

# 4 KEYS EMPLOYERS NEED TO KNOW ABOUT THE NEW IRS FORM 1095-C



## 4 Keys Employers Need to Know About the New IRS Form 1095-C

Lately, Third-Party Administrators and Single Employers alike have been trying to get a better grasp of changes brought on by the Affordable Care Act. Buried beneath pages and pages of regulation change, one Form in particular stands out and applies to most: [Form 1095-C](#).

### Questions to ask yourself:

- ✓ Who must file?
- ✓ What must be filed?
- ✓ What else is required?
- ✓ What is the filing deadline?

Travisoft's Managing Director and former ERISA attorney, Lauren Fischer, delves deeper into what Form 1095 is, as well as our 4 Keys Employers Need to Know About Form 1095-C.

Form 1095 is the informational form required to comply with Code Sections 6055 and 6056 that were added by the Affordable Care Act. These forms include information about the employer-sponsored coverage offered (or not offered) to employees. For employers, the IRS uses the information within this form to verify employer-sponsored coverage to ensure "minimum essential coverage" and determine the employer-shared responsibility provisions of Code Section 4980H. For employees, the information helps determine eligibility for the premium tax credit under Code Section 36B.

IRS Form 1095-C is a new annual filing required by the IRS for employers that are either self-insured and/or Applicable Large Employers (ALEs) that have at least 50 full-time employees (or full-time equivalent employees). For compliance, employers must file a Form 1094-C Transmittal form providing an information summary for each employer and Forms 1095-C for information about each employee.

Generally, this return requires that the employer provide detailed information for each calendar month on the number of full-time employees (for filing purposes, a “full-time equivalent” employee is an individual working at least 30 hours on average per week); the name, address, and SSN of each; if minimum essential coverage was met; the minimum

value; met the 9.5% affordability test; if coverage was offered to full-time employees and their dependents; and the employee’s share of the cost for the lowest-cost employee-only coverage offered. In certain situations, there are alternatives to the Form 1095-C filing that permit ALEs to provide less detailed information.

## 1 Who Must File?

The annual filing of Form 1095-C is required for fully-insured groups with at least 50 full-time employees (or 50 full-time equivalent employees) and all self-insured groups.

- ✓ If you are an ALE with more than 50 full-time employees and have a fully-insured benefit plan, make sure to coordinate with your insurance carrier to ensure that only 1 Form 1095-C filing is submitted and prevent redundant reporting.
- ✓ If you are self-insured employer, then you are required to submit a Form 1095-C regardless of size.

- ✓ Employers that are either self-insured and/or are an ALE with at least 50 full-time employees must comply with Code Section 6056, even those that do not offer health coverage to any full-time employees. Form 1095-C provides the ability to indicate whether an employee was offered health coverage, and, if an offer was made, reporting the required information about the offer. An employer that does not offer health coverage that is subject to the employer-shared responsibility provisions, may incur a penalty for not timely preparing and filing Form 1095-C, in addition to any assessed penalty under the shared-responsibility provisions.
- ✓ Employers can request that this new requirement be handled by a third party administrator. Please note that, as is routinely the case with employer requirements, such an arrangement does not generally transfer any potential liability under Code Section 4980H.



## 2 What Must Be Filed?

Employers can only file one Form 1095-C. For full compliance, each employer must submit a summary Form 1094-C Transmittal Statement and a Form 1095-C for each full-time employee (or full-time equivalent). All information for a particular employer must be provided in a single Form 1095-C filing.

- ✓ Confirm whether a controlled group of employers exists within your broader organization. If so, then all employers within controlled group must be treated as a single employer for the Form 1095-C filing. Review Code sections 414(b), (c) (m) or (o) to determine whether your group of businesses must be combined and treated as a single employer for purposes of determining whether there is at least

50 full-time employees, and if so, are subject to the employer-shared responsibility provision. Each controlled group should submit a single filing.

- ✓ If more than one administrator is used for benefits administration, then an employer must coordinate with all to ensure that only one combined filing is submitted to the IRS.
- ✓ Only one Form 1095-C can be filed for each employee with respect to the employment of an ALE member. A separate Form 1094-C transmittal form may be filed by each ALE member. However, if more than 1 transmittal is being filed, then 1 transmittal must report aggregate employer-level data for all full-time employees of the ALE member.

## 3 What Else Is Required?

In addition to filing Form 1095-C with the IRS, an ALE must also provide each full-time employee a statement with the same information.

- ✓ This employee statement must include:
  - The name, address and contact information of the reporting entity.
  - The information required to be shown on the return with respect to that individual.
  - Statement must be provided to individual on or before January 31st of the year following the calendar of the year for which information must be provided to the IRS.

- ✓ There is an option to provide the individual with this information electronically rather than in paper-form. To do so, the regulations require that a standard of rules be met, including but not limited to, obtaining the employee's written consent before furnishing electronically.
- ✓ Each individual need not be provided the Form 1094-C Transmittal form.

Employers must file the Form 1095-C on or before February 31st or March 31st if filing electronically.

- ✓ ALEs intending to file at least 250 Forms 1095-C are required to file electronically.
- ✓ The timing of the distribution of this Report is similar to that of a Forms W-2. This report can be included in the same mailing as the W-2.
- ✓ A penalty will be assessed for failure to file an information return and failure to furnish payee statements. Relief from penalties is provided by the IRS for employers that can show they made a good faith effort to comply.

**Have any other questions as they relate to Form 1095-C?**

**Email them to us at [tabencustomerservice@taben.com](mailto:tabencustomerservice@taben.com) and we will do our best to answer them.**

## The Taben Compliance Commitment

---

When regulations change, Taben along with our COBRA software vendor, Travisoft, are here to provide you with the latest news and support.