



ACA Compliance Filing 2020



Coast to Coast Administration



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Presented by



Catherine Rische JD, LLM, Compliance Officer

Cat is the Compliance Officer here at BASIC Benefits. She has extensive experience working with employers and ERISA plan sponsors as an employee benefits attorney. Her umbrella of experience includes, but is not limited to, strategic benefit design, and technical legal compliance under ERISA, COBRA, HIPAA, ACA, LMRA, FMLA, and MHPAEA. She holds an L.L.M. from the John Marshall Law School in employee benefits, a J.D. from the DePaul University College of Law, and a B.A. from Aquinas College.

➤ Affordable Care Act

- Enacted in March 2010 with three primary goals:
 - Making affordable insurance more widely available
 - Expanding Medicaid
 - Supporting innovative medical care delivery methods
- Implemented mandates on both individuals and employers to carry/offer health insurance

➤ Affordable Care Act – Mandates

- Individual Mandate
 - Federal Individual Mandate was repealed in 2019
 - Several State Individual Mandates currently in place
 - States considering Individual Mandates:
 - Connecticut; Hawaii; Maryland; Minnesota; Washington
- Employer Mandate
 - Employer Shared Responsibility Provision (ESRP)

State	Effective Year
California	2020
District of Columbia	2019
Massachusetts	2007
New Jersey	2019
Rhode Island	2020
Vermont	2020

➤ Employer Shared Responsibility Provision - “ESRP”

- “Play-or-pay” penalty
 - Certain employers must either:
 - Play - offer minimum essential coverage that is affordable and provides minimum value to at least 95% of its full-time employees and their dependents
- OR
- Pay - make an employer shared responsibility payment to the IRS

➤ ESRP – Minimum Value and Affordability of Coverage – the “Play”

- Offer of affordable minimum essential coverage that provides minimum value
 - Must be minimum essential coverage which was tied to the individual mandate (now repealed but the employer requirement remains)
 - Covers at least 60% of total allowed cost of benefits that are expected to be incurred – minimum value, determined by actuaries
- Affordability
 - Coverage is affordable if it is no more than a certain percentage of that employee’s household income
 - 2020 affordability percentage was 9.78%
 - 2021 affordability percentage is 9.83%

➤ Affordability Safe Harbors

- Three safe harbors for employers that do not know their employees' household income:
 - Form W-2 – use wages paid to employee as reported in Box 1
 - Rate of pay – use employee's rate of pay at the beginning of coverage period
 - Federal poverty line

Affordability Safe Harbor Using Federal Poverty Line			
Calendar-Year Plan	Prior Year FPL (One-Person Household)	Affordability Percentage	Maximum Monthly Contribution (Self-Coverage)
2021	\$12,760	9.83%	\$104.53
2020	\$12,490	9.78%	\$101.79
2019	\$12,140	9.86%	\$99.75

Source: Mercer

➤ ESRP – ALEs and Their FTEs

Applicable Large Employers (ALEs) and their Full Time Equivalent Employees (FTEs)

- First you determine if you are an ALE
 - Employed an average of at least 50 full-time employees on business days during the preceding calendar year
 - Any employee with at least 120 hours worked in a month is considered full-time
 - Part-time and seasonal workers are also counted by converting to FTE -- the hours of employees with less than 120 hours that month are added and then divided by 120
- Then you know you are subject to reporting and applicable penalties for failure to make an offer of minimum essential coverage that provides minimum value to substantially all full-time employees for a month
 - For purposes of determining whether an offer of coverage is required, any employee with at least 130 hours worked in a month is considered full-time

➤ ACA Filing Requirements

- Employers subject to the ESRP (ALEs)
 - File 1094-C with the IRS
 - File 1095-C with the IRS and distribute to employees
 - Any other entity/individual providing minimum essential coverage to another individual and is NOT subject to ESRP (insurers, multiemployer plans)
 - File 1094-B with the IRS
 - File 1095-B with the IRS and distribute to employees
- *BUT THERE ARE SOME EXCEPTIONS

