

ACA Employer Reporting

By: Andy Impastato
Vice President – Legal & Compliance

By: Brian “BJ” Branigan
Vice President – Employee Benefits

March 19, 2015



BancorpSouth[®]

Insurance Services, Inc.



Agenda

- Background
- Who is subject to reporting?
- What forms are used?
- What information must be reported?
- Alternative Reporting
- Information Required to be Disclosed
- Reporting and Delivery Methods
- Deadlines
- Penalties



Employer Reporting

- Background
 - Applies to all ALEs
 - Requires ALE to report to the IRS
 - Requires ALE to provide written statement to all full-time employees
 - Intended for enforcement of the employer mandate
 - **ALEs must begin tracking January 2015**
 - **First reporting due beginning of 2016**



Employer Reporting

- Who is subject to the reporting?
 - ALE = “Applicable Large Employer”
 - Average of 50 or more full-time employees on business days
 - Look at preceding calendar year
 - “Full-time” defined as 30 or more “hours of service” per week or 130 “hours of service” per month
 - Part-time employees represent FTEs (total hours / 120)
 - Aggregation rules apply (controlled groups)



Employer Reporting

- How Can ALE be Penalized?
 - Little Penalty Mechanics
 - ALEs that offer coverage will be subject to a \$3,000 per employee penalty if the coverage is either not affordable or does not meet minimum value, and as a result, any full-time employee qualifies for a subsidy. Penalty is calculated based on the number of full-time employees who obtain a subsidy (with a “big” penalty cap).



Employer Reporting

- How Can ALE be Penalized?
 - Big Penalty Mechanics
 - ALEs that fail to offer minimum essential coverage to at least 95% of their full-time employees (*70% for 2015*) and their dependents will be subject to a \$2,000 per employee penalty if any full-time employee goes to an Exchange and qualifies for a subsidy. Penalty is calculated based on the total number of full-time employees minus 30 (*Minus 80 for 2015*).



Employer Reporting

- What Forms are Used?
 - Final forms and instructions were recently released
 - **Form 1094-C** (transmittal)
 - Four Parts
 - Parts II and III used to calculate BIG ER mandate penalty
 - **Form 1095-C** (for each full-time EE)
 - Three Parts
 - Part II used to calculate LITTLE ER mandate penalty



Employer Reporting

- What Information Must be Reported?
 - Form 1094-C, Part I
 - Name, address and EIN of the ALE;
 - Name and telephone number of ALE's contact person; and
 - Total number of Forms 1095-C
 - Form 1094-C, Part II (if applicable)
 - Controlled group information (lines 19-21)
 - Alternative reporting information (line 22)
 - Transition relief information (line 22, box "C")



Employer Reporting

- What Information Must be Reported?
 - Form 1094-C, Part III
 - (a) Certification (**by calendar month**) as to whether ALE offered its full-time EEs the opportunity to enroll in MEC under an employer-sponsored plan;
 - 70% of FTEs for 2015 and 95% for 2016 moving forward
 - Entire calendar year = “X” in “Yes” box on line 23
 - (b) Full-time employee count;
 - (c) Total employee count;



Employer Reporting

- What Information Must be Reported?
 - Form 1094-C, Part III
 - (d) Aggregated group indicator (if applicable)
 - Must be completed if ALE checked “yes” on line 21
 - Enter “X” for all 12 months or each month ALE member was part of controlled group
 - (e) Any month ALE is claiming transition relief
 - Must be completed if ALE selected box “C” on line 22
 - 50 to 100 FTE relief = “A”
 - 100+ FTE relief = “B”



Employer Reporting

- What Information Must be Reported?
 - Form 1094-C, Part IV
 - Controlled group information (if applicable)
 - Must be completed if ALE checked “yes” on line 21
 - Names of other ALE members
 - EINs of other ALE members
 - Reporting is still done on an ALE member-by-member basis



Employer Reporting

- What Information Must be Reported?
 - Form 1095-C, Part I
 - EE name, address and SSN (lines 1-6); and
 - ALE name, address, EIN and contact number (lines 7-13)
 - Should match lines 1-6 on Form 1094-C



Employer Reporting

- What Information Must be Reported?
 - Form 1095-C, Part II, Line 14
 - Offer of coverage (each month)
 - Requires indicator code from Series 1
 - Entire calendar year = “12 months”
 - Do not complete individual months



Employer Reporting

- Form 1095-C, Part II, Line 14
 - Series 1 indicator codes
 - 1A = Qualifying Offer
 - 1B = MEC + MV to EE only
 - 1C = MEC + MV to EE + at least MEC to child(ren)
 - 1D = MEC + MV to EE + at least MEC to spouse
 - 1E = Same as 1C & 1D but to child(ren) + spouse
 - 1F = MEC, no MV to EE and any spouse and child(ren)
 - 1G = Self Insured coverage to PT EE
 - 1H = No offer of coverage
 - 1I = Qualifying Offer (transition relief)



Employer Reporting

- What Information Must be Reported?
 - Form 1095-C, Part II, Line 15
 - EE's lowest cost monthly premium for self-only MV coverage (each month)
 - ALE must complete only if it entered code 1B, 1C, 1D or 1E on line 14
 - Needed to prove affordability
 - Enter exact amount (e.g., \$152.34)
 - If ALE pays entire premium, enter \$0.00
 - ALE must account for any premium changes throughout the year



