



Monday, August 17, 2015

IRS Releases Draft 2015 Instructions for ACA Reporting Forms

The IRS has released draft 2015 instructions for the draft 2015 B-Series and C-Series reporting forms (Forms 1094-B, 1095-B, 1094-C and 1095-C) that will be used by employers and coverage providers in to report certain information to employees and the Internal Revenue Service (IRS).

Background

As discussed in previous editions of Trion’s HCRAlert!, the ACA imposes annual information reporting requirements on employers, health plan sponsors, and insurers. 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.

Reporting entities must complete a form for each individual for which reporting is required. In addition, at least one transmittal cover form with summary information about the reporting entity must accompany the individual forms. The following table summarizes the forms that must be filed by employers in various circumstances:

	FT Employees Enrolled in Insured Plan & FT Employees Not Enrolled	All Employees Enrolled in Self-Insured Plan & Non-Employee Primary Insureds Enrolled in Self-Insured Plan (e.g. Retiree, COBRA)
Employers with 50+ full-time / full-time equivalent employee average in prior calendar year (Applicable Large Employers)	<p>Form 1095-C individual statement (Parts I & II) for each employee</p> <p>Form 1094-C transmittal cover form</p>	<p>Form 1095-C individual statement (Parts I, II & III) for each employee</p> <p>Either Form 1095-C individual statement (Parts I, II & III) or Form 1095-B individual statement for each non-employee primary insured</p> <p>Form 1094-C transmittal cover form (and Form 1094-B transmittal cover form if 1095-B issued)</p>

Employers with <50 full-time / full-time equivalent employee average in prior calendar year	None	Form 1095-B individual statement for each primary insured (employee & non-employee) Form 1094-B transmittal cover form
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The first returns are due in early 2016 for 2015 calendar year reporting. A reporting entity must provide a copy of each individual statement (Form 1095-C or Form 1095-B) it completes to the IRS as part of its information return and must also provide a copy to the individual. Statements must be provided to individuals by January 31 following the end of the reporting year and returns are due to the IRS by March 31 if filing electronically (required if filing 250+ forms) or by the last day of February if filing by paper.

2015 Draft Forms and Instructions

Highlights of changes/clarifications contained in the draft 2015 forms and instructions are discussed below:

- **Form 1094-C Revisions.** Line 19 (Authoritative Transmittal question) is moved from Part II to Part I of the form and Line 23 of Part III is revised to allow for an entry in the full-time employee count field.
- **Form 1095-C Revisions.** Part II is revised to include a first month of the plan year indicator (optional for 2015) and an additional page is added to Part III to enable reporting of more dependents.
- **Increased Penalties.** The draft instructions reflect the newly increased penalty structure (generally increasing penalties from \$100 per return to \$250 per return, and increasing the penalty cap from \$1.5M to \$3M).
- **Hand Delivery.** The instructions clarify that hand delivery is an acceptable method of delivery. Electronic delivery is permissible with the recipient’s affirmative consent.
- **ALE Determination Transition Relief.** The instructions reiterate that employers may determine their ALE status for 2015 over a period of at least six consecutive months in 2014 (rather than having to use the entire calendar year when determining average employee count).
- **COBRA Coverage (for Terminating Employees).** The instructions provide that COBRA coverage offered to a terminating employee is reported as an offer of coverage only if the terminating employee enrolls in COBRA. If the former employee does not enroll in COBRA, the employer should use code 1H in line 14 of form 1095-C (the “no offer” code) even if the employee’s spouse or dependent enrolls in COBRA.
- **COBRA Coverage (for Reductions in Hours).** The instructions provide that COBRA coverage offered to an employee who has experienced a reduction in hours that resulted in a loss of coverage under the plan is reported in the same manner and using the same code as an offer of that type of coverage to any other active employee.

- **Multiemployer Plans.** The instructions provide relief for employers reporting on offers of coverage made under a multiemployer plan. The instructions direct ALEs to use code 1H on line 14 of form 1095-C for any month for which the employer enters code 2E on line 16 of form 1095-C (indicating that the employer is eligible for relief under the interim guidance for multiemployer plans). This allows employers to enter Code 1H regardless of whether coverage was actually offered under the multiemployer plan (in case the employer is unable to obtain such information from the multiemployer plan).
- **Filing Extensions (for Returns to the IRS).** Employers may obtain automatic extensions of time to file the applicable returns with the IRS; however, extensions of time to provide the employee statement (e.g., 1095-B or 1095-C) are more limited. The instructions provide that entities filing form 8809 before the returns are due are granted an automatic 30-day extension. An additional 30-day hardship extension may be requested (see the instructions for form 8809 for more information).
- **Filing Extensions (for Employee Statements).** The instructions allow employers to request an extension of time to furnish the employee statements by sending a letter to the IRS. The letter must include certain identifying information (e.g., filer name, address and TIN) along with the reason for the delay. The request must be postmarked by the date on which the statements are due to the recipients. If approved, the extension will generally be for a maximum of 30 days.
- **Waiver of Electronic Filing Requirement.** The instructions allow employers to request a waiver from having to file information returns electronically via Form 8508. The form must be filed at least 45 days before the due date of the returns. An employer cannot apply for a waiver for more than one year at a time.

The draft forms and instructions can be found here:

[B-Series Instructions](#)
[C-Series Instructions](#)

[Form 1094-B](#)
[Form 1094-C](#)

[Form 1095-B](#)
[Form 1095-C](#)

Employers should be working to determine how their organizations will address these new requirements. 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.

Your Trion Strategic Account Managers are here to answer any questions you might have as you prepare to comply with upcoming ACA requirements. If you are not currently a Trion client and would like assistance navigating the changes required by health care reform, please contact us today by emailing trionsales@trion-mma.com.

ACA REGULATIONS & GUIDANCE ISSUED IN THE LAST TWO MONTHS

Aug. 2015: ACA FAQs Part XXVIII – [Transparency Reporting](#)

Aug. 2015: IRS Issues Draft Forms [1094-B](#), [1095-B](#), [1094-C](#), [1095-C](#), [Series B Instructions](#) & [Series C Instructions](#)

Jul. 2015: IRS Issues [Notice 2015-52 Excise Tax on High Cost Employer-Sponsored Health Coverage](#) Additional Proposed Guidance

Jul. 2015: Agencies Issue [Final Rules on Coverage of Preventive Care](#)

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