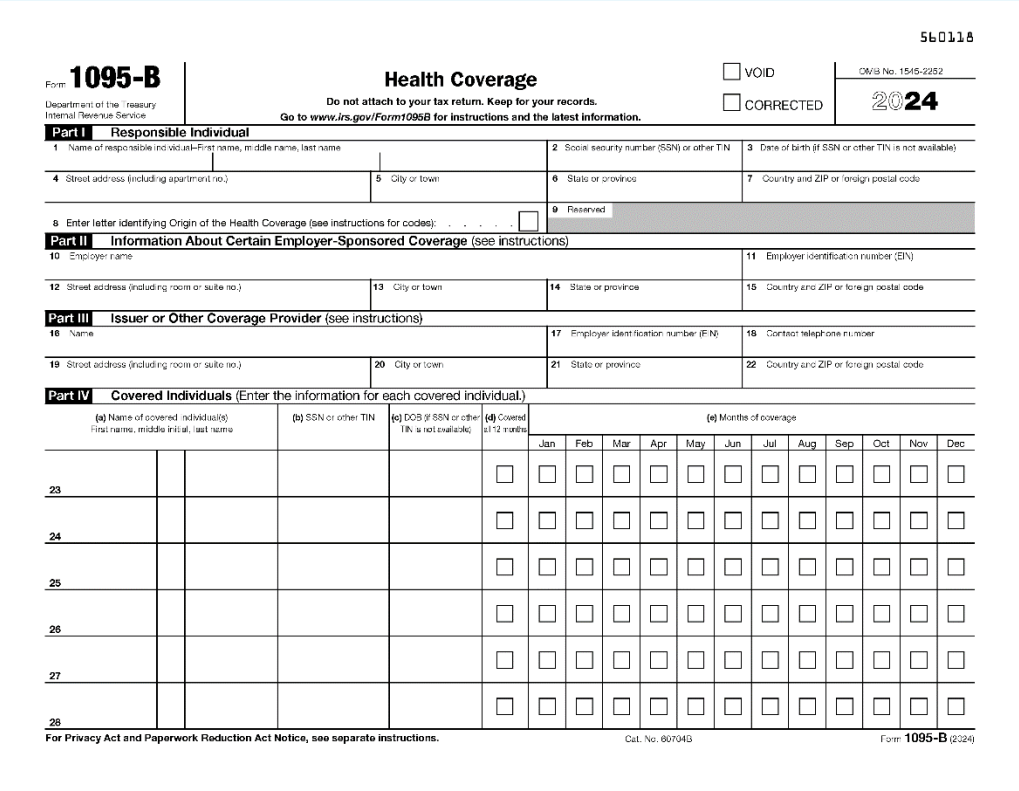
1 Filer's name	**2** Employer identification number (EIN)
3 Name of person to contact	**4** Contact telephone number
5 Street address (including room or suite no.)	**6** City or town
7 State or province	**8** Country and ZIP or foreign postal code
9 Total number of Forms 1095-B submitted with this transmittal	

For Official Use Only

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature _____ Title _____ Date _____

1094/1095 B Reporting



560118

Form **1095-B** — Department of the Treasury, Internal Revenue Service

Health Coverage

Do not attach to your tax return. Keep for your records.
Go to *www.irs.gov/Form1095B* for instructions and the latest information.

☐ VOID ☐ CORRECTED

OMB No. 1545-2252

2024

Part I Responsible Individual

1 Name of responsible individual—First name, middle name, last name
2 Social security number (SSN) or other TIN
3 Date of birth (if SSN or other TIN 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 Health Coverage (see instructions for codes): . . . . . ☐
9 Reserved

Part II Information About Certain Employer-Sponsored Coverage (see instructions)

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

Part III Issuer or Other Coverage Provider (see instructions)

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

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

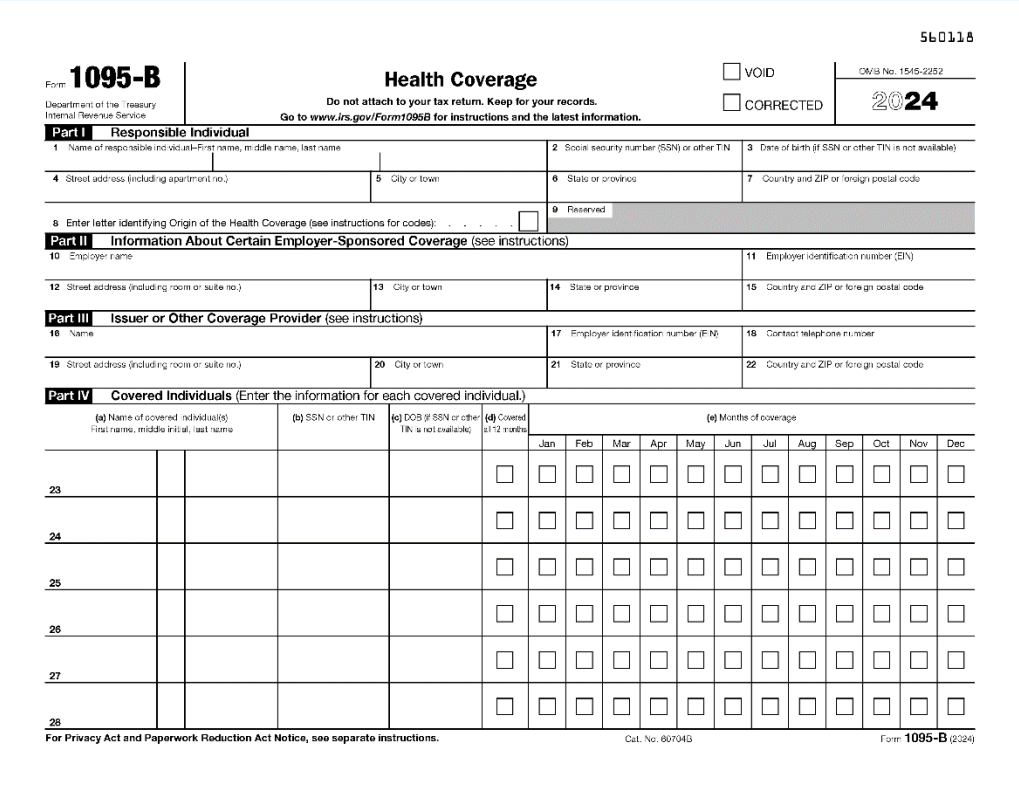
	(a) Name of covered individual(s) First name, middle initial, last name	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage											
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
23				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
24				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
25				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
26				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
27				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
28				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60704B Form **1095-B** (2024)

Complete Part I

- Line 1:
  - A “responsible individual” is the primary name on the coverage, e.g. the employee
- Lines 2 to 7:
  - Enter information for responsible individual
- Line 8:
  - Enter Code B if offered employer sponsored group health plan
  - Enter Code G if provided an individual coverage HRA (ICHRA)

1094/1095 B Reporting



560118

Form **1095-B** — Department of the Treasury, Internal Revenue Service

Health Coverage

Do not attach to your tax return. Keep for your records.
Go to *www.irs.gov/Form1095B* for instructions and the latest information.

