



Health Care Reform

LEGISLATIVE BRIEF

Brought to you by Group Benefits Strategies

Q&As on Employer Reporting of Health Coverage (Section 6056)

The Affordable Care Act (ACA) created new reporting requirements under Internal Revenue Code (Code) Section 6056. These new reporting rules require applicable large employers (ALEs) subject to the ACA's employer shared responsibility rules to report information on the health coverage offered to full-time employees to the Internal Revenue Service (IRS) and covered individuals. Related statements must also be provided to individuals.

The additional reporting is intended to promote transparency with respect to health plan coverage and costs. It will also provide the government with information to administer the ACA's employer shared responsibility rules and premium tax credits. The employer shared responsibility rules impose penalties on ALEs that do not offer affordable, minimum value coverage to their full-time employees and dependents.

On Aug. 29, 2014, the IRS released the following [Questions and Answers](#) (Q&As) on Section 6056. On May 20, 2015, the IRS released [additional Q&As](#) about reporting on Form 1094-C and Form 1095-C. Also, on Feb. 8, 2015, the IRS released **final versions** of Forms [1094-C](#) and [1095-C](#) (and related [instructions](#)), which employers may use to report under Section 6056 for 2014.

The ACA's employer penalties take effect on Jan. 1, 2015. Information reporting under Section 6056 is voluntary for calendar year 2014. **Reporting is first required in early 2016 for calendar year 2015. Therefore, these forms are not required to be filed for 2014,** but reporting entities may voluntarily file them in 2015 for 2014 coverage. Final forms and instructions for 2015 reporting have not yet been released and may contain some changes from the 2014 versions.

Q&AS ON SECTION 6056—BASICS OF EMPLOYER REPORTING

1. What are the information reporting requirements for employers relating to offers of health insurance coverage under employer-sponsored plans?

The ACA added Code Section 6056, which requires ALEs to file information returns with the IRS and provide statements to their full-time employees about the health insurance coverage the employer offered. (For a definition of ALE, see question 5, below.)

Under the [Section 6056 final regulations](#), an ALE may be a single entity or may consist of a group of related entities (such as parent and subsidiary or other affiliated entities). In either case, these reporting requirements apply to each separate entity and each separate entity is referred to as an applicable large employer member (ALE member). See question 7 for more information about the treatment of related entities.

The IRS will use the information provided on the information return to administer the employer shared responsibility rules in Section 4980H. The IRS and the employees of an ALE will use the information provided as part of the determination of whether an employee is eligible for the premium tax credit under the ACA.

ALEs that sponsor self-insured group health plans also are required to report information under Section 6055 about the health coverage they provide (See the IRS' [Section 6055 FAQs](#)). ALEs that sponsor self-insured group health plans file with the IRS and furnish to employees the information required under both Sections 6055 and 6056 on a single form. The IRS and individuals will use the information provided under Section 6055 to administer or show compliance with the ACA's individual mandate.

Q&As on Employer Reporting of Health Coverage (Section 6056)

For details about the Section 6056 information reporting requirements and additional guidance on how to complete Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns, and Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, see the [Employer Information Reporting FAQs for Forms 1094-C and 1095-C](#) on IRS.gov.

2. When do the information reporting requirements go into effect?

The information reporting requirements under Section 6056 are first effective for coverage offered (or not offered) in 2015. An ALE must file information returns with the IRS and furnish statements to employees beginning in 2016, to report information about its offers of health coverage to its full-time employees for calendar year 2015.

[Notice 2013-45](#) provides transition relief for 2014 from the Section 6056 and Section 6055 reporting requirements and, thus, the ACA's employer shared responsibility rules as well. Accordingly, **neither the reporting requirements nor the employer shared responsibility rules apply for 2014.**

The transition relief applies to all ALEs including for-profit, nonprofit and government entity employers. However, in preparation for the application of the employer shared responsibility rules beginning in 2015, employers and other affected entities may comply voluntarily for 2014 with the information reporting provisions and are encouraged to maintain or expand coverage in 2014. Returns filed voluntarily will have no impact on the employer's tax liability. For more information about voluntary filing in 2015, including the requirements for filing electronic returns, see [IRS.gov](#).

3. Is relief available from penalties for incomplete or incorrect returns filed or statements furnished to employees in 2016 for coverage offered (or not offered) in calendar year 2015?

Yes. In implementing new information reporting requirements, short-term relief from reporting penalties is frequently provided. This relief generally allows additional time to develop appropriate procedures for collection of data and compliance with the new reporting requirements. Accordingly, **the IRS will not impose penalties on ALEs that can show that they have made good faith efforts to comply with the information reporting requirements.**

Specifically, relief is provided from penalties for returns and statements filed and furnished in 2016 to report offers of coverage in 2015 for **incorrect or incomplete information** reported on the return or statement. No relief is provided in the case of ALEs that:

- Cannot show a good faith effort to comply with the information reporting requirements; or
- Fail to timely file an information return or furnish a statement.

However, consistent with existing information reporting rules, ALEs that fail to timely meet the requirements still may be eligible for penalty relief if the IRS determines that reasonable cause for the failure exists. See question 31 for more information about penalties.

4. Where is more detailed information available about these reporting requirements?

The [Section 6056 final regulations](#) provide further guidance on the information reporting requirements for ALEs, and the [Section 6055 final regulations](#) provide guidance on the information reporting requirements for insurers and other health coverage providers. The [employer shared responsibility final regulations](#) provide guidance on determining ALE status and determining full-time employee status, including rules for calculating hours of service. The [1094-C and 1095-C Q&As](#) provide guidance on how to complete Form 1094-C and Form 1095-C.

Q&AS ON SECTION 6056—WHO IS REQUIRED TO REPORT

5. Who is required to report under Section 6056?

All ALEs that are subject to the ACA's employer shared responsibility rules are required to report under Section 6056. An ALE is an employer that **employed an average of at least 50 full-time employees** on business days during the preceding calendar year.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

A full-time employee generally includes:

- Any employee who was employed, on average, **at least 30 hours of service per week**; and
- Any full-time equivalents, or FTEs (for example, 40 full-time employees employed 30 or more hours per week, on average, plus 20 employees employed 15 hours per week, on average, are equivalent to 50 full-time employees).

For purposes of the Section 6056 reporting requirements, an ALE member is any person that is an ALE or a member of an aggregated group (determined under Code Section 414(b), 414(c), 414(m) or 414(o)) that is determined to be an ALE. See question 7 for information about aggregated groups. More information about ALE status and transition relief under the employer shared responsibility rules is available in the [employer shared responsibility final regulations](#) and the IRS' [related FAQs](#) (see questions 4—17 and 29—39 of those FAQs).