➤ Non-ALES and Self-insured ALEs

- Non-ALEs (less than 50 FT employees)
 - Do NOT have to distribute 1095-B to employees, but must post that the Form is available and provide within 30 days of employee's request
 - Do have to file 1094-B and 1095-B with the IRS
- Self-insured ALEs
 - Do have to distribute 1095-C to FT employees, and file along with 1094-C with the IRS
 - For part-time employees that are offered coverage – as above, must post availability of 1095-B and provide within 30 days of request, but do not have to distribute

➤ ACA Filing Requirements – Presumptive Penalties

- Up to \$280 (up from \$270 for 2019) per return for late, incomplete, or incorrect forms
 - \$50 per return – 30 days after deadline (annual max of \$565,000 for large entities and \$197,500 for small entities – gross receipts of \$5m or less)
 - \$110 per return – more than 31 days late up to 8/1/2021 (\$1,696,000/\$565,000)
 - \$280 per return – after 8/1/2021 (\$3,392,000)
 - \$550 per return for intentional disregard (no annual max)
- Another \$280 penalty for failure to provide a 1095 Form to employees
- Relief granted for incomplete or incorrect returns – last year of this relief

➤ IRS Notice 2020-76 – Filing Deadlines

- 1094 and 1095 Form deadlines:
 - If filing by mail – 2/28/2021 (3/1/2021 because of Sunday)
 - If filing electronically – 3/31/2021
- 1095 Forms must be furnished to all full-time employees by 3/2/2021 (extension issued from 1/31/2021)
- Form 8809 – (same form used for late W-2s)
 - If submitted prior to the due date, gives an automatic 30-day extension; however, because of automatic extension, will only be granted in limited circumstances

➤ IRS Notice 2020-76 – Good Faith Effort

- Extension of “good faith transition relief”
 - As long as the employer made a conscientious good faith effort to comply, no IRS penalty for incorrect/incomplete 1095-C and 1094-C forms
- Stated that 2020 will be the last year for this relief
- Applies to the information, NOT deadlines
 - 1095 Forms should be distributed to employees by 3/2/2021
 - 1094 and 1095 Forms filed with the IRS due 3/1/2021 if filing by mail, 3/31/2021 if filing electronically

➤ ESRP – Penalties – the “Pay”

- Liability for an ALE exists if:
 - (a) ALE does not offer coverage to at least 95% of FT employees, AND at least one FT employee receives a premium tax credit
 - Penalty Amount = \$2,570 per FT employee (less the first 30) if ONE employee receives a premium tax credit on the Exchange

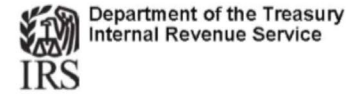
OR

- (b) ALE does offer coverage to at least 95% of FT employees, BUT at least one FT employee receives subsidized coverage from the Exchange
 - Penalty Amount = \$3,860 per FT employee that receives subsidized coverage for the 2020 tax year

➤ Enforcement – ESRP – Notice of Potential Penalty – 226J

- 226J Letter
 - Notice sent by the IRS to an ALE for potential ESRP payment
 - Triggered when an employee of the ALE receives a premium tax credit
 - Explains 4980H
 - Contains a proposed penalty amount

➤ Sample 226J



Taxpayer Name
Taxpayer Address
City, ST Zip code

Date:
02/13/2018
Tax year:
YYYY
Employer ID number:

Person to contact:
Contact Name
Employee ID number:

Contact telephone number:
(###) ###-####
Contact e-fax number:
(###) ###-####
Response date:
03/05/2018

Dear Taxpayer:

We have made a preliminary calculation of the Employer Shared Responsibility Payment (ESRP) that you owe.

