

IRS Releases Final Forms and Instructions for ACA Reporting

The Affordable Care Act (ACA) created new reporting requirements under Internal Revenue Code (Code) Sections 6055 and 6056. Under these new reporting rules, applicable large employers (employers with 50 or more full-time employees, including full-time equivalent employees) must provide information to the IRS about the health plan coverage they offer (or do not offer) to their full-time employees.

On February 8, 2015, the Internal Revenue Service (IRS) **released final versions** of the forms and related instructions that 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.

Please note that the final forms and instructions for the 2015 reporting have not yet been released and may contain some changes from these 2014 versions.

Few Changes in Final Forms

The final versions of the forms do not differ significantly from the draft versions. In general, the final instructions were edited to clarify existing requirements. However, the final instructions for Forms 1094-C and 1095-C do include a **new option for applicable large employers (ALEs) reporting information for nonemployees** (such as nonemployee directors, retired employees or nonemployee COBRA beneficiaries) covered under employer-sponsored self-insured health coverage.

Section 6055 Forms and Instructions

The following forms and instructions are available for use under Section 6055:

- [Form 1094-B](#), Transmittal of Health Coverage Information Returns
- [Form 1095-B](#), Health Coverage
- [Instructions for Forms 1094-B and 1095-B](#)

Section 6056 Forms and Instructions

The following forms and instructions are available for use under Section 6056:

- [Form 1094-C](#), Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Return
- [Form 1095-C](#), Employer-Provided Health Insurance Offer and Coverage
- [Instructions for Forms 1094-C and 1095-C](#)

Overview

TYPE OF REPORTING	AFFECTED EMPLOYERS	REQUIRED INFORMATION	EFFECTIVE DATE
Code §6055 —Reporting of health coverage by health insurance issuers and sponsors of self-insured plans	Employers with self-insured health plans	Information on each individual provided with coverage (helps the IRS administer the ACA's individual mandate)	Delayed until 2015
Code §6056 —Applicable large employer (ALE) health coverage reporting	Applicable large employers (those with at least 50 full-time employees, including full-time equivalents)	Terms and conditions of health plan coverage offered to full-time employees (helps the IRS administer the ACA's employer shared responsibility penalty)	The first returns will be due in 2016 for coverage provided in 2015

Filing Due Dates

Under both Sections 6055 and 6056, the return and transmittal forms must be filed with the IRS on or before **February 28 (March 31, if filed electronically)** of the year following the calendar year of coverage. However, if the regular due date falls on a Saturday, Sunday or legal holiday, entities should file by the next business day. For calendar year 2015, these forms must be filed with the IRS by **February 29, 2016**, (or March 31, 2016, if filing electronically).

All entities reporting under Section 6055 or 6056 must furnish a copy of Form 1095-B or 1095-C, as applicable, to the person identified as the responsible individual named on the form. Statements must be furnished by mail, unless the recipient affirmatively consents to receive the statement electronically.

The statement must be furnished on or before **January 31** of the year following the calendar year of coverage. The first statements are due to individuals by **February 1, 2016**.

Section 6055 Reporting / Instructions for Forms 1094-B and 1095-B

Under Section 6055, every person that provides minimum essential coverage (MEC) to an individual during a calendar year must file Forms **1094-B** (a transmittal) and **1095-B** (an information return), including:

- Health insurance issuers or carriers;
- Self-insured health plan sponsors;
- Government agencies that administer government-sponsored health insurance programs; and
- Any other entity that provides MEC.

Self-insured plan sponsors that are also ALEs subject to the employer shared responsibility rules will report information about the coverage in **Part III of Form 1095-C**, instead of on Form 1095-B. In general, an employer with 50 or more full-time employees (including full-time equivalents) during the prior calendar year is considered an ALE.

Section 6056 Reporting / Instructions for Forms 1094-C and 1095-C

All ALEs (as defined under the employer shared responsibility rules) must file **Form 1094-C** (a transmittal) and **Form 1095-C** (an information return) for each full-time employee.

- Form **1094-C** is used to report summary information for each employer to the IRS and to transmit Forms 1095-C to the IRS.
- Form **1095-C** is used to report information about each employee.

These forms help the IRS determine whether an ALE owes penalties under the employer shared responsibility rules, as well as whether an employee is eligible for premium tax credits.

Combined Reporting

Form 1095-C will generally be used by ALEs to satisfy both the Section 6055 and 6056 reporting requirements, as applicable.

- An ALE that sponsors a self-insured plan will complete all sections (Parts I, II and III) of Form 1095-C to report the information required under both Sections 6055 and 6056. Therefore, these ALEs will be able to use a single form to report information regarding whether an employee was covered.
- An ALE that provides fully insured coverage will also report on Form 1095-C, but will complete only the sections of Form 1095-C related to Section 6056 (Parts I and II).

ALEs will also be providing only a single employee statement (with the Section 6056 information, and, with respect to employers with a self-insured group health plan, Section 6055 information).

New Option for ALEs Reporting Enrollment Information for Nonemployees

The final instructions for Forms 1094-C and 1095-C include a new option for ALEs reporting information for nonemployees (such as nonemployee directors, retirees or nonemployee COBRA beneficiaries).

This new option allows employers to report employer-sponsored self-insured health coverage for nonemployees (and their family members) using either Forms 1094-B and 1095-B or Form 1095-C, Part III.