6. Are non-profit and government entities required to report under Section 6056?

Yes. Section 6056 applies to all employers that are ALEs, regardless of whether the employer is a tax-exempt or government entity (including federal, state, local and Indian tribal governments).

7. If two or more related companies together are an ALE under the employer shared responsibility rules, how do they comply with the information reporting requirements?

For purposes of the information reporting requirements under Section 6056, each ALE member must file Form 1094-C (or a substitute form) with the IRS and furnish a Form 1095-C (or a substitute statement) to its full-time employees, using its own employer identification number (EIN). See question 14 for further details about substitute forms and statements. All persons treated as a single employer under Code Section 414(b), (c), (m) or (o) are treated as one employer for purposes of determining ALE status under the employer shared responsibility rules. Under those rules, companies will be combined and treated as a single employer for purposes of determining whether or not the employer has at least 50 full-time employees (including full-time equivalents) and together will be an ALE. Each of the companies that is combined is referred to as an ALE member. When the combined total of full-time employees (including FTEs) meets the threshold, each separate company or ALE member is subject to the employer shared responsibility rules, even if a particular company or companies individually do not employ enough employees to meet the 50-full-time-employee threshold. See questions 15—17 of the [employer shared responsibility FAQs](#) for more information about calculating the number of full-time employees (including FTEs).

For purposes of Section 6056 reporting, government entities, churches and a convention or association of churches should use the same interpretation of Code Section 414(b), (c), (m) and (o) as that used for purposes of the employer shared responsibility rules in determining whether a person or group of persons is an ALE and whether a particular entity is an ALE member.

8. Is an ALE required to report under Section 6056 if the ALE member has no full-time employees?

An ALE that did not have an employee who was a full-time employee in any month of the year (that is, no employee averaged at least 30 hours of service per week in any month) is not required to report under Section 6056. An ALE is required to report if it has an employee who was a full-time employee for any month of the year. For example, if an ALE did not have at least one full-time employee in any month in 2015, it is not required to report in 2016 for calendar year 2015.

9. Is an employer that is not subject to the employer shared responsibility provisions of Section 4980H (that is, the employer is not an ALE) required to file under Section 6056?

No. An employer that is not subject to the employer shared responsibility provisions of Section 4980H is not required to report under Section 6056. Thus, an employer that employed fewer than 50 full-time employees (including full-time equivalents) during the preceding calendar year is not subject to the reporting requirements of Section 6056.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

10. Is an ALE that sponsors a self-insured health plan required to file Form 1094-C and Form 1095-C if the ALE has no full-time employees?

Generally, yes. An ALE that sponsors a self-insured health plan in which any employee or employee's spouse or dependent has enrolled is required to file Form 1094-C and Form 1095-C, whether or not that employer has any full-time employees and whether or not that individual is a current employee or a full-time employee. For an individual who enrolled in coverage who was not an employee in any month of the year (for example, an ex-spouse electing coverage in his or her individual capacity and not through the employee's election of spousal coverage), the employer may file Forms 1094-B and 1095-B for that individual.

11. Is an employer that is not an ALE required to file under Section 6056 if the employer sponsors a self-insured health plan that provides minimum essential coverage?

No; however, such an employer is subject to the reporting obligations under Section 6055. An employer that is not an ALE that sponsors a self-insured health plan in which any individual has enrolled is not subject to the reporting requirements of Section 6056. Such an employer will generally satisfy its reporting obligations under Section 6055 by filing Form 1094-B and Form 1095-B. See [Section 6055 Q&As](#).

12. Is an ALE required to report under Section 6056 with respect to a full-time employee who is not offered coverage during the year?

Yes. An ALE is required to report information about the health coverage, if any, offered to each of its full-time employees, including whether an offer of health coverage was (or was not) made. This requirement applies to all ALEs, regardless of whether they offered health coverage to all, none or some of their full-time employees. For each of its full-time employees, the ALE is required to file Form 1095-C with the IRS and furnish a copy of Form 1095-C to the employee, regardless of whether or not health coverage was or was not offered to the employee. Therefore, even if an ALE does not offer coverage to any of its full-time employees, it must file returns with the IRS and furnish statements to each of its full-time employees to report information specifying that coverage was not offered.

Q&AS ON SECTION 6056—METHODS OF REPORTING

13. Are different methods available to ALEs for reporting required information to the IRS and furnishing statements to employees?

Yes. The final regulations provide:

- **A general method** (see question 14, below) that all ALEs may use for reporting to the IRS and for furnishing statements to full-time employees; and
- **Alternative reporting methods** (see questions 15-17, below) for eligible ALEs.

If an ALE cannot use the alternative reporting methods for certain employees, the ALE must use the general method for those employees. In any case, the alternative reporting methods are optional, so that an ALE may choose to report for all of its full-time employees using the general method even if an alternative reporting method is available.

In an effort to simplify the Section 6056 reporting process, certain information required to be reported to the IRS and furnished to full-time employees may be reported through the use of indicator codes, rather than by providing more detailed information. For more details about the reporting process, see the [instructions for Forms 1094-C and 1095-C](#).

14. What is the general method of reporting?

As a general method, each ALE may satisfy the requirement to file a Section 6056 return by filing a **Form 1094-C** (transmittal) and, for each full-time employee, a **Form 1095-C** (employee statement). An ALE that maintains a self-insured plan also uses **Form 1095-C** to satisfy the reporting requirements under Section 6055. The Form 1095-C has separate sections to allow ALEs that sponsor self-insured plans to combine reporting to satisfy both the Section 6055 and Section 6056 reporting requirements, as applicable, on a single return.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

Under the general method, the Section 6056 return (and, if the employer maintains a self-insured plan, the Section 6055 return) also may be made by filing a substitute form. However, the substitute form must include all of the information required on Form 1094-C and Form 1095-C and must satisfy all form and content requirements, as specified by the IRS.

On Feb. 8, 2015, the IRS released **final versions** of Forms [1094-B](#) and [1095-B](#) (and related [instructions](#)), and Forms [1094-C](#) and [1095-C](#) (and related [instructions](#)), which employers may use to report under Sections 6055 and 6056 for 2014. **These forms are not required to be filed for 2014**, but reporting entities may voluntarily file them in 2015 for 2014 coverage. Final forms and instructions for 2015 reporting have not yet been released and may contain some changes from these 2014 versions.