Proposed ESRP \$0.00

Our records show that you filed one or more Forms 1095-C, Employer-Provided Health Insurance Offer and Coverage, and one or more Forms 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns, with the IRS. Our records also show that for one or more months of the year at least one of the full-time employees you identified on Form 1095-C was allowed the premium tax credit (PTC) on his or her individual income tax return filed with the IRS. Based on this information, we are proposing that you owe an ESRP for one or more months of the year.

You generally owe an ESRP for a month if either:

- You did not offer minimum essential coverage (MEC) to at least 100% of your full-time employees (and their dependents) and at least one of your full-time employees was certified as being allowed the PTC; or
- You offered MEC to at least 100% of your full-time employees (and their dependents), but at least one of your full-time employees was certified as being allowed the PTC (because the coverage was unaffordable or did not provide minimum value, or the full-time employee was not offered coverage).

This letter certifies, under Section 1411 of the Affordable Care Act, that for at least one month in the year, one or more of your full-time employees was enrolled in a qualified health plan for which a PTC was allowed. Based on this certification and information contained in our records, we are proposing that you owe an ESRP of \$0.00.

What you must do

Review this letter carefully. It explains the proposed ESRP and what you should do if you agree or disagree with this proposal. You must tell us whether you agree or disagree with the proposed ESRP by the Response date on the first page of this letter.

The following items are included:

- An explanation of the employer shared responsibility provisions in Internal Revenue Code (IRC) Section 4980H, which are the basis for the ESRP. See **About the ESRP**;
- An **ESRP Summary Table** itemizing your proposed ESRP by month;
- An **Explanation of the ESRP Summary Table**;

Letter 226-J (Rev. 1-2018)
Catalog Number 67905G

➤ Enforcement – 226J – Be Prepared

- Because of quick response time needed, be mindful of:
 - Who gets the 226J letter in the ALE – make sure to make key personnel aware to be on the lookout
 - Make sure that all Forms 1094-C and 1095-C are readily accessible to compare information and investigate
 - If using a 3rd party to transmit the forms, make sure that that entity is responsive and can provide copies of the forms upon request under a tight timeframe
- ESRP Summary Table is the best place to start – review for any discrepancies

➤ Sample ESRP Summary Table

Our authority for proposing the ESRP is IRC Section 4980H. For more information about IRC Section 4980H, including definitions of key terms, such as full-time employee, how to determine ALE status and whether the ALE has made an offer of coverage visit the ACA Information Center for Applicable Large Employers (ALEs) at www.irs.gov, keyword "ALEs." In addition, for information about completing Forms 1094-C and 1095-C and available transition relief, see the Instructions for Forms 1094-C and 1095-C for the tax year shown at the top of the page. You can find prior year Instructions at www.irs.gov (at the top of the screen select "Forms and Pubs," under the "Browse" heading choose "List of Prior Year Forms & Pubs" and in the "Find" box enter "1094-C" or "1095-C").

ESRP Summary Table

Information Reported to IRS							
Month	a. Form 1094-C, Part III, Col (a) Minimum essential coverage offer indicator offered to at least [70% or 95%]	b. Form 1094-C, Part III, Col (b) Full-time employee count for ALE member	c. Allocated reduction of full-time employee count for IRC Section 4980H(a)	d. Count of assessable full-time employees with a PTC for IRC Section 4980H(a)	e. Count of assessable full-time employees with a PTC for IRC Section 4980H(b)	f. Applicable IRC Section 4980H provision	g. Monthly ESRP amount
January	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
February	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
March	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
April	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
May	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
June	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
July	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
August	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
September	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
October	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
November	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
December	[Yes / No]	[xxxxx]	[xxxxx]	[xxxxx]	[xxxxx]	[4980H(a) / 4980H(b)]	\$0
Total Proposed ESRP							\$0

Letter 226-J (Rev. 1-2018)
Catalog Number 67905G

Explanation of the ESRP Summary Table

The ESRP summary table includes the following information.