Employer Reporting

- What Information Must be Reported?
 - Form 1095-C, Part II, Line 16
 - Applicable safe harbor ER used (each month)
 - Requires indicator code from Series 2
 - Entire calendar year = “12 months”
 - Do not complete individual months



Employer Reporting

- Form 1095-C, Part II, Line 16
 - Series 2 indicator codes
 - 2A = EE not employed during the month
 - 2B = EE not a full-time EE
 - 2C = EE enrolled in coverage offered
 - 2D = EE in “limited non-assessment period”
 - 2E = “multiemployer interim rule relief”
 - 2F = W-2 affordability safe harbor
 - 2G = rate of pay affordability safe harbor
 - 2H = FPL affordability safe harbor
 - 2I – non-calendar year transition relief
 - Note certain ordering rules



Employer Reporting

- What Information Must be Reported?
 - Form 1095-C, Part III, Line 17+
 - **Only applies to self-funded group health plans**
 - Listing of covered individuals
 - Name, SSN, DOB and months individual was covered
 - Sections (a) – (e)
 - Needed for enforcement of *individual* mandate
 - Carriers will report this information on a separate form for all fully-insured group health plans
 - What about non-employees?



Employer Reporting

- Alternative Reporting Methods
 - Increased compliance = streamlined reporting
 - Four alternative methods
 - Qualifying offer method
 - Qualifying offer method (transition relief)
 - 98% offer method



Employer Reporting

- Alternative Reporting Methods
 - Qualifying Offer Method
 - ALE made a “qualifying offer” for all months during the year in which EE was a full-time EE
 - “Qualifying offer” = MEC + MV + Affordable (based on FPL) + offer to spouse and dependents
 - ALE will use indicator code “1A” on Line 14 of Form 1095-C to report whether qualifying offer was made for all or any months
 - ALE will not have to complete Line 15 on Part II of Form 1095-C



Employer Reporting

- Alternative Reporting Methods
 - Qualifying Offer (2015 transition relief)
 - ALE certifies that it has made a qualifying offer to at least 95% of full-time EEs and their spouses and dependents
 - ALE will use indicator code “1A” on Line 14 of Form 1095-C to report whether qualifying offer was made for all or any months
 - ALE will not have to complete Line 15 on Part II of Form 1095-C



Employer Reporting

- **Alternative Reporting Methods**
 - **98% Method**
 - ALE certifies that it offered MEC + MV + Affordable to 98% of EEs and their dependents
 - Allows reporting without identifying who is a full-time EE or total number of EEs
 - ALE does not have to complete Form 1094-C, Part II, sections (b) + (c)
 - Does not exempt ER from failing to report with respect to any full-time EE
 - ALE still has to complete Form 1095-C



Employer Reporting

- Alternative Reporting Methods
 - Section 4980H Transition Relief
 - ER employs at least 50 FT EEs but fewer than 100 FT EEs (including FT equivalent) in 2014;
 - ER does not reduce its workforce between 2/9/14 and 12/31/14 except for bona fide business reasons;
 - ER does not eliminate or materially reduce its coverage, if any, it offered as of 2/9/14; and
 - ER certifies it is eligible for relief on Form 1094-C



Employer Reporting

- Alternative Reporting Methods
 - Section 4980H Transition Relief
 - ALE eligible for this relief does not have to comply with the ER mandate until the first day of its 2016 plan year
 - ALE within this range must still report to IRS for 2015 tax year
 - ALE must certify that it is eligible for transition relief
 - Form 1094-C, Line 22, Box “C”
 - Form 1094-C, Lines 23-25, section (e), code “A”



Employer Reporting

- Can ERs Report Electronically?
 - Required for high-volume filers
 - At least 250 returns
 - Transmittal is not treated as separate return
 - ALE with fewer than 250 returns can file on paper but is encouraged to file electronically



Employer Reporting

- When is the Reporting Due?
 - Must be sent to IRS by February 28th of the following calendar year
 - March 31st if filed electronically
 - First reporting due by 2/28/16 (or 3/31/16)



Employer Reporting

- What Information Must be Disclosed to Full-Time EEs?
 - Name, address and contact number of ALE
 - Information required to be shown on Form 1095-C with respect to the full-time EE
 - ER can simply provide FT EE with appropriate 1095-C
 - Transmittal (Form 1094-C) is not required
 - 1095-C may not be needed under alternative reporting



Employer Reporting

- How Must the Information be Delivered?
 - May furnish in same mailing as W-2
 - Paper Format
 - Last known permanent address
 - If no permanent address, temporary address
 - First class mailing discharges requirement
 - Electronic format
 - Affirmative consent is required
 - Web site consent is permissible



Employer Reporting

- When is the Disclosure Delivery Date?
 - Must be sent to individuals by January 31st of the following calendar year
 - First statements due by 1/31/16
 - 30 day extension may be available



Employer Reporting

- Are There Penalties if ERs Do Not Comply?
 - Failure to correctly report
 - Relief for a failure due to reasonable cause (not reasonable neglect)
 - No penalties for 2015 tax year if employer used good faith but incorrectly reported
 - Penalties will still apply if employer simply did not report



Employer Reporting

- Are There Penalties if ERs Do Not Comply?
 - Failure to report can trigger monetary penalties
 - Up to \$100 for each return, not to exceed \$1.5M for all failures in calendar year
 - Failure to timely report
 - Up to \$100 for each return, not to exceed \$1.5M for all failures in calendar year



Questions & Answers



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