15. What are the alternative methods of reporting?

Two alternative methods of reporting under Section 6056 were developed to minimize the cost and administrative tasks for employers, consistent with the statutory requirements to file an information return with the IRS and furnish an employee statement to each full-time employee. In certain situations, the alternative reporting methods may allow employers to provide less detailed information than under the general method. These simplified alternative reporting methods, and the conditions for using them, are described in detail in Subsections A through D of the preamble to the [Section 6056 final regulations](#) and the [Forms 1094-C and 1095-C instructions](#). The alternative reporting methods are:

- Reporting Based on Certification of Qualifying Offers; and
- Option to Report Without Separate Identification of Full-time Employees if Certain Conditions Related to Offers of Coverage Are Satisfied (98 Percent Offers).

The information provided to the IRS and the employee under Section 6056 is important for administering the ACA's employer shared responsibility rules and the premium tax credit. However, in some circumstances, only some of the information required under the general method is necessary. Accordingly, the alternative reporting methods identify specific groups of employees for whom simplified alternative reporting would provide sufficient information.

16. How does an ALE report under the certification of Qualifying Offers method?

If an ALE has made a Qualifying Offer for all 12 months of the year to one or more full-time employees, the ALE may use an alternate reporting method for those employees who received a Qualifying Offer for all 12 months of the year. A "Qualifying Offer" is an offer that satisfies all of the following criteria:

- An offer of minimum essential coverage (MEC) that provides minimum value;
- The employee cost for employee-only coverage for each month does not exceed 9.5 percent of the mainland single federal poverty line divided by 12; and
- An offer of MEC is also made to the employee's spouse and dependents (if any).

An ALE reporting under the certification of Qualifying Offers method may furnish a simplified statement to the employee rather than furnishing a copy of Form 1095-C as filed with the IRS. In general, however, the alternative statement is not available for an employer that sponsors a self-insured plan with respect to any employee who has enrolled in self-insured coverage under the plan because the ALE is required to report that coverage on Form 1095-C. For additional details on the reporting rules for Qualifying Offers, including the contents of the alternative statement, see the [instructions for Forms 1094-C and 1095-C](#) and the [1094-C and 1095-C Q&As](#).

17. How does an ALE report under the 98 Percent Offer method?

An ALE that certifies that it has offered, for all months of the calendar year, affordable health coverage providing minimum value to at least 98 percent of its employees for whom it is filing a Form 1095-C, and offered MEC to those employees' dependents, may qualify for simplified reporting procedures. For further details on the 98 percent offer method, see the [Forms 1094-C and 1095-C instructions](#) and the [1094-C and 1095-C Q&As](#).

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

Q&AS ON SECTION 6056—HOW AND WHEN TO REPORT THE REQUIRED INFORMATION

18. When must an ALE file the required information return with the IRS?

An ALE must file the Form 1094-C and Form 1095-C for each employee with the IRS on or before **February 28 (March 31, if filed electronically)** of the year immediately following the calendar year for which the offer of coverage information is reported. Because transition relief applies for Section 6056 reporting for 2014 (see [Notice 2013-45](#)), the first Section 6056 returns required to be filed are for **the 2015 calendar year**, and must be filed no later than **Feb. 29, 2016** (Feb. 28, 2016, being a Sunday), or **March 31, 2016**, if filed electronically. Regulations under Code Section 6081 address extensions of time to file information returns.

19. When must an ALE furnish the statements to full-time employees?

An ALE must furnish the statement to each full-time employee on or before **January 31** of the year immediately following the calendar year to which the information relates. This means that the first Forms 1095-C (the statements for 2015) must be furnished to employees no later than **Feb. 1, 2016** (Jan. 31, 2016, being a Sunday).

20. Must an ALE file the return with the IRS electronically?

The final regulations **require electronic filing** with the IRS of Form 1094-C and Form 1095-C, **except for an ALE filing fewer than 250 Forms 1095-C** during the calendar year. Each Form 1095-C for each full-time employee is counted as a separate return, and only Forms 1095-C are counted in applying the 250-return threshold for Section 6056 reporting. For further details, see [Affordable Care Act Information Returns \(AIR\) Program](#).

21. Must an ALE furnish the employee statements to full-time employees electronically?

The final regulations permit, but do not require, employers to furnish Form 1095-C electronically to full-time employees if notice, consent, and hardware and software requirements modeled after existing rules are met. The final regulations require that, with respect to each full-time employee to whom the information is furnished, the ALE must obtain consent from the employee before Form 1095-C may be furnished electronically. See the [instructions for Forms 1094-C and 1095-C](#) for additional information about obtaining consent for electronic furnishing.

22. May an ALE furnish a Form 1095-C to an employee by hand delivery?

Yes. Form 1095-C may be delivered to employees in any manner permitted for delivery of Form W-2 (Wage and Tax Statement). But see question 21 above for the requirements that must be met to furnish employee statements electronically.

23. Must an ALE furnish a Form 1095-C within 30 days of the employee's written request if the employee terminates employment and requests the statement?

No. This requirement is applicable to the furnishing of Forms W-2 (Wage and Tax Statement), but is not applicable to the furnishing of a Form 1095-C. Accordingly, an employer may, but is not required to, furnish a Form 1095-C upon an employee's request following a termination of employment. In addition, if the employer furnishes a Form 1095-C to the employee under such circumstances and the relevant information changes (for example, the employee is rehired before the end of the year), the employer will need to furnish an updated Form 1095-C to the employee reflecting the updated information as filed with the IRS.

24. May an employer that is a governmental unit designate a third party to file the return and furnish the statements under Section 6056 on its behalf?

Yes. A governmental unit is defined as the government of the United States, any state or political subdivision thereof, or any Indian tribal government or subdivision of an Indian tribal government. The final regulations provide that an ALE member that is a governmental unit may report under Section 6056 on its own behalf, or may appropriately designate another person or persons to report on its behalf. A person may be appropriately designated to file the return and furnish the statements under Section 6056 on behalf of the ALE member if the person is **part of or**

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

related to the same governmental unit as the ALE member. A government entity that is designated to file for another governmental unit is referred to as a Designated Government Entity (DGE).

A separate Form 1094-C must be filed for each ALE member for which the appropriately designated person is reporting. The designated entity would provide the name, address and EIN of **both the designated entity and the ALE member for which it is reporting.** Additionally, the final regulations require that there be:

- A single identified Form 1094-C reporting aggregate employer-level data for the ALE member (including full-time employees of the ALE member, the reporting for which has been transferred to a designated person); and
- Only one Form 1095-C for each full-time employee of the ALE member with respect to employment with that ALE member.

For additional details, see the [instructions for Forms 1094-C and 1095-C](#) and the [1094-C and 1095-C Q&As](#).