Column (a). Form 1094-C, Part III, Col (a). Minimum essential coverage offer indicator (offered to at least 100%)

This column shows the information you reported on the Form 1094-C, Part III, Column (a) filed with the IRS about whether you offered MEC to at least 100% of your full-time employees and their dependents. If there was no entry on Form 1094-C, Part III, Column (a) for one or more months, each missing entry is shown as "No" in column (a).

Column (b). Form 1094-C, Part III, Col (b). Full-time employee count for ALE member

This column shows the information you reported on the Form 1094-C, Part III, Column (b) filed with the IRS reporting the number of your full-time employees. However, if you did not report the number of full-time employees for any month of the year, the full-time employee count in column (b) will reflect the number you reported on Form 1094-C, Part II, line 20, "Total number of Forms 1095-C filed by and/or on behalf of ALE Member." If you reported the number of full-time employees for some, but not all months of the year, the full-time employee count in column (b) for each month for which you did not report will reflect the greatest number of full-time employees you reported for any one month of the year.

Column (c). Allocated reduction of full-time employee count for IRC Section 4980H(a)

This column shows the number by which the full-time employee count in column (b) is reduced when computing an ESRP under IRC Section 4980H(a). In general, under IRC Section 4980H(a), an ALE's number of full-time employees is reduced by its allocable share of 30. If the ALE is not part of an Aggregated ALE Group, the ALE's allocable share is 30. If the ALE is a member of an Aggregated ALE Group, the ALE's allocable share is based upon the number of ALE members reported in Part IV of Form 1094-C. For the 2015 year only, transition relief increased 30 to 80 for an employer that certified on Form 1094-C, Line 22 and entered B on Form 1094-C, Part III, Column (c), reporting that it met the criteria for the transition relief. Even if "yes" is entered in column (a) (meaning no ESRP under IRC Section 4980H(a) applies for the month), this column (c) will be filled in because the amount of a potential ESRP under IRC Section 4980H(a) for a month caps the amount of an ESRP under IRC Section 4980H(b) for a month.

Column (d). Count of assessable full-time employees with a PTC for IRC Section 4980H(a)

The number shown for each month is the number of your full-time employees who were allowed a PTC on their individual income tax returns and for whom no provision providing relief is applicable under IRC Section 4980H(a). These employees are listed on the Employee PTC Listing and are referred to as assessable full-time employees. You are subject to an ESRP for any month that IRC Section 4980H(a) applies to you, if there is at least one assessable full-time employee for that month.

Column (e). Count of assessable full-time employees with a PTC for IRC Section 4980H(b)

The number shown for each month is the number of your full-time employees who were allowed a PTC and for whom no safe harbor or other provision providing relief is applicable under IRC Section 4980H(b). These employees are listed on the Employee PTC Listing and are referred to as assessable full-time employees. You are subject to an ESRP for these employees for any month that IRC Section 4980H(b) applies to you, if there is at least one assessable full-time employee for that month.

Column (f). Applicable IRC Section 4980H provision

This column shows whether the ESRP, if any, has been computed under IRC Section 4980H(a) or (b).

Column (g). Monthly ESRP amount

This column shows the proposed ESRP amount per month, if any. Each month is a separate taxable period. The total proposed ESRP amount for the year is shown at the bottom. For more information, see "Calculation of your ESRP" below.

Letter 226-J (Rev. 1-2018)
Catalog Number 67905G

➤ Enforcement – 226J Packet

- Included with 226J Letter:
 - Form 14764 – response to 226J Letter
 - Employer’s opportunity to agree, reduce penalty, or state no penalty due
 - Optional to include Form 2848 Power of Attorney
 - Form 14765 – lists the FT employees that received a premium tax credit, triggering the 226J Letter

