



ACA Reporting 101

Insights

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One of the new Affordable Care Act (ACA) requirements imposed on employers is the obligation to report employee group health plan coverage information to the IRS and employees on Forms 1094-C and 1095-C. The first required filing for these forms occurs in January 2016 for periods covered in 2015. The reporting requirements are complex, so employers should begin gathering data and preparing to complete the forms now.

In light of the many challenges employers and vendors are facing in this first year of reporting, the IRS will not impose a penalty on any employer that makes a good faith effort to comply, even if the forms are incorrect. However, employers who fail to furnish the reports may be assessed penalties of \$250 per return (up to \$3,000,000).

If you haven't already established a reporting game plan or determined whether the reporting applies to you, here's what you need to know to get started:

Which Employers Are Required To Report? Any "applicable large employer" under the ACA is required to report this information. An "applicable large employer" is any employer and any related employer that employs at least 50 or more full-time equivalent (FTE) employees on a combined basis using the IRS-controlled and affiliated service group rules.

Note that the reporting requirement applies to you in 2015 even if you were under 100 FTEs and not subject to the pay-or-play penalty in 2015. In addition, employers sponsoring self-insured plans are subject to reporting regardless of size.

What Is The Difference Between The Two Forms? The Form 1094-C is a summary report provided to the IRS and includes information about your related employers, identification of your full-time employees to whom qualifying offers of group health coverage are made, and the duration of the offers. The IRS will use the information you provide to administer the pay-or-play penalty, and to determine eligibility for the individual premium tax credit for coverage purchased in the Health Insurance Marketplaces.

The Form 1095-C is provided to both the IRS and to each of your full-time employees. It includes information regarding the specific employee's group health coverage and coverage of spouses and dependents. Similar to a Form W-2 and Form W-3, a separate Form 1095-C should be provided to

each of your full-time employees and then filed with the IRS using the transmittal Form 1094-C. Some employers may be eligible for simplified reporting methods.

When Do I Have To File? The Form 1094-C and Form 1095-C must be provided to the IRS at the same time as your Forms W-2 and W-3. Generally, this means you must provide paper forms to the IRS no later than February 28 after the calendar year being reported, and no later than March 31 if filed electronically.

Employers that file 250 or more returns for the calendar year must file electronically with the IRS. The Form 1095-C to employees must be furnished no later than January 31.

Which Of My Full-Time Employees Must Receive A Form 1095-C? This may be one of the trickier issues under the new reporting requirements. For purposes of the reporting requirements, full-time employees are those for whom you may be subject to a penalty under the final employer-shared responsibility final regulations.

Thus, you have to know how the IRS defines a full-time employee to be able to accurately determine who is entitled to a Form 1095-C and how to report such individual's status as a full-time employee each month during the calendar year. Because the number of full-time employees you report may be used for determining an initial penalty assessment, you should be careful not to over-report your full-time employee count.

Where Can I Get More Information? The IRS website has information designed to help employers with the reporting obligations. However, you need to be very careful to ensure that the information is current. There are some cases, such as how to report offers of COBRA coverage, in which the IRS has changed the reporting rules but not yet updated its own website.

Many third-party vendors and payroll providers will do the reporting for you. However, if you haven't already secured a provider for this service, you need to move quickly. The time to do so is running out. You may consider contacting any member of the Fisher Phillips Employee Benefits Practice Group for additional information.

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