The designated person must agree that it is the appropriately designated person for the governmental unit and that it is responsible for reporting under Section 6056 on behalf of the ALE member. Thus, the appropriately designated person must agree that it is responsible for the information reporting under Section 6056 and is subject to the information reporting penalty. However, the ALE member remains subject to the employer shared responsibility rules.

25. May an employer that is a governmental unit that sponsors a self-insured employer-sponsored health plan designate a third party to file the return and furnish the statements under Section 6055 on its behalf?

Yes. A governmental unit that sponsors a self-insured employer-sponsored health plan may designate its reporting obligations under Section 6055 to a DGE. The procedures for a governmental unit to designate a DGE for reporting under Section 6055 are the same as those for designating a DGE for reporting under Section 6056, as described in question 24 above, and the regulations under Section 6055. As with the designation under Section 6056, a governmental unit that designates reporting under Section 6055 will remain subject to Section 4980H.

26. May an employer that is a governmental unit that sponsors a self-insured health plan designate its reporting obligations under Section 6055 to a DGE, but not designate its reporting obligations under Section 6056?

Yes. A governmental unit that sponsors a self-insured employer-sponsored health plan may designate its reporting obligations under Section 6055 to a DGE, as discussed in question 24 above, but not designate its reporting obligations under Section 6056.

27. How does a governmental unit delegating reporting responsibility to a DGE affect the requirement that one Form 1094-C be designated as the Authoritative Transmittal containing aggregate employer-level data?

Each governmental unit that is an ALE member must file a single authoritative transmittal Form 1094-C containing the aggregate employer-level data for the governmental unit (meaning the total number of full-time employees and the total number of employees of the governmental unit for each month of the calendar year, regardless of whether a Form 1095-C is transmitted with that Form 1094-C). However, the governmental unit may designate to the DGE the requirement to file a Form 1094-C authoritative transmittal.

For example, assume County X:

- Had 1,000 employees, all of whom enrolled in employer-provided coverage;
- Provided that coverage to 850 of its 1,000 employees through State Y self-insured plan; and

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

- Delegated its reporting of offer of coverage information for those 850 employees to State Y (whether or not it also delegates its reporting of enrollment in coverage information to State Y).

In that case, County X may also delegate the responsibility to file an authoritative transmittal Form 1094-C, so that the Form 1094-C filed by State Y (indicating County X as the employer and State Y as the DGE) would also:

- Indicate that it is the authoritative transmittal; and
- Report that County X had 1,000 employees, as well as the number of those employees who were full-time employees.

In that case, the Form 1094-C filed by County X covering the remaining 150 employees would not indicate that it was an authoritative transmittal.

28. May an employer hire a third-party administrator or other third-party service provider to file the return with the IRS and furnish the statements to employees required under Section 6056?

Yes. Reporting arrangements between ALEs, issuers and other parties are not prohibited. However, entering into a reporting arrangement does not transfer:

- The ALE's potential liability under the employer shared responsibility rules; or
- The potential liability for the ALE's failure to file returns and furnish statements under Section 6056 (except in the case of a related entity properly designated by a governmental unit).

If a person who prepares returns or statements required under Section 6056 is a tax return preparer, that person will be subject to the requirements generally applicable to tax return preparers.

ALE members are responsible for reporting under Section 6056. Generally, each ALE member must file a separate Form 1094-C providing that ALE member's EIN. If more than one third party is facilitating reporting for an ALE member, there must be only one Form 1094-C authoritative transmittal reporting aggregate employer-level data for the ALE member. Additionally, there must be only one Form 1095-C for each full-time employee with respect to employment with that ALE member. For additional details, see the [instructions for Forms 1094-C and 1095-C](#) and the [1094-C and 1095-C Q&As](#).

29. For the methods of reporting, including reporting facilitated by a third party, may an ALE member file more than one Form 1094-C??

Yes. An ALE member may file more than one Form 1094-C, provided that one of those transmittals must be an authoritative transmittal reporting aggregate employer-level data for the ALE member. See the [instructions for Forms 1094-C and 1095-C](#) for further details on the authoritative transmittal.

For example, Corporation XYZ has two separate operating divisions, Division A and Division B. XYZ may file separate Forms 1094-C for Division A and Division B, but must designate one of them as the authoritative transmittal reporting combined employer-level data including both divisions.

30. May an ALE member satisfy its reporting requirements for an employee by filing and furnishing more than one Form 1095-C that together provide the necessary information?

No. There must be only one Form 1095-C for each full-time employee with respect to that full-time employee's employment with the ALE member, so that all information for a particular full-time employee of the ALE member is reflected on a single Form 1095-C.

For instance, in the example in question 29 above, assume an employee worked for both Division A and Division B of Corporation XYZ during the year. Because both divisions are part of the same ALE member (Corporation XYZ), the employee would receive only one Form 1095-C from Corporation XYZ reflecting service in both Division A and B.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

By contrast, assume that the two divisions were separate employers, Subsidiary A and Subsidiary B. Each subsidiary is an ALE member that is required to file. An employee that worked for both Subsidiary A and Subsidiary B during the year would, thus, receive a Form 1095-C from Subsidiary A, and a separate Form 1095-C from Subsidiary B.

Note that a full-time employee of an ALE member may, in some circumstances, receive a Form 1095-C and a separate form 1095-B reporting coverage information under a self-insured plan sponsored by a related employer (for instance, a DGE that has been delegated reporting authority under Section 6055, as discussed in question 26). However, no employee should receive more than one Form 1095-C from the same ALE member.

31. For information returns filed and furnished in 2017 for coverage offered (or not offered) in 2016 and later years, what penalties may apply if an ALE member fails to comply with the Section 6056 information reporting requirements?

FILING IRS RETURNS	FURNISHING INDIVIDUAL STATEMENTS
<p>The penalty under Code Section 6721 may apply to an ALE member that:</p> <ul style="list-style-type: none">• Fails to file information returns on time;• Fails to include all the required information; or• Includes incorrect information on the return.	<p>The penalty under Code Section 6722 may apply to an ALE member that:</p> <ul style="list-style-type: none">• Fails to furnish the employee statement on time;• Fails to include all the required information; or• Includes incorrect information on the statement.

The waiver of penalty and special rules under Code Section 6724 and the applicable regulations, including abatement of information return penalties for reasonable cause, may apply to certain failures under Section 6721 or 6722. See question 2 above for more details on when the information reporting is first required (in 2016 for coverage offered in 2015) and on voluntarily complying with those requirements in 2015 for coverage offered in 2014. See question 3 above for information on relief that applies with respect to these penalties for reporting and furnishing in 2016 for coverage offered in 2015.