➤ Enforcement – ESRP Form 14764

Form 14764 (April 2017)	Department of the Treasury - Internal Revenue Service ESRP Response
Complete both sides of this form and return it to the address below so that we receive it by []. An envelope has been enclosed for your convenience. To request more time to respond, call us at 1-[XXX-XXX-XXXX].	
Return form to: Department of the Treasury Internal Revenue Service Group 2219 7300 Turfway Road, Suite 410 Florence, KY 41042	
Provide Your Contact Information	
Name _____	
Address (if you changed your address, make the changes below) _____	
Primary telephone number _____	Best time to call _____
Secondary telephone number _____	Best time to call _____
Indicate Your Agreement or Disagreement	
Agreement with proposed assessment	
<input type="checkbox"/> I consent to the assessment and collection of the of the proposed assessment of the ESRP in the amount of [\$0.00]	
Signature _____	Date _____
Print name and title of the person who signed above _____	
Partial/Total disagreement with proposed assessment	
<input type="checkbox"/> I disagree with part or all of the proposed assessment of the ESRP	
Indicate Your Payment Option (check all that apply)	
<input type="checkbox"/> Full payment using EFTPS on _____	
<input type="checkbox"/> Partial payment using EFTPS on _____	
<input type="checkbox"/> Enclosed full payment of \$ _____	
<input type="checkbox"/> Enclosed partial payment of \$ _____	
<input type="checkbox"/> No payment	
• Write your employer ID number _____, the tax year _____ and ESRP on your payment and any correspondence.	
• Make your check or money order payable to the United States Treasury.	
Catalog Number 60661Z	www.irs.gov
Form 14764 (4-2017)	

➤ Enforcement – ESRP Form 14764

Page 1

Authorization (optional)

If you would like to authorize someone, in addition to you, to contact the IRS concerning this proposed ESRP matter, please include the person's information, your signature, and the date.

The authority granted is limited as indicated by the statement above the signature line. The contact may not sign returns, enter into agreements, or otherwise represent you before the IRS. If you want to have a designee with expanded authorization, see IRS Publication 947, Practice Before the IRS and Power of Attorney.

Full name of authorized person _____

Address _____

City	State	Country	Zip code
------	-------	---------	----------

Primary telephone number	Best time to call
--------------------------	-------------------

Secondary telephone number	Best time to call
----------------------------	-------------------

I authorize the person listed above to discuss and provide information to the IRS about this letter.

Signature	Date
-----------	------

Print name and title of the person who signed above _____

Catalog Number 55561Z www.irs.gov Form **14764** (4-2017)

➤ Enforcement – ESRP Form 14765

Form 14765 (November 2020)		Department of the Treasury - Internal Revenue Service Employee Premium Tax Credit (PTC) Listing															
Any month not highlighted is a month that the employee received a PTC and no safe harbor or other relief from the ESRP was applicable. The employee is an assessable full-time employee for that month. Any month that shows XF, XG, or XH is due to a determination that you do not qualify for the safe harbor being claimed (2F, 2G, or 2H). If you still think the safe harbor applies, provide your computation with your written request for reconsideration.												Employer name		Employer ID number		Tax year	
Employee Name (last, first)	SSN (last 4 digits)	All 12 months Indicator Codes (Form 1095-C, lines 14 and 16 combined)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Additional Information Attached		
															<input type="checkbox"/>		
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Catalog Number 68963V www.irs.gov Form **14765** (Rev. 11-2020)

➤ Enforcement - Filing Requirements


- 5699 Letter/5698 Follow-up Letter
 - Notice sent by IRS to an ALE for potential filing violation
 - Triggered by the IRS' review of the ALE's W-2s OR an employee went to the Exchange and reported that they were not offered affordable benefits by their Employer

➤ Enforcement - Filing Requirements

- 5699 Letter/5698 Follow-up Letter
 - Included with the letter is a response form that must be returned within 30 days
 - If no response to 5699 Letter is received, 5698 Follow-up Letter is sent
 - If no response to 5698 Follow-up Letter is received, CP220J is sent

➤ Enforcement – Filing Requirements

- Example of 5698 Follow-up Letter

 Department of Treasury
Internal Revenue Service
1973 North Rulon White Boulevard
Ogden, UT 84201-0062

Date: 9/13/2018
Taxpayer ID number (last 4 digits): XX-XXXX743
Tax year: 2016
Person to contact: 49801 Response Unit
Employee ID number: Letter 5699
Contact telephone number: 877-571-4712
Contact e-fax number: 877-792-2723

[Redacted]

Dear [Redacted]


We haven't received your response to our Letter 5699, Missing Information Return Form 1094/1095-C, which we sent on Jul 12, 2018. We need your response so we know how to correctly proceed.