☐ VOID ☐ CORRECTED

OMB No. 1545-2252

2024

Part I Responsible Individual

1 Name of responsible individual–First name, middle name, last name | 2 Social security number (SSN) or other TIN | 3 Date of birth (if SSN or other TIN 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 Health Coverage (see instructions for codes): . . . . . ☐ | 9 Reserved

Part II Information About Certain Employer-Sponsored Coverage (see instructions)

10 Employer name | 11 Employer identification number (EIN)

12 Street address (including room or suite no.) | 13 City or town | 14 State or province | 15 Country and ZIP or foreign postal code

Part III Issuer or Other Coverage Provider (see instructions)

16 Name | 17 Employer identification number (EIN) | 18 Contact telephone number

19 Street address (including room or suite no.) | 20 City or town | 21 State or province | 22 Country and ZIP or foreign postal code

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

	(a) Name of covered individual(s) First name, middle initial, last name	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 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** (2024)

Skip Part II

- Leave blank, this is for carriers/insurers

Complete Part III

- Enter employer information

Complete Part IV

- Enter the name of each covered individual
- Enter date of birth only if the SSN or TIN isn't entered

3. 1094 / 1095 Forms

1094/1095-C Reporting

1094/1095 C Reporting

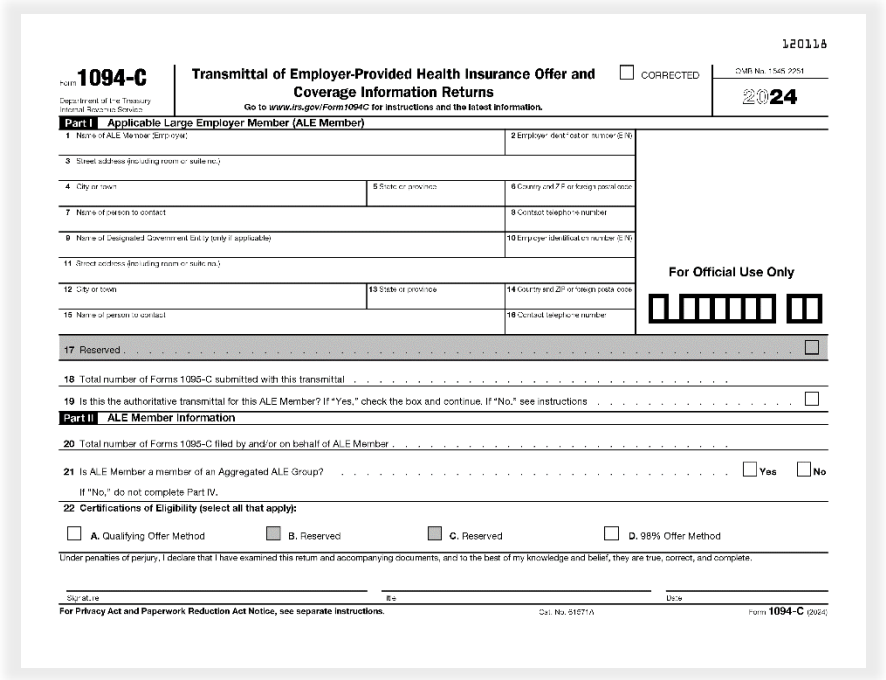
Large Employer Reporting

- All large employers must file/furnish the C forms, no exceptions
- All large employers, in order to avoid ACA Employer Shared Responsibility penalties, must offer affordable, minimum value health coverage to at least 95% of its full-time employees and dependents

What is affordable, minimum value health coverage

- Minimum Value
  - Employer pays a minimum of at least 60% of total (out of pocket) costs, minus monthly premium
- Affordable
  - Cost of monthly premium cannot exceed 9.5% (indexed each year) of employees' household income
  - Three affordability safe harbors allow a safe way to determine affordability
    - Federal Poverty Level (FPL) safe harbor
    - Rate of Pay safe harbor
    - W-2 for safe harbor It meets ALL the alternative method requirements
- Confirm minimum value and affordability with **GBS Step 3** just prior to each new plan year

1094/1095-C Reporting



Form **1094-C** — Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

Department of the Treasury — Internal Revenue Service

CORRECTED

OMB No. 1545-2251

2024

Go to *www.irs.gov/Form1094C* for instructions and the latest information.

Part I Applicable Large Employer Member (ALE Member)

1 Name of ALE Member (employer)

2 Employer identification number (EIN)

3 Street address (including room or suite no.)

4 City or town

5 State or province

6 Country and ZIP or foreign postal code

7 Name of person to contact

8 Contact telephone number

9 Name of Designated Government Entity (only if applicable)

10 Employer identification number (EIN)

11 Street address (including room or suite no.)

12 City or town

13 State or province

14 Country and ZIP or foreign postal code

15 Name of person to contact

16 Contact telephone number

For Official Use Only

17 Reserved

18 Total number of Forms 1095-C submitted with this transmittal

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions

Part II ALE Member Information

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member

21 Is ALE Member a member of an Aggregated ALE Group? Yes No

If "No," do not complete Part IV.

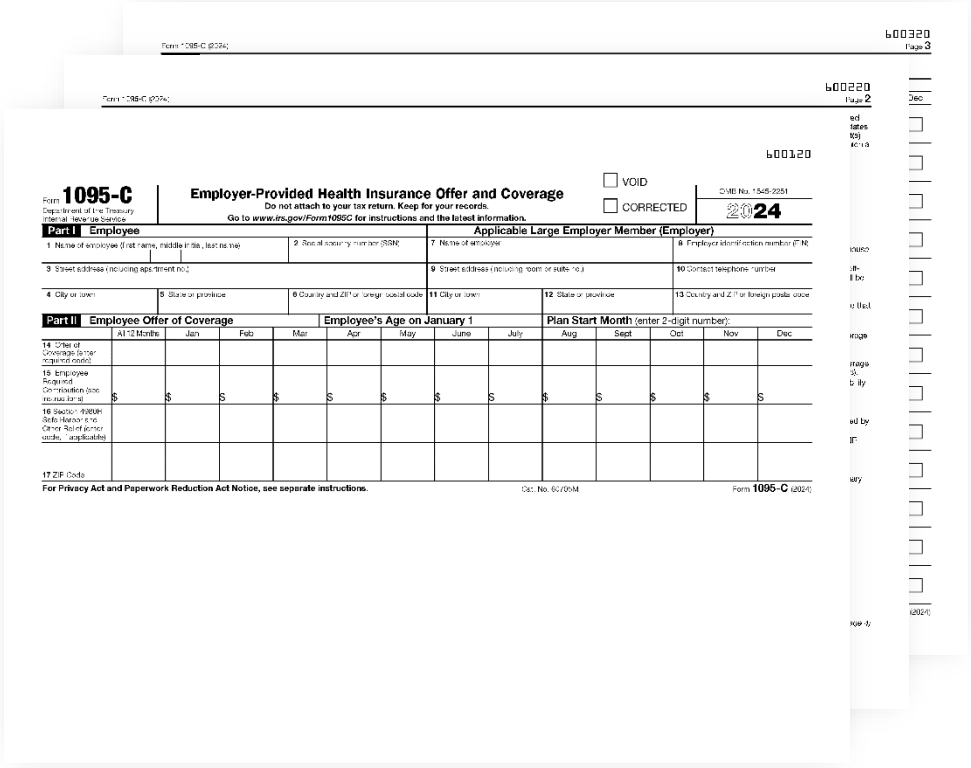
22 Certifications of Eligibility (select all that apply):

A. Qualifying Offer Method B. Reserved C. Reserved D. 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature Title Date

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 61671A Form 1094-C (2024)



Form **1095-C** — Employer-Provided Health Insurance Offer and Coverage

Department of the Treasury — Internal Revenue Service

Do not attach to your tax return. Keep for your records.