Q&AS ON FORM 1094-C AND FORM 1095-C—BASICS OF EMPLOYER REPORTING

1. What forms must an ALE file with the IRS to report the required information under Sections 6055 and 6056?

The Section 6056 regulations provide, under the general method of reporting, that an ALE must file:

- A separate Form 1095-C (or a substitute form) for each of its full-time employees; and
- A transmittal on Form 1094-C (or a substitute form) for all of the returns filed for a given calendar year.

These forms must be filed regardless of whether the ALE offers coverage, or the employee enrolls in any coverage offered. A more complete discussion of the information that must be reported to the IRS (including simplified methods of reporting) can be found in the final Section 6056 regulations, in the final Section 6055 regulations and in the instructions to Form 1094-C and Form 1095-C.

The Section 6056 return (and, if the employer maintains a self-insured plan, the Section 6055 return) also may be made by filing a substitute form, but the substitute form must include all of the information required on Form 1094-C and Form 1095-C and satisfy all form and content requirements as specified by the IRS.

2. For which employees must an ALE file Form 1095-C?

Generally, an ALE must file Form 1095-C (or a substitute form) for each employee who was a full-time employee of the ALE for any month of the calendar year (but see question 4 below for exceptions). For guidance on how to determine who is a full-time employee, see [Section 4980H Q&As](#).

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

In addition, an ALE that sponsors a self-insured plan must file Form 1095-C for each employee who enrolls in the self-insured health coverage or enrolls a family member in the coverage, regardless of whether the employee is a full-time employee for any month of the calendar year.

3. What information must an ALE furnish to its full-time employees?

An ALE must furnish to each full-time employee a completed Form 1095-C (or a substitute form). This form must be furnished regardless of whether the ALE offers coverage, or the employee enrolls in any coverage offered. An ALE is not required to furnish to its full-time employees a copy of Form 1094-C as filed with the IRS.

A substitute form must include the information on Form 1095-C and must comply with generally applicable requirements for substitute forms. See questions 11 and 12 for further information about simplified employee statements that may be used under the Qualifying Offer reporting method.

4. For which employees is an ALE not required to file a Form 1095-C?

Form 1095-C is not required for the following employees (unless the employee or the employee's family member was enrolled in a self-insured plan sponsored by an ALE):

- An employee who was not a full-time employee in any month of the year; or
- An employee who was in a limited non-assessment period for all 12 months of the year (for example, a new variable hour employee still in an initial measurement period). See the definition of Limited Non-Assessment Period in the [instructions](#) to Form 1095-C for more details.

5. Which ALEs should complete Part III of Form 1095-C?

- An ALE that **sponsors a self-insured health plan** should complete Part III of Form 1095-C for employees and family members who enroll in the self-insured coverage.
- If an ALE sponsors a health plan that includes **self-insured options and insured options**, the ALE should complete Part III of Form 1095-C only for employees and family members who enroll a self-insured option.
- An ALE that **offers coverage through an employer-sponsored insured health plan** (and does not sponsor a self-insured health plan) should NOT complete Part III. Instead, information about coverage will be furnished to employees on Form 1095-B, which is filed by the insurance provider.

Q&AS ON FORM 1094-C AND FORM 1095-C—REPORTING OFFERS OF COVERAGE AND OTHER ENROLLMENT INFORMATION

6. How should an ALE report whether an offer of coverage was made to an employee for a calendar month?

The ALE uses line 14, Offer of Coverage, in Part II of Form 1095-C to report whether an offer of coverage was made to an employee for each month of the year. An offer of coverage is considered to have been made for a month only if the coverage offered would provide coverage for every day of that month. The ALE should enter the appropriate indicator code to indicate what type of coverage, if any, was offered to the employee for that month (for example, employee-only coverage; employee and dependents coverage; employee, spouse and dependents coverage; etc.). However, see questions 7 and 8 below for more information about reporting offers of coverage for the months in which an employee is hired or terminated. For more information about this reporting and the use of the indicator codes, see the [instructions](#) for Forms 1094-C and 1095-C.

7. How should information about the offer of coverage for the month in which an employee is hired be reported on Form 1095-C?

For the first month of employment, the ALE should report that the employee was not offered coverage for that first month by entering **code 1H**, No offer of coverage, on line 14 (unless the offer of coverage extended to every day of

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

that month). For example, if a newly-hired employee starts employment on the 10th of a calendar month, with the offer of coverage (if accepted) providing coverage also starting on the 10th of a calendar month, the ALE should indicate that the employee was not offered coverage for that first month.

Note, however, that the ALE may be entitled to relief from Section 4980H liability for that month. For instance, the first three months after an employee first becomes a full-time employee may be treated as a limited non-assessment period if all applicable conditions are satisfied, which would be reported as **code 2D**, Employee in a Section 4980H(b) Limited Non-Assessment Period, on line 16. (For further information on limited non-assessment periods, see the [Section 4980H Q&As](#).) If applicable, the employer should insert the appropriate indicator code on line 16 for that month to reflect the applicable relief from Section 4980H. See the [instructions](#) for Forms 1094-C and 1095-C for more information on reporting for new hires and the use of indicator codes.

On Part III of Form 1095-C, an ALE should report an individual as having coverage under the plan for the calendar month if the individual was covered for any day of the calendar month. Accordingly, if the ALE offers a self-insured health plan and the employee enrolls in the plan and obtains coverage for any day during the first month of hire, the employee (and any other individuals, such as spouses and dependents who obtained coverage through the employee's enrollment) should be reported as having coverage for that month under Part III of Form 1095-C.

8. How should information about the offer of coverage for the month in which an employee terminates employment be reported on Form 1095-C?

As discussed in question 7 above, an ALE reports that an employee was offered coverage for a month under Part II of Form 1095-C only if the offer of coverage would provide coverage for all days of the calendar month. Accordingly, if an employee terminates employment (with an ALE) on any day other than the last day of a month and the coverage (or offer of coverage) expires upon termination of employment, the ALE should report that the employee was not offered coverage for that final month of employment by entering **code 1H**, No offer of coverage, on line 14.

If the coverage (or offer of coverage) would have continued if the employee had not terminated employment during the month, the ALE will be eligible for relief under Section 4980H for that employee's last month of employment. In that case, the ALE should enter **code 2B** on line 16 for that month. See the [instructions](#) for Forms 1094-C and 1095-C for more information on reporting for a terminated employee and the use of indicator codes.

