TOP 20 ACA REPORTING QUESTIONS AND ANSWERS
The IRS has issued Form 1095-C, *Employer-Provided Health Insurance Offer and Coverage*, for ALEs to satisfy the requirement under Code § 6056. If the employer self-funds its plan(s), the employer also will use Form 1095-C to satisfy the additional requirement under Code § 6055. Employers providing any Forms 1095-C also must file copies with the IRS using a transmittal form, Form 1094-C, *Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns*. In addition, the transmittal form requests aggregated information.

**Q** What is the definition of full-time employee for purposes of ACA reporting?

A *full-time employee* is a common-law employee averaging at least 30 hours of service per week (or 130 hours per month). An hour of service is each hour for which payment is made or due (e.g., performance of duties, vacation, holidays, paid absence, or leave).

**Q** Are union employees included when determining ALE status?

Yes, all common-law employees should be included in your employer count. Common law employees do not include self-employed individuals under IRS rules, such as:

- Sole proprietors;
- Partners in partnerships (LLCs) or members of LLCs;
- 2 percent or more shareholders in Subchapter S corporations; or
- Persons correctly classified as independent contractors.

**Q** Are we required to report an employee who was employed for only a week but had benefits during that time?

Yes, if the employee was full time and offered coverage, the month in which coverage was offered will be reported.

An employer offers health coverage for a month only if it offers health coverage that would provide coverage for every day of that calendar month. However, under the employer shared responsibility provisions under § 4980H, if an employee terminates employment before the last day of a calendar month and the health coverage offer ends on the date of termination, the employer is treated as having offered the employee health coverage for the month only if the employee would have been offered health coverage for the entire month had the employee been employed for the entire month.

Source: [http://www.irs.gov/instructions/i109495c/ar01.html#d0e250](http://www.irs.gov/instructions/i109495c/ar01.html#d0e250)
How can we file more than one Form 1094-C if only one authoritative transmittal is allowed?
Employers who choose to file more than one Form 1094-C will typically either be members of an aggregated ALE or they will be a company with departments or divisions who wish to compile information separately. This might be particularly true in larger companies where departments or divisions operate fairly independently and are more familiar with their own data.

Which portions of Form 1094-C do self-funded employers have to complete?
Self-funded employers have to complete the same sections as fully-funded employers. However, if the self-funded employer is not a member of an aggregated ALE, the employer is not required to complete any sections which only apply to a member of an aggregated ALE.

Can an employer check more than one option on Form 1094-C, line 22?
Yes. An employer should check all options that apply as it is possible that an employer may be able to apply different options to different segments of its employee population.

If an employer has 50 – 99 employees but does not offer coverage, can it use the codes for transition relief?
Transition relief codes can be used if they actually apply. There are two types of transitional relief available. Depending on which transition relief applies (if any), potential penalties will be delayed as follows:

- Relief based on non-calendar year plan delays compliance until renewal in 2015.
- Relief based on size (50 – 99 employees) delays compliance until 2016.
- Relief based on both size and plan year delays compliance until renewal in 2016.

Note that transition relief is not automatic. An employer using transition relief must meet the criteria and certify it meets the criteria when it reports in 2016.

What are the four methods the IRS allows for counting the number of employees in each month for Form 1094-C purposes?
Columns B and C of Part III of Form 1094-C ask for counts of full-time employees and total employees. Employers may use one of the following four methods to count employees each month:

- Employee count on the first day of the month.
- Employee count on the last day of the month.
- Employee count on the first day of the first pay period of the month.
- Employee count on the last day of the first pay period of the month.

Employers must use a consistent approach for each month of the year.
If a company is not a controlled group, would the number on lines 18 and 20 on Form 1094-C be the same?
The number would be the same if the group is only submitting one Form 1094-C. However, there may be employers who are not members of controlled groups who choose to file more than one 1094-C. These types of companies will typically be employers with departments or divisions who wish to compile information separately. This might be particularly true in larger companies where departments or divisions operate fairly independently and are more familiar with their own data.

Is an employer required to provide part-time employees with a Form 1095-C if it has a fully insured plan?
Possibly, if the employee was full-time for a portion of the year. Fully-insured plans are required to provide Form 1095-C to each individual who was a full-time employee for any month of the calendar year. For example, if an individual was part-time for 10 months of the year but full-time for the remaining two months, the employer would provide the employee with a Form 1095-C and use the appropriate codes to indicate whether the employee was offered and enrolled in coverage for any given month.

Is COBRA included in an “offer of coverage”? Does the 60-day election period post-termination count as months of coverage offered?
The employer reports for each month the employee was “offered” coverage. If the employee terminated midmonth before the end of the calendar year, you can report the offer for the whole month in which the separation occurred under § 6056. However, after the separation, the reporting on Form 1095-C ceases.