Go to *www.irs.gov/Form1095C* for instructions and the latest information.

VOID

CORRECTED

OMB No. 1545-2251

2024

Part I Employee

1 Name of employee (first name, middle initial, last name)

2 Social security number (SSN)

3 Street address (including apartment no.)

4 City or town

5 State or province

6 Country and ZIP or foreign postal code

Part I Applicable Large Employer Member (Employer)

7 Name of employer

8 Employer identification number (EIN)

9 Street address (including room or suite no.)

10 Contact telephone number

11 City or town

12 State or province

13 Country and ZIP or foreign postal code

Part II Employee Offer of Coverage

Employee's Age on January 1

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 Required Contribution (see instructions)		$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form 1095-C (2024)

Form 1094-C

Complete one form

Form 1095-C

Complete a form for all full-time employees even if not offered or enrolled in coverage.

If plan is self/level funded, also complete one for any other employees or individuals who were enrolled

3. 1094 / 1095 Forms

Form 1094-C

120118

Form **1094-C**

Department of the Treasury
Internal Revenue Service

Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

Go to *www.irs.gov/Form1094C* for instructions and the latest information.

☐ CORRECTED

OMB No. 1545-2251

2024

Part I Applicable Large Employer Member (ALE Member)

1 Name of ALE Member (Employer)		**2** Employer identification number (EIN)
3 Street address (including room or suite no.)		
4 City or town	**5** State or province	**6** Country and ZIP or foreign postal code
7 Name of person to contact		**8** Contact telephone number
9 Name of Designated Government Entity (only if applicable)		**10** Employer identification number (EIN)
11 Street address (including room or suite no.)		
12 City or town	**13** State or province	**14** Country and ZIP or foreign postal code
15 Name of person to contact		**16** Contact telephone number

For Official Use Only

17 Reserved . . . . . ☐

18 Total number of Forms 1095-C submitted with this transmittal . . . . .

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions . . . . . ☐

Part II ALE Member Information

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member . . . . .

21 Is ALE Member a member of an Aggregated ALE Group? . . . . . ☐ **Yes** ☐ **No**

If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

☐ **A.** Qualifying Offer Method ☐ **B.** Reserved ☐ **C.** Reserved ☐ **D.** 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature _____ Title _____ Date _____

Part III ALE Member Information—Monthly

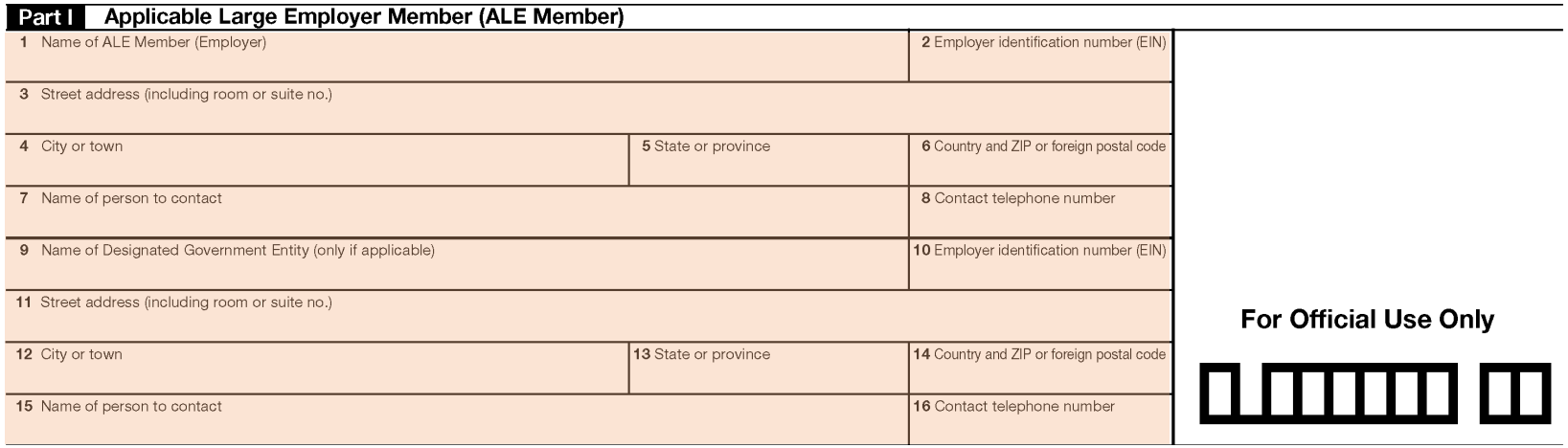
		(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	☐	☐			☐	
24	Jan	☐	☐			☐	
25	Feb	☐	☐			☐	
26	Mar	☐	☐			☐	
27	Apr	☐	☐			☐	
28	May	☐	☐			☐	
29	June	☐	☐			☐	
30	July	☐	☐			☐	
31	Aug	☐	☐			☐	
32	Sept	☐	☐			☐	
33	Oct	☐	☐			☐	
34	Nov	☐	☐			☐	
35	Dec	☐	☐			☐	

Part IV Other ALE Members of Aggregated ALE Group

Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

Name	EIN	Name	EIN
36		51	
37		52	
38		53	
39		54	
40		55	
41		56	
42		57	
43		58	
44		59	
45		60	
46		61	
47		62	
48		63	
49		64	
50		65	

1094-C: Part I



Part I Applicable Large Employer Member (ALE Member)			
1 Name of ALE Member (Employer)		2 Employer identification number (EIN)	
3 Street address (including room or suite no.)			
4 City or town	5 State or province	6 Country and ZIP or foreign postal code	
7 Name of person to contact		8 Contact telephone number	
9 Name of Designated Government Entity (only if applicable)		10 Employer identification number (EIN)	
11 Street address (including room or suite no.)			
12 City or town	13 State or province	14 Country and ZIP or foreign postal code	
15 Name of person to contact		16 Contact telephone number	

For Official Use Only

Lines 1 through 6

- Enter basic employer information

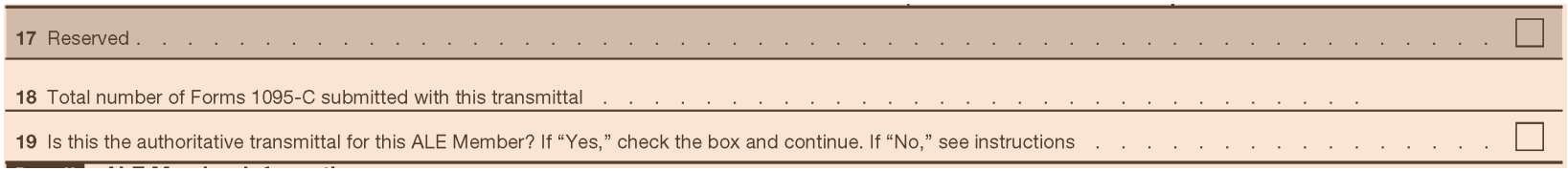
Line 7

- Enter name of person who can talk to IRS about the forms in event the IRS needs to call

Lines 9 through 16

- Skip if not a governmental entity
- If governmental entity, skip unless a Designated Governmental Authority is completing the forms for you