9. Is an ALE required to enter a code in line 16, Applicable Section 4980H Safe Harbor, of Form 1095-C?

No. An ALE is not required to make an entry on line 16 of Form 1095-C. However, an ALE can use line 16 to indicate whether the ALE qualifies for an exception from the penalty under Section 4980H(b) for a given month. An ALE should enter the appropriate code on line 16, if any applies. If no code is applicable for a given month, line 16 should be left blank.

For more information about using line 16, see the [instructions](#) for Forms 1094-C and 1095-C.

10. How should an employer report enrollment information for self-insured coverage provided to an individual who was not an employee on any day of the calendar year, such as a non-employee COBRA beneficiary (for example, the former spouse of an employee), member of the board of directors or retired employee?

An employer that sponsors a self-insured health plan may report enrollment information for individuals who were not employees on any day of the calendar year by:

- Entering **code 1G**, Offer of coverage to employee who was not a full-time employee for any month of the calendar year, on line 14 of Part II of Form 1095-C for all 12 months; and
- Completing Part III of Form 1095-C. (Note, however, that Form 1095-C requires the recipient's Social Security number (SSN) on line 2 in all instances, so Form 1095-C cannot be used for covered individuals who have not provided a SSN to the employer, regardless of whether the employer has requested the information.)

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

Such individuals might include:

- A non-employee director;
- A terminated employee receiving COBRA coverage who terminated employment in a previous calendar year;
- A retired employee who terminated employment in a previous calendar year; or
- A family member (including a surviving spouse or dependent) of such an individual, if the family member is receiving coverage independent of the individual, such as by electing individual COBRA continuation coverage.

All family members of the individual who are covered individuals due to that individual's enrollment (for instance, a spouse of a retiree who is enrolled in the plan because the retiree elected self plus spousal coverage) should be included on the same Form 1095-C as the individual who enrolls in the coverage.

For the ability to use Form 1095-B as an alternative to Form 1095-C for an individual who was not an employee on any day of the calendar year, see the [instructions](#) for Forms 1094-C and 1095-C.

11. How does an ALE complete its authoritative transmittal Form 1094-C and Form 1095-C if the ALE is eligible to use the Qualifying Offer method?

If an ALE has made a Qualifying Offer for all 12 months of the year to one or more full-time employees (and the employee did not enroll in self-insured coverage), the ALE may use an alternate reporting method for those employees who received a Qualifying Offer for all 12 months of the year. A "Qualifying Offer" is an offer that satisfies all of the following criteria:

- An offer of minimum essential coverage (MEC) that provides minimum value;
- The employee cost for employee-only coverage for each month does not exceed 9.5 percent of the mainland single federal poverty line divided by 12; and
- An offer of MEC is also made to the employee's spouse and dependents (if any).

On the Form 1094-C, Line 22, Certifications of Eligibility, the ALE should check box A, Qualifying Offer Method. On Form 1095-C, line 14, the ALE should enter **code 1A**, Qualifying Offer, for each employee receiving a Qualifying Offer for all 12 months of the year. When an employee receives a Qualifying Offer, no entry is required in line 15, Employee share of Lowest Cost Monthly Premium for Self-Only Minimum Value Coverage.

On Form 1094-C:	
Line 22	Check box A, Qualifying Offer Method

On Form 1095-C, for each employee receiving a Qualifying Offer for all 12 months of the year:	
Line 14	Enter Code 1A, Qualifying Offer
Line 15	No entry is required

The Form 1095-C must be filed with the IRS; however, as an alternative to furnishing the employee with a copy of Form 1095-C filed with the IRS, the employer may furnish a statement that:

- Contains certain information; and
- States that, because the employee received a Qualifying Offer for all 12 months of the year, the employee is not eligible for the premium tax credit.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

This alternative may not be used by an employer that sponsors a self-insured plan with respect to any employee who has enrolled in the coverage under the plan, because the employer is required to report that coverage on Form 1095-C. In that case, the employer must furnish a copy of the Form 1095-C as filed with the IRS, which will include enrollment in coverage information (Part III) as well as offer of coverage information (Part II).

For additional details on the reporting rules for a Qualifying Offer, including the contents of the alternative statement, see the [Section 6056 regulations](#) and the [instructions](#) for Forms 1094-C and 1095-C.

12. How does an ALE complete its Authoritative Transmittal, Form 1094-C and Form 1095-C if the ALE is eligible to use the Qualifying Offer Method Transition Relief for 2015?

For the 2015 calendar year, an ALE that certifies it made Qualifying Offers for one or more months of 2015 to at least 95 percent of its full-time employees may qualify for simplified reporting procedures. An ALE using this method for 2015 should check box B on line 22 of Form 1094-C. Then, the employer should enter on line 14 of Form 1095-C:

- **Code 1A**, Qualifying Offer, for any month for which an employee received a Qualifying Offer; or
- **Code 11**, Qualifying Offer Transition Relief for 2015, for any month for which an employee did not receive a Qualifying Offer.

No entry is required on line 15 of Form 1095-C.

On Form 1094-C:		On Form 1095-C:	
Line 22	Check box B, Qualifying Offer Method Transition Relief	Line 14	Enter: <ul style="list-style-type: none">• Code 1A, Qualifying Offer, for any month for which an employee received a Qualifying Offer; or• Code 11, Qualifying Offer Transition Relief for 2015, for any month for which an employee did not receive a Qualifying Offer.
		Line 15	No entry is required

The Form 1095-C must be filed with the IRS; however, an ALE using this Qualifying Offer Transition Relief reporting method for 2015 may also provide employees with an alternative statement instead of providing them with a copy of Form 1095-C.

This alternative furnishing method may not be used by an employer that sponsors a self-insured plan with respect to any employee who has enrolled in self-insured coverage under the plan, because the employer is required to report that coverage on Form 1095-C. In that case, the employer must furnish a copy of the Form 1095-C as filed with the IRS, which will include enrollment in coverage information (Part III) as well as offer of coverage information (Part II).

For additional details on the reporting rules available for Qualifying Offers made in 2015, including the contents of the alternative statement, see the [Section 6056 regulations](#) and the [instructions](#) for Forms 1094-C and 1095-C.

13. How does an ALE complete its authoritative transmittal, Form 1094-C and Form 1095-C if the ALE is using the 98 Percent Offer method?

An ALE that, for all months of the calendar year, has offered affordable health coverage providing minimum value to at least 98 percent of its employees for whom it is filing a Form 1095-C employee statement, and offered MEC to

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

those employees' dependents, may qualify for simplified reporting procedures. Note that, for purposes of the 98 Percent Offer method, an offer to an employee's spouse is not required. (For this purpose, the health coverage is affordable if the ALE meets one of the Section 4980H affordability safe harbors.)