This option applies only for ALEs offering self-insured health coverage for any individual who enrolled in the coverage for one or more calendar months of the year, but was not an employee for any calendar month of the year, such as:

- A nonemployee director;
- A retired employee who retired in a previous year;
- A terminated employee receiving COBRA coverage who terminated employment during a previous year; and
- A nonemployee COBRA beneficiary.

A nonemployee does not include an individual who obtained coverage through the employee's enrollment, such as a spouse or dependent obtaining coverage when an employee elects family coverage.

Under this new option, ALEs may report enrollment for these individuals using either:

- Forms 1094-B and 1095-B; or
- Form 1095-C, Part III.

If the Form 1095-C is used with respect to an individual who was not an employee for any month of the calendar year, Part II must also be completed by using Code 1G on Line 14 in the "All 12 Months" box (or the box for each month of the calendar year).

In the case of a nonemployee who enrolls in the coverage under a self-insured health plan, all family members who are covered individuals due to the individual's enrollment must be included on the same Form 1095-B or Form 1095-C as the individual who is offered, and enrolls in, the coverage.

Changes to Alternative Methods of Reporting Under Section 6056

The final instructions for Forms 1094-C and 1095-C also made several changes to the alternative methods of reporting under Section 6056. Two alternative methods of reporting are available under Section 6056—the **Qualifying Offer Method** (and the Qualifying Offer Method Transition Relief for 2015) and the **98 Percent Offer Method**.

The **Qualifying Offer Method** (and the Qualifying Offer Method Transition Relief for 2015) allows eligible ALEs to provide simplified employee statements to certain employees, in lieu of a copy of the Form 1095-C. The final instructions added to the list of information that must be included in these simplified employee statements. A statement is now required that directs the employee to see [IRS Publication 974, Premium Tax Credit \(PTC\)](#), (currently in draft form) for more information on eligibility for the premium tax credit.

Also, the final instructions clarified that ALEs may not use the alternative method of furnishing Form 1095-C to employees under the Qualifying Offer Method (or the Qualifying Offer Method Transition Relief for 2015) for **employees who enrolled in self-insured coverage**. For these employees, the ALE must furnish the information reporting enrollment in the self-insured coverage on Form 1095-C, Part III. The ALE may provide this information to the employee by furnishing a copy of Form 1095-C as filed with the IRS (with or without the statements regarding any qualifying offer the employee received or the employee's premium tax credit eligibility).

The 98 Percent Offer Method is generally available to ALEs that offer MEC that is affordable and provides minimum value to at least 98 percent of the employees on whom it reports in its Section 6056 return. The final instructions clarify that **ALEs must also offer MEC to those employees' dependents** to be eligible to use the 98 Percent Offer Method. For this purpose, the term "dependent" is defined to include an employee's child, but does not include a spouse.

Additional Changes in the Final Instructions

The final instructions also made the following changes and clarifications:

- The Employer Identification Number (EIN) may be truncated on any statements furnished to employees or individuals, but not on any forms filed with the IRS (previously, truncation of EINs was not allowed on any forms).
- When determining the total employee count for the ALE for purposes of Form 1094-C, Part III, Column (c), an ALE may now choose to use either the first or last day of the first payroll period that starts during each month, or the first or last day of each month.
- All ALEs, including U.S. ALEs, should include a country code with the employee's address in Part I of Form 1095-C.
- If spouses (or employee and dependent) are employed by the same ALE, and one employee enrolled in a coverage option that also covered the other employee(s) (for example, family coverage that provided coverage to the other employee spouse and their employee dependent child), the enrollment information should be reflected only on the Form 1095-C for the employee who enrolled in the coverage (but it would report the other employee family members as covered individuals).
- An ALE is not required to file a Form 1095-C for an individual who, for all months of a calendar year, is either not an employee of the ALE or is in a limited non-assessment period. However, for the months in which the employee was an employee of the ALE, he or she would be included in the total employee count reported on Form 1094-C, Part III, Column (c). (Also, if the employee enrolled in self-insured employer-sponsored coverage during the limited non-assessment period, the employer must file a Form 1095-C for the employee in order to report coverage information for the year.)
- For purposes of reporting, an offer to a spouse includes an offer to a spouse that is subject to a reasonable, objective condition, regardless of whether the spouse meets the condition. For example, an offer to a spouse that is available only if the spouse certifies that he or she does not have access to health coverage from another employer is treated as an offer of coverage to the spouse for reporting purposes. (Note that this treatment is for reporting purposes only, and generally will not affect the spouse's eligibility for the premium tax credit if the spouse did not meet the condition and therefore did not have an actual offer of coverage.)

More Information

Please contact DiMartino Associates for more information on reporting under Code Sections 6055 and 6056, or see the IRS' [Q&As on Section 6055](#) and [Q&As on Section 6056](#).

ALEs that sponsor self-insured plans	ALEs that sponsor fully insured plans	Non-ALEs that sponsor fully insured plans
<p>Complete:</p> <p>Form 1094-C</p> <p>+</p> <p>Parts I, II & III of Form 1095-C</p>	<p>Complete:</p> <p>Form 1094-C</p> <p>+</p> <p>Parts I & II of Form 1095-C</p>	<p>These employers (under 50 full-time employees) are not required to report under either Section 6055 or Section 6056.</p>
<p>To report:</p> <p>1. Information under Section 6055 about health coverage provided; and</p> <p>2. Information under Section 6056 about offers of health coverage.</p>	<p>To satisfy the Section 6056 reporting requirements. These employers are not required to report under Section 6055.</p>	