1094-C: Part I



Line 17

- Reserved for future use

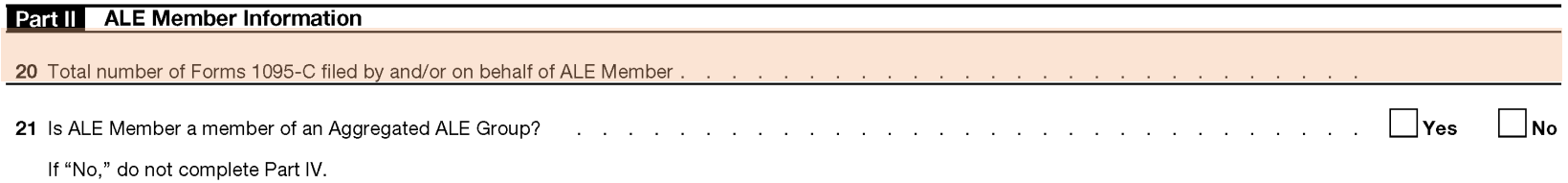
Line 18

- Enter number of 1095-C forms you will submit with this 1094-C form

Line 19

- Is this the Authoritative Transmittal?
  - Generally employers file only one 1094-C form, so respond YES
  - Respond NO only if, for convenience, you wish to file more than one 1094-C form for the same entity:
    - For example, an employer might file separate Forms 1094-C for each of two divisions because the divisions (within same company) are in two different locations
    - If choose to file more than one, must choose one 1094-C to be "authoritative"
    - Beware: Don't confuse this with controlled groups. If and employer is part of a controlled group, each entity MUST file separately each with its own authoritative transmittal using their own EIN

1094-C: Part II



Part II **ALE Member Information**

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member . . . . . .

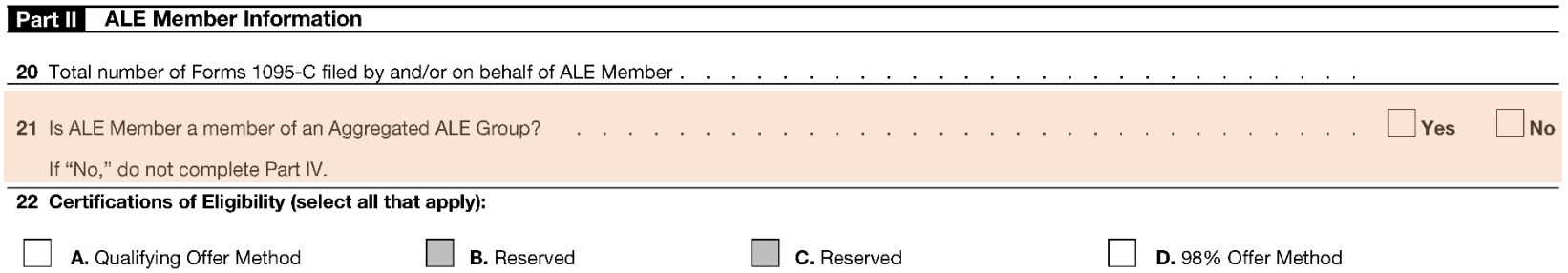
21 Is ALE Member a member of an Aggregated ALE Group? . . . . . ☐ **Yes** ☐ **No**

If "No," do not complete Part IV.

Line 20

- Enter total number of Forms 1095-C
  - Usually this number is the same number entered on line 18
    - If filing only one 1094-C under the same EIN, the number entered on line 20 will be the **same** as number entered on line 18
  - Exception:
    - If filing more than one 1094-C under the same EIN, using the Authoritative Transmittal rules, the number entered on line 20 will be different from number entered on line 18
    - For line 20, enter the total number of 1095-C forms from both/all filings under the same EIN

1094-C: Part II



Part II **ALE Member Information**

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member . . . . . .

21 Is ALE Member a member of an Aggregated ALE Group? . . . . . ☐ **Yes** ☐ **No**

If "No," do not complete Part IV.

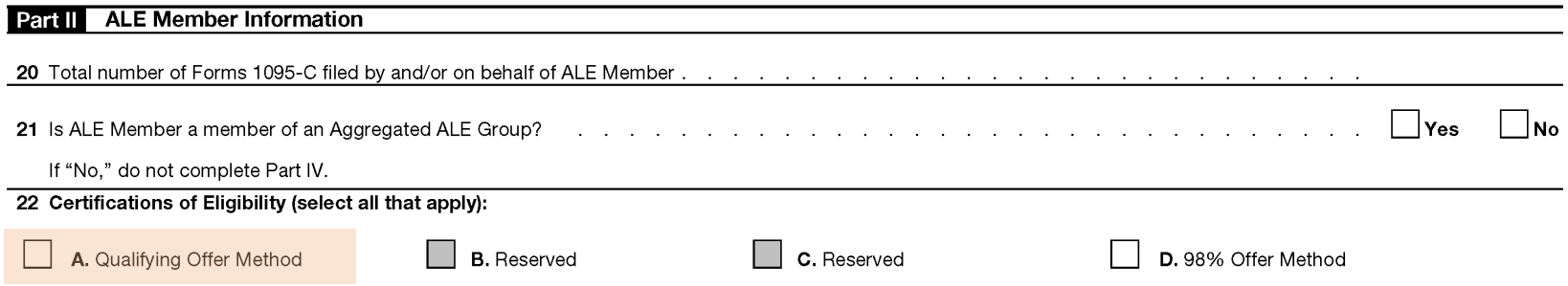
22 Certifications of Eligibility (select all that apply):

☐ **A.** Qualifying Offer Method ☐ **B.** Reserved ☐ **C.** Reserved ☐ **D.** 98% Offer Method

Line 21

- Check "yes" box if employer is member of a controlled or affiliated service group
  - If not sure whether part of a controlled or affiliated service group (aggregated group), it is important to determine
    - Generally, this exists where there are two or more entities that are related due to common ownership or due to professional services provided to the other entities
    - Through our ACA Step 1 of Step 4 process, you would have learned about, and identified whether you are a part of a controlled or affiliated service group.
  - If check "yes" employer will also need to:
    - Fill out Part III column (d)
    - Fill out Part IV

1094-C: Part II



Part II **ALE Member Information**

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member . . . . . .

21 Is ALE Member a member of an Aggregated ALE Group? . . . . . ☐ **Yes** ☐ **No**

If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

☐ **A.** Qualifying Offer Method ☐ **B.** Reserved ☐ **C.** Reserved ☐ **D.** 98% Offer Method

Line 22 - OPTIONAL methods

- Box A: Qualifying Offer Method
  - Check this box only if employer:
    - Offered a "Qualifying Offer"
    - AND employer intends to use the benefit this optional method provides

- A "qualifying offer" requires more than a "compliant offer"
  - A qualifying offer must include:
    - Minimum Essential Coverage (MEC) for employee, dependents and **spouse**
    - Meets affordability standards under **FPL affordability safe harbor**
    - Offered for all 12 months of the calendar year

600120

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

Do not attach to your tax return. Keep for your records.
Go to *www.irs.gov/Form1095C* for instructions and the latest information.