If an ALE is using this method, it should check box D, 98% Offer Method, on line 22 of Form 1094-C. The ALE is not required to determine whether all of the employees for whom it is filing were full-time employees and therefore, is not required to complete Form 1094-C, Part III (b), Full-Time Employee Count for ALE Member, on its authoritative transmittal. However, the ALE is required to file Forms 1095-C on behalf of all employees taken into account in satisfying the 98 Percent Offer method.

On Form 1094-C:	
Line 22	Check box D, 98% Offer Method
Part III (b)	No entry is required

On Form 1095-C:
File one Form 1095-C on behalf of all employees taken into account in satisfying the 98 percent offer method

For further details on the 98 Percent Offer method, see the [Section 6056 regulations](#) and the [instructions](#) for Forms 1094-C and 1095-C.

REPORTING FOR GOVERNMENTAL UNITS

14. How does a governmental unit that has been designated to report on behalf of another governmental unit that is an ALE complete Form 1094-C and Form 1095-C?

A governmental unit is defined as the government of the United States, any state or political subdivision thereof, or any Indian tribal government or subdivision of an Indian tribal government. A governmental unit may:

- Report under Section 6056 on its own behalf; or
- Appropriately designate another person or persons to report on its behalf.

A person may be appropriately designated to file the return and furnish the statements under Section 6056 on behalf of the ALE if the person is part of, or related to, the same governmental unit as the ALE. A government entity that is designated to file for another governmental unit is referred to as a Designated Government Entity (DGE).

If a DGE is designated to file returns on behalf of more than one ALE, the DGE must file a separate Form 1094-C for each ALE for which the DGE is reporting. On Form 1094-C, Part I, the DGE would report:

- The DGE's name, address and EIN on lines 9-13; and
- The name, address and EIN of the ALE for which it is reporting on lines 1-8.

Contact names and telephone numbers must be provided for both the ALE and the DGE.

Additionally, the regulations require that there be:

- A single identified Form 1094-C Authoritative Transmittal reporting aggregate employer-level data for the ALE (including full-time employees of the ALE the reporting for which has been transferred to a DGE); and
- Only one Form 1095-C for each full-time employee of the ALE with respect to employment with that ALE.

For additional details, see the [instructions](#) to Forms 1094-C and 1095-C.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

15. What forms do a DGE and the designating governmental unit use to report the required information?

A governmental unit and a DGE should use Form 1094-B, Transmittal of Health Coverage Information Returns, and Form 1095-B, Health Coverage, or Form 1094-C and Form 1095-C, as follows:

ALE with:	Delegated responsibility for reporting:	In this case, the DGE must report:
An insured plan (or insured options under the health plan)	The offer of coverage (Section 6056) information	<p>The offer of coverage information for each employee for whom the governmental unit has delegated the reporting to the DGE using Form 1094-C and Form 1095-C. The DGE is also responsible for furnishing each employee a copy of the Form 1095-C filed for that employee. These forms will identify the governmental unit ALE as the employer and the DGE as the entity filing on behalf of the governmental unit, so that the DGE must file a separate Form 1094-C for each ALE that has delegated reporting responsibility to the DGE.</p> <p>Because the employer-sponsored health plan is insured (or the employee has elected an insured option under the plan), the insurance company will report the enrollment in coverage information on a Form 1094-B and Form 1095-B, and furnish a copy of the Form 1095-B to each employee for whom a Form 1095-B was filed.</p>
A self-insured plan (or self-insured options under the health plan)	<p>The offer of coverage (Section 6056) information</p> <p style="text-align: center;">AND</p> <p>The enrollment in coverage (Section 6055) information</p>	<p>The offer of coverage information and the enrollment information for each employee for whom the governmental unit has delegated the reporting to the DGE using Form 1094-C and Form 1095-C. These forms will identify the governmental unit ALE as the employer and the DGE as the entity filing on behalf of the governmental unit, so that the DGE must file a separate Form 1094-C for each governmental unit that has delegated its reporting responsibilities to the DGE.</p>
A self-insured plan (or self-insured options under the health plan)	<p>The enrollment in coverage (Section 6055) information</p> <p style="text-align: center;">BUT NOT</p> <p>The offer of coverage (Section 6056) information</p>	<p>The enrollment information on Form 1094-B and Form 1095-B. The Form 1094-B will identify the DGE as the filer. The Form 1095-B will identify the DGE as the Issuer or Other Provider in Part III. The DGE is also responsible for furnishing the employee a copy of the Form 1095-B filed for that employee.</p> <p>Because the governmental unit did not delegate its responsibilities for reporting the offer of coverage information, the governmental unit must:</p> <ul style="list-style-type: none"> • Report the offer of coverage information on a Form 1094-C and a Form 1095-C for each full-time employee; and • Not complete Form 1095-C, Part III (since the enrollment information will be provided by the DGE on a Form 1095-B).

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

REPORTING OFFERS OF COBRA COVERAGE

16. How should an ALE complete Part II of Form 1095-C for a full-time employee who terminates employment during a calendar year and receives an offer of COBRA continuation coverage?

In general, an offer of COBRA continuation coverage that is **made to a former employee due to termination of employment** is not reported as an offer of coverage on Part II of Form 1095-C, unless the former employee enrolls in the COBRA coverage. An offer of COBRA continuation coverage that is **made to a current employee due to a reduction in hours** is reported differently than an offer of COBRA continuation coverage to a former employee. See question 17 below for more details. **Note, however, that an ALE that sponsors a self-insured plan must report regarding the enrollment of any former employee or family member.**

EXAMPLE 1

Steve was a full-time employee of ABC Corporation and received an offer of coverage providing minimum value for an employee, spouse and dependents under the ABC Corporation health plan. ABC Corporation is an ALE and its health plan is a self-insured health plan. Steve enrolled in self-only coverage under the ABC Corporation health plan effective Jan. 1, 2015, through the earlier of Dec. 31, 2015, or Steve's termination of employment. On June 15, 2015, Steve terminated employment with ABC Corporation and received an offer of continuation coverage under COBRA, but did not enroll in the coverage.