When determining whether coverage was offered for a month, how does a waiting period come in to play on Form 1095-C?
A health plan’s initial waiting period is generally deemed to be part of a LNP. If an employee was not offered coverage for a month, regardless of the reason, the employer should indicate that on line 14 of Form 1095-C. However, on line 16, the employer would be able to use a code indicating that the employee was not offered coverage because they were in a LNP (in this case, their initial waiting period).

When does one day of coverage during a month equal an entire month of coverage?
If an employee terminates employment before the last day of a calendar month and the health coverage offer ends on the date of termination, the employer is considered as having offered the employee health coverage for the month only if the employee would have been offered health coverage for the entire month had the employee been employed for the entire month.
If an employer uses Code 1A for all 12 months of line 14, is the employer required to put anything in line 15 on Form 1095-C?

No. Line 15 is only required to be completed if an employer uses codes 1B through 1E on line 14. These codes indicated that MEC that was also MV was offered to the employee, and in some cases, their spouse and dependents.

What is the difference between lines 14 and 16 of Form 1095-C and must they both be completed for an employee?

The primary difference between lines 14 and 16 are that line 14 indicates coverage which was offered, while line 16 indicates coverage which was enrolled in. Additionally, while line 14 cannot be left blank, line 16 can be left blank if circumstances warrant it. Line 16 is also the employer’s opportunity to enter a code from Code Series 2 explaining to the IRS why the employer should not be subject to a penalty for this particular employee for a given month.

For line 14 of Form 1095-C, if an employee is only employed for a partial month, would the employer use a code indicating “no offer” for that month?

Yes. For purposes of line 14, an employer is only considered to have offered health coverage for a month if that health coverage would provide coverage for every day of the month. However, an exception applies to terminated employees. Specifically, if an employee terminates before the end of a month, but the employee would have had coverage for the entire month if they had not terminated, the employer can treat them as having been offered coverage for the entire month.

On Form 1095-C, is an employer supposed to list all employees in Part II, and all covered employees and family members in Part III?

Yes. Only full-time employees would be listed in Part II and only self-funded employers are required to complete Part III of the 1095-C form.

If an employee was hired midway through the month with coverage effective immediately, which code would be used on Form 1095-C?

The indicator code to be used will depend on which coverage was offered to the employee (even if he or she waived coverage) and will only be entered for the first full month coverage was offered. Therefore, even though coverage is offered midmonth, the Code Series 1 indicator will be entered in the first month in which coverage is offered for each day of the month. Note that the codes specify the type of coverage, if any, offered to an employee, the employee’s spouse, and the employee’s dependents. Therefore, this will depend on the coverage offered.

From the instructions:

An employer offers health coverage for a month only if it offers health coverage that would provide coverage for every day of that calendar month. However, under the employer shared responsibility provisions under section 4980H, if an employee terminates employment before the last day of a calendar month and the health coverage offer ends on the date of termination, the employer is treated as having offered the employee health coverage for the month only if the employee would have been offered health coverage for the entire month had the employee been employed for the entire month.

Source: http://www.irs.gov/instructions/i109495c/ar01.html#d0e250
If an employee chooses the more expensive of the two health plans an employer offers, should the employer still enter the cost of the lowest one on line 15 of the Form 1095-C?

Yes, affordability is based on lowest cost self-only coverage that provides minimum value that does not exceed 9.5 percent of household income, rather than the plan actually elected.

Source: https://federalregister.gov/a/2014-03082

How is an employer expected to get the data for each form? Is this something our insurance or payroll provider could complete since they have that information?

Most employers will have to use multiple sources to obtain the data necessary to complete the reports, including their benefits carrier or broker, payroll company, HRIS, time off tracking software, and other sources. The following is a listing of sources and types of data employers should start tracking now so reporting will be smoother at year-end:

- ALE EIN(s) plus ALE member and employee identifying information.
- Monthly counts of total employees (month by month).
- Identification of full-time employee status and full-time employee counts by month.
- Information about coverage offered for each month.
- Family member eligibility.
- MEC/MV coverage.
- Employee share of lowest-cost employee-only MV coverage.
- Offers of minimum essential coverage to full-time employees and dependents (be sure to obtain written acceptance/declinations for your documentation).
- Eligibility for qualifying transition relief (if applicable).
- Eligibility for “50 – 99” or “minus 80” transition relief (if applicable).
- Eligibility for 98 percent offer relief (if applicable).
- Information about all ALE members, if applicable (for those who are part of an aggregated ALE group).
- For self-funded groups:
  - Enrolled full-time and non-full-time employees and non-employees.
  - Enrolled family members, including SSNs.

Please be sure to follow the rules for documenting and tracking employees who are not “regular” employees, such as seasonal and temporary employees, for the 30 hours of service threshold that classifies an employee as full time. An employee must be credited with an hour of service for each hour the employee is paid or entitled to be paid for the performance of duties on the job. Additionally, an employee must be credited with an hour of service for each hour the employee is paid or entitled to be paid due to vacation, holiday, illness, incapacity, layoff, jury duty, military duty, or leave of absence. Not all of these hours are tracked in one place.