☐ VOID
☐ CORRECTED

OMB No. 1545-2251

2024

Part I Employee		**Applicable Large Employer Member (Employer)**	
1 Name of employee (first name, middle initial, last name)	**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 of Coverage — **Employee's Age on January 1** — **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 Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

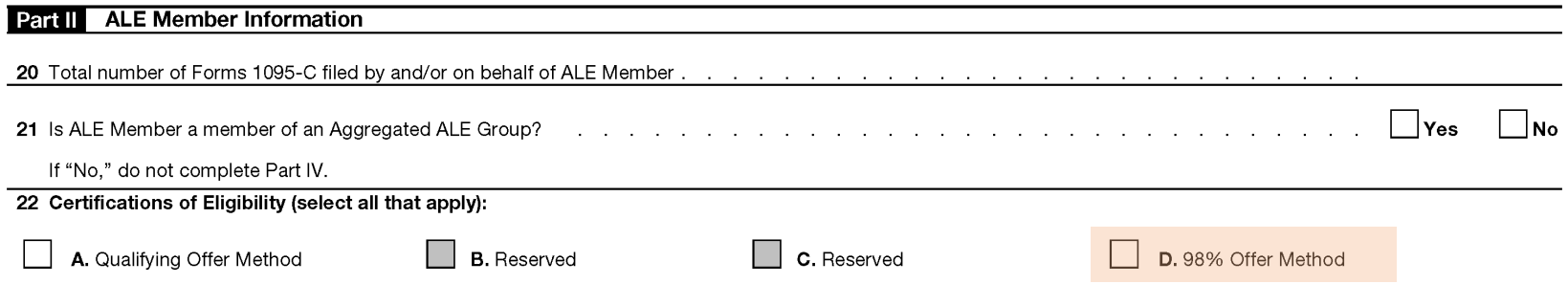
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form **1095-C** (2024)

Under Qualifying Offer Method

Excused from completing Part II, line 15 on the 1095-C form

Use Code 1A for line 14

1094-C: Part II



Part II **ALE Member Information**

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member . . . . . .

21 Is ALE Member a member of an Aggregated ALE Group? . . . . . ☐ **Yes** ☐ **No**

If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

☐ **A.** Qualifying Offer Method ☐ **B.** Reserved ☐ **C.** Reserved ☐ **D.** 98% Offer Method

Line 22 - OPTIONAL methods *(continued)*

- Box D: 98% Offer Method
  - Check this box only if:
    - Offered a compliant plan (under Employer Mandate rules) to at least 98% (instead of required 95%) of full time employees
    - Employer intends to use the benefit this optional method provides

- A 98% Offer method requires a "compliant offer" to at least 98% of full-time employees
  - A compliant offer must include:
    - Minimum Essential Coverage (MEC) to employee and dependents
    - Meets Minimum Value (MV)
    - Meets any of the 3 Affordability safe harbors

120218

Part III ALE Member Information—Monthly

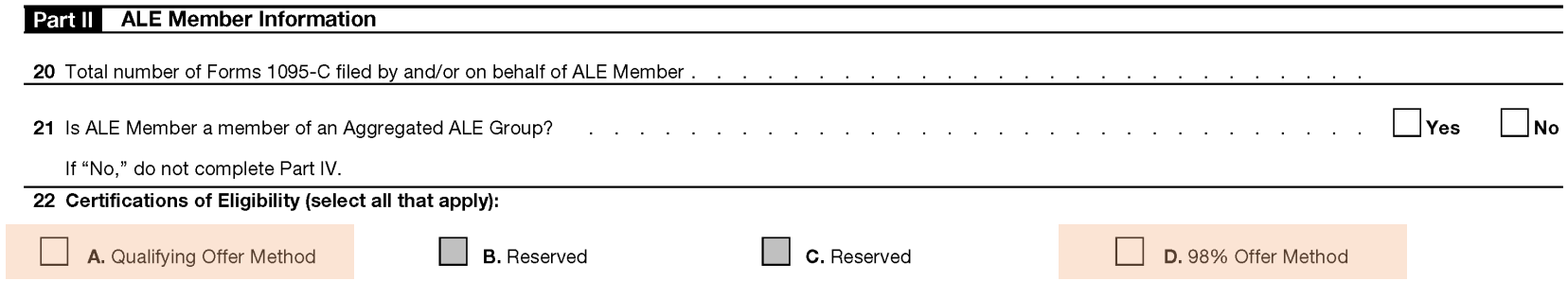
		(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	☐	☐			☐	
24	Jan	☐	☐			☐	
25	Feb	☐	☐				
26	Mar	☐	☐				
27	Apr	☐	☐				
28	May	☐	☐			☐	
29	June	☐	☐			☐	
30	July	☐	☐			☐	
31	Aug	☐	☐			☐	
32	Sept	☐	☐			☐	
33	Oct	☐	☐			☐	
34	Nov	☐	☐			☐	
35	Dec	☐	☐			☐	

Under The 98% Offer Method

Excused from completing Part III, column (b) on the 1094-C form .

(monthly full-time employee count)

1094-C: Part II



Part II **ALE Member Information**

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member . . . . . .

21 Is ALE Member a member of an Aggregated ALE Group? . . . . . ☐ **Yes** ☐ **No**

If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

☐ **A.** Qualifying Offer Method ☐ **B.** Reserved ☐ **C.** Reserved ☐ **D.** 98% Offer Method

Line 22 Tip to Avoid Common Confusion

- "Qualifying Offer Method" **and** "98% Offer Method" are OPTIONAL
  - You may choose whether to utilize these reporting methods
  - There is NO problem if you do meet requirements
  - There is NO problem if you do not wish to use even if you do meet requirements

- The key to avoid employer shared responsibility penalties is to offer a compliant group health plan
  - A compliant group health plan includes:
    - Minimum Essential Coverage (MEC) to at least 95% of employee and dependents
    - Meets Minimum Value (MV)
    - Meets any of the 3 Affordability Safe Harbors

1094-C: Part III

120218

Form 1094-C (2024) Page 2

Part III **ALE Member Information—Monthly**

		(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	☐	☐			☐	
24	Jan	☐	☐			☐	
25	Feb	☐	☐			☐	

Column (a):

- Did employer offer Minimum Essential Coverage (MEC) to at least 95% of its full-time employees and dependents
  - Check YES if you met this threshold!!
  - Checking NO will trigger a 226J penalty letter
    - Penalty is only triggered if a full-time employee purchased health coverage in the Exchange and qualified for a subsidy, also known as Premium Tax Credit (PTC), for any month in the calendar year

1094-C: Part III

120218

Form 1094-C (2024) Page 2

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	☐	☐			☐	
24	Jan	☐	☐			☐	
25	Feb	☐	☐			☐	

Column (a)

Tip to Avoid a Very Common Mistake

- The most COMMON MISTAKE on the forms is checking NO
- Do not check the NO if you offered the group health plan to at least 95% of your full-time employees and their dependents
  - When calculating the 95%
    - Need not include any full-time employees who were in an appropriate “limited non-assessment period” (LNP) and did not get an offer during that period
    - See next slide for definition of LNP

1094-C: Part III

What is a Limited Non-Assessment Period?

A Limited Non-Assessment Period: a "no penalty" period

An LNP is a period during which a large employer will not be subject to the 4980H (a) penalty even if a FT employee is NOT offered health coverage during that period (as long as coverage is offered immediately after).