ON FORM 1095-C

For the months:	ABC Corporation should:
January 2015— May 2015	<ul style="list-style-type: none"> Enter Code 1E, MEC providing minimum value offered to employee and at least MEC offered to dependent(s) and spouse, on line 14; Report the employee contribution for the lowest-cost self-only coverage providing minimum value offered under the ABC Corporation health plan to Steve as an active employee on line 15; and Enter Code 2C, Employee enrolled in coverage offered, on line 16 to report that Steve enrolled in coverage under the plan.
June 2015 (the month in which Steve terminated employment)	<ul style="list-style-type: none"> Enter Code 1H, No offer of coverage, on line 14; and Enter Code 2B, Employee not a full-time employee, on line 16 (see question 8 above concerning reporting an offer of coverage in the month of termination of employment).
July 2015— December 2015	<ul style="list-style-type: none"> Enter Code 1H, No offer of coverage, on line 14; and Enter Code 2A on line 16 (reporting that Steve was not an employee in those months).

Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1E	1E	1E	1E	1E	1H	1H	1H	1H	1H	1H	1H
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)		2C	2C	2C	2C	2C	2B	2A	2A	2A	2A	2A	2A

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

EXAMPLE 2

Same facts as Example 1, except that Steve enrolls in self-only COBRA coverage under the plan effective June 15, 2015, through Dec. 31, 2015.

ON FORM 1095-C	
For the months:	ABC Corporation should:
January 2015— December 2015	<ul style="list-style-type: none"> Enter Code 1E, MEC providing minimum value offered to employee and at least MEC offered to dependent(s) and spouse, on line 14; Enter Code 2C, Employee enrolled in coverage offered, on line 16 to report that Steve enrolled in coverage under the plan.
January 2015— May 2015	<ul style="list-style-type: none"> Report the employee contribution for the lowest-cost self-only coverage providing minimum value offered under the ABC Corporation health plan to Steve as an active employee on line 15.
July 2015— December 2015	<ul style="list-style-type: none"> Report the COBRA premium for the lowest-cost self-only coverage providing minimum value offered to Steve on line 15.

Part II Employee Offer and Coverage													
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1E	1E	1E	1E	1E	1E	1E	1E	1E	1E	1E	1E
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$	\$ 125.24	\$ 125.24	\$ 125.24	\$ 125.24	\$ 125.24	\$ 125.24
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)		2C	2C	2C	2C	2C	2C	2C	2C	2C	2C	2C	2C

17. How should an ALE complete Part II of Form 1095-C for an ongoing employee who receives an offer of COBRA continuation coverage due to a reduction in hours?

An ALE making an offer of COBRA continuation coverage to an ongoing employee who loses eligibility for non-COBRA coverage due to a reduction in hours (for instance, a change from full-time to part-time status resulting in loss of eligibility under the plan) should report the offer of COBRA coverage as an offer of coverage in Part II of Form 1095-C.

EXAMPLE 1

James was a full-time employee of ABC Corporation and received an offer of coverage under the ABC Corporation health plan providing minimum value, including an offer of MEC to his spouse and dependents. James enrolled in self-only coverage offered from Jan. 1, 2015, through Oct. 31, 2015. The required employee contribution for the lowest cost self-only coverage option under the plan was \$150 per month.

On Nov. 1, 2015, James transferred to a part-time position and was no longer eligible for coverage under the terms of the ABC Corporation health plan. James received an offer of COBRA continuation coverage on account of the transfer to the reduced-hours position, with a COBRA premium of \$250 per month for self-only coverage (which was the lowest-cost option for COBRA coverage available). James elected to enroll in the COBRA continuation coverage for the months of November and December 2015.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

ON PART II OF FORM 1095-C

For the months:	ABC Corporation should:
January 2015— October 2015	<ul style="list-style-type: none"> Enter Code 1E, MEC providing minimum value offered to employee and at least MEC offered to dependent(s) and spouse, on line 14; Report \$150 as the employee contribution on line 15; and Enter Code 2C, Employee enrolled in coverage offered, on line 16 to report that James enrolled in coverage under the plan.
November and December 2015	<ul style="list-style-type: none"> Enter Code 1E, MEC providing minimum value offered to employee and at least MEC offered to dependent(s) and spouse, on line 14; Report \$250 on line 15 (the required employee contribution for the lowest-cost self-only COBRA coverage providing minimum value); and Enter Code 2C, Employee enrolled in coverage offered, on line 16 to report that James enrolled in coverage under the plan.

Part II Employee Offer and Coverage													
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1E											
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 250.00	\$ 250.00
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)		2C											

EXAMPLE 2

Same facts as Example 1, except James elects not to enroll in the COBRA continuation coverage. ABC Corporation should complete line 14 and line 15 in the same manner as in Example 1. However, the applicable code, if any, for line 16 is determined as it would be for any other active employee, and so will depend on whether James is treated as a full-time employee for purposes of Section 4980H, and if so, whether the offer of COBRA continuation coverage for James satisfies one of the Section 4980H affordability safe harbors.

18. How should an employer that sponsors a self-insured plan report coverage of spouses and dependents of an employee who separately elect to receive COBRA coverage?

In some circumstances, a current or former employee's spouse and dependents may be offered COBRA continuation coverage and be entitled to make an independent election to enroll in COBRA continuation coverage (for example, if the employee is deceased or elects not to enroll). An employer that sponsors a self-insured plan should report coverage of each non-employee spouse and dependent who separately elects COBRA continuation coverage on a separate Form 1095-B (or Form 1095-C; see question 10 above).

By contrast, if a spouse (or former spouse) or dependent receives COBRA continuation coverage because the employee or former employee has elected COBRA continuation coverage that also provides coverage to the spouse and/or dependent (for example, family coverage), the coverage of the employee, spouse and dependents should be reported together on the same Form 1095-C or Form 1095-B that is provided to the employee or former employee.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15

Q&As on Employer Reporting of Health Coverage (Section 6056)

EXAMPLE 1

Keri was a full-time employee of ABC Corporation and, effective for the plan year beginning Jan. 1, 2015, elected to receive self-and-spouse coverage under the self-insured ABC Corporation health plan covering herself and her spouse, Gerald. On May 15, 2015, Keri and Gerald divorce and Gerald loses eligibility for coverage under the plan. ABC Corporation makes an offer of COBRA continuation coverage to Gerald, who elects to enroll in the COBRA continuation coverage and remains enrolled from May 15, 2015, through Dec. 31, 2015.

ABC Corporation should report Keri's enrollment on Part III of Form 1095-C by reporting that Keri was enrolled in MEC in January 2015 through May 2015, and that Gerald had coverage (due to Keri's enrollment in coverage providing coverage to a spouse) for the months January through May 2015.

For the period June through December 2015, Gerald should receive a separate Form 1095-B or Form 1095-C reporting him as enrolled in MEC under ABC Corporation's self-insured health plan.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

Design © 2014-2015 Zywave, Inc. All rights reserved.

9/14; BK 7/15