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IRS Issues Additional Q&As on Annual Reporting

As discussed in previous editions of [Trion's HCR News](#), the Affordable Care Act (ACA) will begin imposing annual information reporting requirements on employers and health plan sponsors starting in early 2016 for the 2015 calendar year reporting period. This reporting, known as section 6055 and section 6056 reporting, will assist the Internal Revenue Service (IRS) in administering compliance with the individual and employer shared responsibility mandates of the ACA and confirming individuals' eligibility for marketplace subsidies.

The IRS recently released an [updated set of Questions and Answers \(Q&As\) regarding section 6056 reporting rules](#) and a [new set of Q&As related to completion of the reporting forms](#) for both section 6055 and 6056. In large part, the Q&As reiterate information conveyed previously in the regulations and IRS [reporting form instructions](#). Below are highlights of new points of clarification found in these most recent Q&As:

- An ALE member is required to report under section 6056 (employer mandate reporting section) for every employee who was a full-time employee in any month of the year, regardless of whether it offered health coverage to all, none, or some of its full-time employees.
- An ALE member is not required to report under 6056 for an employee who was not a full-time employee in any month during the year or who was in a limited non-assessment period for all 12 months of the year (e.g., a new variable hour employee who was in an initial measurement period), unless the employee or employee's family member was enrolled in a self-insured plan sponsored by the employer.
- An ALE member that does not have any employee who was a full-time employee in any month of the year is not required to report under section 6056 (however, an ALE member that has no full-time employees but sponsors a self-insured health plan in which any employee, spouse or dependent is enrolled must report under section 6055 (individual mandate reporting section)).
- Form 1095-C may be delivered to employees in any manner permitted for delivery of Form W-2, including hand delivery.
- Unlike Form W-2, an employer is not required to furnish a Form 1095-C within 30 days of request if an employee terminates employment and requests the statement. If an employer chooses to do so voluntarily and the relevant information changes before the end of the year, the employer is required to furnish an updated Form 1095-C to the individual.

- In Part II of Form 1095-C, an Applicable Section 4980H Safe Harbor code entry is not required on line 16. An ALE member should enter a code only if one of the safe harbors listed in the 2 series codes is applicable.
- When reporting coverage information for a self-insured plan participant who was not an employee on any day of the calendar year, in Part II of Form 1095-C the employer plan sponsor should enter offer of coverage code 1G (Offer of coverage to employee who was not a full-time employee for any month of the calendar year) for all 12 months and move on to complete Part III. Such a participant might include a non-employee director, a COBRA participant or retiree who terminated in a prior calendar year, or a family member who is receiving coverage independently, such as a surviving spouse or a dependent who elected individual COBRA coverage (plan sponsor should report coverage on a separate form for each non-employee who separately elects coverage). An employer may also choose to report on such individuals using Form 1095-B instead of Form 1095-C.
- An offer of COBRA coverage due to termination of employment is only reported as an offer of coverage by the ALE member if the former employee enrolls in the coverage.
 - If a former employee enrolls in COBRA coverage, the employer should enter the appropriate offer of coverage code (depending on whether coverage met minimum value and whether coverage was offered to spouse and/or dependents) on line 14 of Form 1095-C, enter the COBRA premium for the lowest-cost self-only minimum value coverage offered to the employee on line 15, and enter 4980H safe harbor code 2C (Employee enrolled in coverage offered) on line 16.
 - If a former employee does not enroll in COBRA coverage, the employer should enter offer of coverage code 1H (No offer of coverage) beginning with the month in which employment terminated, unless the offer of coverage as an active employee provided coverage for the full calendar month. If employment terminated before the last day of the month, on line 16 the employer may use 4980H safe harbor code 2B (Employee not a full-time employee) for the month in which termination occurred and code 2A (Employee not employed on any day of the month) beginning with the first full month of non-employment.
- An offer of COBRA coverage made to an ongoing employee due to loss of eligibility (e.g., due to change from full-time to part-time status) should be reported as an offer of coverage by the ALE member in Part II of Form 1095-C, regardless of whether the employee enrolls in the COBRA coverage. The employer should enter the appropriate offer of coverage code (depending on whether coverage met minimum value and whether coverage was offered to spouse and/or dependents) on line 14, enter the COBRA premium for the lowest-cost self-only minimum value coverage offered to the employee on line 15, and enter a 4980H safe harbor code 2C on line 16 if applicable (e.g., 2C (Employee enrolled in coverage offered); 2B (Employee not a full-time employee); or 2F, 2G or 2H (W-2 Method, Federal Poverty Level Method, or Rate of Pay Method affordability safe harbor)).

If you have not already begun to develop a plan for tracking and reporting the required information, we recommend employers begin by reviewing the IRS reporting forms and draft instructions and reaching out to their benefits administration, payroll, HRIS, and/or electronic tax filing providers to discuss what solutions they may have developed to support fulfillment of the reporting requirements.

ACA REGULATIONS & GUIDANCE ISSUED IN THE LAST THREE MONTHS

- May 2015: ACA FAQs XXVII – [Cost Sharing Limits and Provider Nondiscrimination](#)
- May 2015: IRS Issues Q&As on [Section 6056 Rules](#) and [Completing Forms 1094-C and 1095-C](#)
- May 2015: ACA FAQs Part XXVI – [Preventive Care](#)
- Apr. 2015: ACA FAQs Part XXV – [Wellness Programs](#)
- Apr. 2015: EEOC Issues [Proposed Regulations on Wellness Programs and the ADA](#)
- Mar. 2015: IRS Issues [Notice 2015-29 Health Insurance Providers Fee \(Expatriate Plan Exemption\)](#)
- Mar. 2015: ACA FAQs Part XXIV - [SBCs](#)

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