- January to March of the first year the employer is a large employer, but only for an employee who was not offered health coverage at all in the prior year
- Waiting period under the Monthly Measurement Method (the period beginning with the first full calendar month in which the employee is first otherwise eligible for an offer and ending no later than two full calendar months after the end of the first month)
- Waiting period under the Look-Back Measurement Method for new hires reasonably expected to be full-time (the period beginning on the employee's start date and ending not later than the end of the employee's third full calendar month of employment)
- A combination of the Initial Measurement Period and Initial Administrative period under the Look-Back Measurement Method for new hires NOT expected to be full-time (no longer than 13 months)
- The Initial Look-Back Measurement Method for an employee not reasonably expected to be FT but there is a change of status where there is now a reasonable expectation it will be FT (the period beginning on the change of status date and ending not later than the end of the third full calendar month)
- First calendar month of employment if first day of work is not first day of calendar month

1094-C: Part III

120218

Form 1094-C (2024) Page 2

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	☐	☐			☐	
24	Jan	☐	☐			☐	
25	Feb	☐	☐			☐	

Column (b):

- Full-Time Employee Count for ALE Member
  - Enter the number of full-time employees for each month
    - Use measurement methods you created in our ACA Step 4 process to determine whether full time
    - No need to complete column (b) if using the “98% Offer” alternative reporting Method
  - When calculating number
    - Need not include in the count any employees in a limited non-assessment period (LNP)

1094-C: Part III

120218

Form 1094-C (2024) Page 2

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	☐	☐			☐	
24	Jan	☐	☐			☐	
25	Feb	☐	☐			☐	

Column (c):

- Total Employee Count for ALE Member
  - Enter the total number of ALL employees for each month
    - Pick and use the same day of the month for each month's count
    - Examples of counting day
      - The first day of each month
      - The last day of each month
      - The 12th day of each month
      - The first day of the first payroll period that starts during each month
      - The last day of the first payroll period that starts during each month

1094-C: Part III

120218

Form 1094-C (2024) Page 2

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	☐	☐			☐	
24	Jan	☐	☐			☐	
25	Feb	☐	☐			☐	

Column (c): **Tip: Don't Overcomplicate this Column**

- Calculating the correct number is simple, unlike column b.
  - It is just a belly button count
  - Include ALL employees including part time, variable, seasonal and employees in a limited non-assessment period (LNP).

1094-C: Part III

120218

Form 1094-C (2024) Page 2

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	☐	☐			☐	
24	Jan	☐	☐			☐	
25	Feb	☐	☐			☐	

Column (d):

- Aggregated Group Indicator
  - Complete this column only if a member of an Aggregated Group during the calendar year.
    - Aggregated group = controlled or affiliated service group
    - If you are not sure of your status, contact a tax professional to assist

1094-C: Part III

120218

Form 1094-C (2024) Page 2

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	☐	☐			☐	
24	Jan	☐	☐			☐	
25	Feb	☐	☐			☐	

Column (e):

- Section 4980H Transition Relief Indicator
  - Box E is no longer applicable, need not populate

1094-C: Part IV

120316

Form 1094-C (2024) Page 3

Part IV Other ALE Members of Aggregated ALE Group

Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

Name	EIN	Name	EIN
36		51	
37		52	
38		53	

Lines 36-65

- Use only for employers who are part of an aggregated group (controlled or affiliated service group)
  - Enter the name and EIN of all (up to 30) the Aggregated Group entities
    - Start with the largest entity and list entities in descending order
    - The largest entity is the entity with the highest monthly average of FT employees
    - Do not list your own entity
    - Confirm EIN numbers for accuracy, if incorrect, there will be processing issues

3. 1094 / 1095 Forms

Form 1095-C

600120

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

Do not attach to your tax return. Keep for your records.
Go to *www.irs.gov/Form1095C* for instructions and the latest information.

☐ VOID
☐ CORRECTED

OMB No. 1545-2251

2024

Part I Employee

1 Name of employee (first name, middle initial, last name)	2 Social security number (SSN)
3 Street address (including apartment no.)	
4 City or town	5 State or province / 6 Country and ZIP or foreign postal code

Applicable Large Employer Member (Employer)

7 Name of employer	8 Employer identification number (EIN)
9 Street address (including room or suite no.)	10 Contact telephone number
11 City or town	12 State or province / 13 Country and ZIP or foreign postal code

Part II Employee Offer of Coverage

Employee's Age on January 1

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 Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

Part III **Covered Individuals**

If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☐

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage											
							Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
20						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
21						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
22						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
23						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
24						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
25						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
26						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
27						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
28						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
29						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
30						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

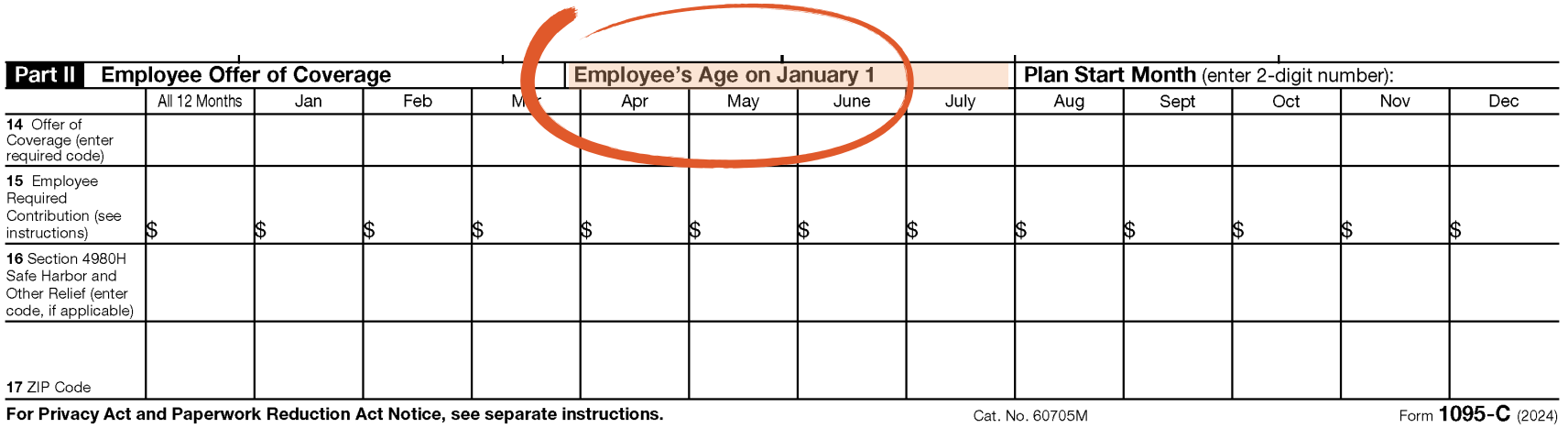
1095-C: Part I

Part I Employee			Applicable Large Employer Member (Employer)		
1 Name of employee (first name, middle initial, last name)		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

Employee and Employer information

- Lines 1 through 6
  - Confirm the SSN entered for employee is correct
- Lines 7 through 13
  - Use the same employer EIN for employees who get paid under this EIN.
  - If your company is related to other entities, those entities should furnish/file separately under their own EIN
  - Use the same employer address on all 1094/1095 forms even if you have different locations

1095-C: Part II



Part II Employee Offer of Coverage					Employee's Age on January 1				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 Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form **1095-C** (2024)

Employee Age

- Complete section only if offered an ICHRA
- Enter the employee's age on January 1, 2023
  - For non-calendar year plans or for employees who become eligible during the plan year, this age could be different than the age used to determine Employee Required Contribution.

1095-C: Part II

Part II Employee Offer of Coverage					Employee's Age on January 1				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 Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form **1095-C** (2024)

Plan Start Month (enter 2 digit number)

- All employers must complete this section
  - This date is date of plan year, **not** date offered to employee
  - Insert 2 digits, e.g. 01, 02, 10 representing month of plan year
  - Insert 00 if no coverage was offered
  - If plan year is changed during the calendar year, use the earliest month

1095-C: Part II

Coding Lines 14, 15, and 16

Overview

- Lines 14, 15 and 16 are the heart of the 1095-C form
- The IRS designed two sets of codes to enable employers to efficiently describe health coverage offers (or lack of an offer) on each 1095-C Form.
- Each code/line provides key information
  - **Line 14** uses *series 1* codes to describe the offer, if any
  - **Line 15** reports the employee cost for single coverage under your most affordable ACA plan
  - **Line 16** uses *series 2* codes to indicate enrollment, and if not, the affordability safe harbor

1095-C: Part II

Part II Employee Offer of Coverage					**Employee's Age on January 1**				**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 Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form **1095-C** (2024)

Line 14

- Codes for this line report whether the employee was offered coverage and if so, information about the coverage
- Specifically:
  - Whether the employee received an offer of coverage
  - Whether the offer was Minimum Essential Coverage (MEC)
  - Whether the offer was Minimum Value
  - Whether spouse and/or dependents were offered

1095-C: Part II

Part II Employee Offer of Coverage					Employee's Age on January 1				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 Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form **1095-C** (2024)

Line 14 — Tips to Avoid Common Mistakes

- Only report an offer for a month if employee was eligible every day of that month
- Do not leave a box blank, enter a code for each month, even for months not employed
- Most common line 14 codes are 1A through 1F and 1H

1095-C: Part II

Series 1 Indicator Codes for Line 14

1A	Qualifying Offer: MEC providing MV offered to FT employee with employee contribution for self-only coverage equal to or less than 9.5% (percentage adjusted each year) mainland single FPL and at least MEC offered to spouse and dependent(s).
1B	MEC providing MV offered to employee only.
1C	MEC providing MV offered to employee and at least MEC offered to dependent(s) (but not spouse).
1D	MEC providing MV offered to employee and at least MEC offered to spouse (but not dependent(s)). Do not use code1D if the coverage for the spouse was offered conditionally. Instead use code 1J
1E	MEC providing MV offered to employee and at least MEC offered to both dependent(s) and spouse. Do not use code 1E if the coverage for the spouse was offered conditionally. Instead use code 1K
1F	MEC not providing MV offered to employee, or employee and spouse or dependent(s), or employee, spouse and dependents.
1G	Offer of coverage for at least 1 month of the calendar year to an individual who was not an employee for any month of the calendar year or to an employee who was not a FT employee for any month of the calendar year (which may include 1 or more months in which the individual was not an employee) and who enrolled in self-insured coverage for 1 or more months of the calendar year (Code 1G applies for the entire year or not at all, so on line 14 put in “all 12 months” box)

MEC= Minimum Essential Coverage *FT= Full-time* *MV = Minimum Value* *FPL= Federal Poverty Level*

1095-C: Part II

Series 1 Indicator Codes for Line 14

1H	No offer of coverage (employee not offered any health coverage or employee offered coverage that is not MEC, (which may include one or more months in which the individual was not an employee). *Use this code for multiemployer plans but not multiple employer plans*
1I	Reserved for future use
1J	MEC providing MV offered to employee and at least MEC conditionally offered to spouse: MEC not offered to dependent(s)
1K	MEC providing MV offered to employee and at least MEC conditionally offered to spouse and to dependent(s)
1L	Individual coverage HRA (ICHRA) offered to employee only with affordability determined by using employee's primary residence location ZIP code.
1M	Individual coverage HRA (ICHRA) offered to employee and dependent(s) (not spouse) with affordability determined by using employee's primary residence location ZIP code.
1N	Individual coverage HRA (ICHRA) offered to employee, spouse, and dependent(s) with affordability determined by using employee's primary residence location ZIP code.
10	Individual coverage HRA (ICHRA) offered to employees only using the employee's primary employment site ZIP code affordability safe harbor.
1P	Individual coverage HRA (ICHRA) offered to employee and dependent(s) (not spouse) using the employee's primary employment site ZIP code affordability safe harbor.

MEC= Minimum Essential Coverage *FT= Full-time* *MV = Minimum Value* *FPL= Federal Poverty Level*

1095-C: Part II

Series 1 Indicator Codes for Line 14

1Q	Individual coverage HRA (ICHRA) offered to employee, spouse, and dependent(s) using employee's primary employment site ZIP code affordability safe harbor
1R	Individual coverage HRA (ICHRA) that is NOT affordable offered to employee; employee and spouse, or dependent(s); or employee, spouse and dependents.
1S	Individual coverage HRA (ICHRA) offered to an individual who was not a full-time employee.
1T	Individual coverage HRA (ICHRA) offered to employee and spouse (not dependents) with affordability determined using employee's primary residence location ZIP code.
1U	Individual coverage HRA (ICHRA) offered to employee and spouse (not dependents) using employee's primary employment site ZIP code affordability safe harbor

1095-C: Part II

Frequently Asked Questions: Line 14

Question 1:
We offered affordable, minimum value coverage, so I can use Code 1A correct?

Answer:

- It depends, Code 1A is used only for a “Qualifying Offer”
- A “qualifying offer” is different than a “compliant” offer
  - Must offer to employee, dependents and spouse
  - Must meet Minimum Value
  - Must meet the FPL affordability safe harbor
- Do NOT use this code unless the offer meets ALL the requirements
  - A “Qualifying Offer” is a term used ONLY with reporting
  - A “Qualifying Offer” more generous than an “ACA compliant offer” (an offer that complies with ACA Employer Shared Responsibility rules)
  - An offer can be ACA compliant and still not be a “Qualifying Offer”

1095-C: Part II

Frequently Asked Questions: Line 14

Question 2:
Will I be penalized if I don't put Code 1A in line 14?

Answer:

- You will not be penalized, there are other equally acceptable codes
  - Example: Codes 1C and 1E are equally acceptable
- 1A is an offer that goes beyond the ACA Employer Shared responsibility requirements
- An offer can be ACA compliant and still not be a "Qualifying Offer" (qualifying offer is a term used only with reporting)

1095-C: Part II

Part II Employee Offer of Coverage	Employee's Age on January 1								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 Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form **1095-C** (2024)

Line 15

- The amount populated in this line reports the cost of single coverage
  - Enter monthly premium cost for one/single person under your most affordable ACA compliance plan
    - You are not required to enter the cost of the plan in which the employee actually enrolled. For example, if the employee enrolled in a family plan, do not report cost of family coverage.
    - If employee cost for single is zero (employer pays full amount) enter $0.00, do not leave blank
  - Line 15 must be populated if line 14 is populated with any of the following codes
    - 1B, 1C, 1D, 1E, 1J, 1K, 1L, 1M, 1N, 1O, 1P, or 1Q

1095-C: Part II

Part II Employee Offer of Coverage	Employee's Age on January 1								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 Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form **1095-C** (2024)

Line 16

- Codes for this line report whether the employee enrolled in the group health plan
  - Use code 2C if employee enrolled, even if another code also applies
- If the employee was eligible but did not enroll, populate line 16 with your affordability safe harbor
  - Safe Harbor Codes: 2G (FPL safe harbor), 2H (Rate of Pay safe harbor), 2F (W-2 safe harbor)
- Do not leave line 16 blank
  - There are other codes for various situations: e.g. not offered bc not FT, or because in LNP (waiting period)
  - You may use an affordability safe harbor code in line 16 even if you use code 1A in line 14

1095-C: Part II

Series 2 Indicator Codes for Line 16

2A	Employee not employed during any day of the applicable calendar month. (Do not use code 2A for the month during which an employee terminates employment)
2B	Employee was not a full-time employee, AND Employee did not enroll in MEC coverage IF offered for that month. Use code 2B also if the employee is a FT employee for the month and offer of coverage (or coverage the employee was enrolled) ended before the last day of the month solely because the employee terminated employment during the month (and coverage otherwise would have continued).
2C	Employee enrolled in coverage offered for all days of that month. Use 2C even if an applicable safe harbor code also applies. Do not use code 2C: • if the multiemployer interim rule relief applies (use 2E instead) • if code 1G is entered on line 14 • if employee is terminated and enrolled in COBRA or other post-employment coverage (use code 2A instead) • for any month in which the employee enrolled in coverage that was not MEC
2D	Employee in 4980H (b) Limited Non-Assessment Period (but offered MV plan immediately after) • If First Year as Large Employer - January through March, for any employee not offered the prior year • Waiting Period under Monthly Measurement Period • Waiting Period under Look-Back Measurement Period for new hire expected to be FT • Initial Measurement and Administrative Period for new hire NOT expected to be FT • Period Following Change in Status to full-time during Initial Look Back • First Calendar Month of Employment if first day of work is not first day of calendar month • If employee is in an initial measurement period, use code 2D and not code 2B. If the multiemployer interim relief rule applies, use code 2E and not code 2D.

1095-C: Part II

Series 2 Indicator Codes for Line 16

2E	Multiemployer Interim Rule Relief (this is for Union Plans, remember to use Code 1H on line 14 and do not use code 2C even if it also applies. Do NOT use for Multiple Employer Plans which is different than multiemployer plans
2F	Employee was offered coverage but opted out AND employer's affordability safe harbor was the W-2 Safe Harbor method. (If offer was accepted, use code 2C instead). TIP: the W-2 safe harbor must be used for all months of the calendar year.
2G	Employee was offered coverage but opted out AND employer's affordability safe harbor was the Federal Poverty Guideline Safe Harbor method. (If offer was accepted, use code 2C instead).
2H	Employee was offered coverage but opted out AND employer's affordability safe harbor was the Rate of Pay Safe Harbor method. (If offer was accepted, use code 2C instead).
2I	Reserved for future use

1095-C: Part II

Frequently Asked Questions: Line 16

Question 1:
What Series 2 code applies if an employee is offered coverage but does not enroll?

Answer:

- Enter the affordability safe harbor selected for the year
  - Code 2F if offer met W-2 Safe harbor
  - Code 2G if offer met FPL safe harbor
  - Code 2H if offer met Rate-of-Pay safe harbor
- TIP:
  - An affordability safe harbor should be chosen EACH year prior to the plan year
  - Use our *GBS ACA Step 3 packet* which includes our easy-to-use affordability safe harbor calculator

1095-C: Part II

Frequently Asked Questions: Line 16

Question 2:
May an employer use Code 2A (not employed) if the employee worked only a couple of days in the month?

Answer:

- No because Code 2A “employee not employee during the month” is only for employees who did not work ANY day in that month

1095-C: Part II

Frequently Asked Questions: Line 16

Question 3:
What if an employee was eligible for group health plan but was in a waiting period?

Answer:

- If waiting period you are using is allowed under the ACA rules, use Code 2D
- Code 2D represents a limited non-assessment period
  - A limited non-assessment period is a month or more where there was no offer of coverage but there is a legitimate reason for no offer.
- For example:
  - Waiting Period under Monthly Measurement Period (usually 2 months)
  - Initial Measurement and Administrative Period for new hire NOT expected to be full-time (13 months or less)

1095-C: Part II

Part II Employee Offer of Coverage	Employee's Age on January 1								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 Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form **1095-C** (2024)

Line 17

- Leave blank unless you offered an individual coverage HRA (ICHRA)
- If offered an ICHRA:
  - Enter the zip code used for identifying the lowest cost silver plan used to calculate premium cost (and affordability)
  - This will be either the zip code for:
    - The employee's residence
    - The employee's primary site of employment (if the work location safe harbor was used)

1095-C: Part II

Frequently Asked Questions: Lines 14 and 16

Question 1:
How do I code correctly for COBRA?

Answer:

- For appropriate coding, first determine whether individual is a current or past employee/non-employee
- For Current Employees
  - Treat COBRA offer as a normal offer of coverage
    - Use line 14 codes that apply to the specific employee's situation, i.e. what was offered
    - For example: if coverage originally was offered to employee, spouse and dependents, use code 1E for pre-COBRA months and if COBRA only offered to employee (not spouse or dependents) use code 1B for COBRA months
- For Past Employees
  - *See next slide*

1095-C: Part II

COBRA and Retirees

- For Former Employees/Non-employees
  - For months in the calendar year an employee, use regular coding, not COBRA coding
  - For months in the calendar year NOT an employee, do not treat COBRA offer as a normal offer of coverage, use COBRA coding:
    - Use Code 1H (no offer) on line 14
    - Use 2A (not an employee) on line 16
  - If individual was a former employee for FULL year (was not an employee for even one month of the calendar year)
    - If a self/level funded plan:
      - Use code 1G (instead of 1H) on line 14
      - Use code 2A on line 16.
    - If a fully insured plan, there is no need to provide a 1095-C form to someone who is not an employee for even one month of the calendar year (not an employee for all 12 calendar months)

1095-C: Part III

Part III is only for employers who sponsor self/level funded coverage

- Do not complete this section if you sponsored a fully insured plan
- If you sponsored a self/level funded plan, check the box just above line 18

600320

Form 1095-C (2024) Page 3

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☐

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage											
							Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
20						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

1095-C: Part III

600320

Form 1095-C (2024) Page 3

Part III **Covered Individuals**

If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☐

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage											
							Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
20						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Columns A, B, C, D, and E

- Complete this section only for individuals enrolled in your self/level funded plan
- Also complete if you sponsored an individual covered HRA (ICHRA))
  - Column (a) Enter full name of all covered (employee, spouse, dependents)
  - Column (c) Enter date of birth for spouse/dependents if do not have SSN or TIN. UPDATE: this alternative is part of the *Employer Reporting Improvement Act (December 2024)* so is codified and and is not just allowed through regulations
  - Column (e): Check monthly box if individual was covered for at least one day in that month even if not entire month

1095-C: Part III

Frequently Asked Questions: Part III

Question 1:
Do I need to complete Part III for all our full-time employees?

Answer:

- Only complete this section for employees who enrolled in the group health plan
- Do not complete this section if employee was eligible but did not enroll
- Do not complete if you sponsor a multiemployer plan
- Do not complete if you sponsor a fully insured group health plan - unless you fall into the HRA exception discussed on next slide

1095-C: Part III

Frequently Asked Questions: Part III

Question 2:
Do I need to complete Part III if we offer a self-funded HRA?

Answer:

- If large employer sponsors a fully insured group health plan and a self-funded HRA:
  - Do not complete Part III if employee enrolls in both the group health plan and the HRA
  - Complete Part III if the employee is enrolled in the HRA but is not enrolled in the employer's group health plan
    - Example: HRA is integrated with spouse's employer group health plan

- If large employer sponsors self/level funded group health plan and self-funded HRA:
  - Report using C forms AND fill out 1095-C, Part III per general rules.
  - Completing Part III once covers reporting for both the self-funded group health plan and the self-funded HRA
    - However, may populate B forms for HRA if prefer to do separately

The Affordable Care Act 1094/1095 Reporting

QUESTIONS?

This presentation is intended for general informational purposes only and does not constitute legal advice.

GBS
A Leavitt Group Company