Please complete the section under "What you must do" on the enclosed copy of Letter 5699, and return it to us within 30 days from the date of this letter. When you respond, include a name and telephone number of the person we can contact if we have questions about your response.

If you're required to file and furnish information returns and statements under Internal Revenue Code (IRC) Section 6056, failure to do so may result in the assessment of penalties under IRC Section 6721 for failure to file information returns and Section 6722 for failure to furnish information statements.

Please use the contact information above if you have questions.

Thank you for your cooperation.

Sincerely,

Shan Montoya
Operation Manager

Enclosure:
Letter 5699

Letter 5698 (Rev. 8-2018)
Catalog Number 60305E

➤ Enforcement – Penalty Notice

- 226J and 5699/5698 Letters are sent by 4980H ‘unit’ of the IRS
 - 4980H – Section of the Code that contains the ESRP language
 - Able to communicate with the IRS regarding the issue and come to a resolution
- CP220J Penalty Notice is sent by penalty ‘unit’ of the IRS
 - Once the issue gets here, counsel is necessary to resolve

➤ Enforcement – Penalty Notice

- Example of CP220J Penalty Notice

Department of the Treasury
Internal Revenue Service
Group 2219
7300 Turfway Road Suite 410
Florence, KY 41042

Notice **CP220J**
Tax period December 31, 2015
Notice date October 15, 2018
Employer ID number [REDACTED]
To contact us Phone 1-800-829-0115
Page 1 of 4

038176.753055.451083.15555 2 AB 0.408 1171
[REDACTED]

We charged you an employer shared responsibility payment (ESRP)
Amount due: \$174,720.00

We charged you an (ESRP) for the tax period ended December 31, 2015, because in one or more months one of the following occurred:

- You didn't offer Minimum Essential Coverage (MEC) to at least 70% (after 2015 95%) of your full-time employees (and their dependents) and at least one full-time employee received the Premium Tax Credit (PTC).
- You offered MEC to at least 70% (after 2015 95%) of your full-time employees (and their dependents), but at least one full-time employee received the PTC.

To avoid interest charges, pay the amount due by October 29, 2018.

Billing summary	
ESRP amount	\$174,720.00
Amount due by October 29, 2018	\$174,720.00

Continued on back.

INTERNAL REVENUE SERVICE
OGDEN, UT 84201-0039

Payment

- Make your check or money order payable to the United States Treasury.
- Write your Employer ID number (36-4231505), the tax period (December 31, 2015), and "ESRP" on your payment and any correspondence.

Amount due by October 29, 2018 **\$174,720.00**

364231505 PJ R0HR 43 2 201512 470 0000000000

➤ Enforcement – IRS Review

- IRS is currently reviewing/auditing past filings
 - Started with 2015, now on 2018 filings
 - Issuing penalties for late filing and failure to distribute 1095-C to employees for 2017 and 2018
 - Will continue reviewing into 2021
 - Review process has become more thorough through technology
 - Compare documents: 1094-C, 1095-C, W-2, and W-3

➤ Common Employer Mistakes – Plan Design and Eligibility

- Ensuring that coverage offered to all FT employees meets minimum essential coverage, minimum value, and affordability requirements
- Manage employees by class
 - Full-time, part-time
 - Seasonal employee vs. seasonal worker
- Actively manage employee eligibility for coverage

➤ Common Employer Mistakes – 1094-C

- Part I – ALE Member
 - Without good faith effort, simple mistakes will be penalized
 - Use full business name, not DBA

Form **1094-C** Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns CORRECTED OMB No. 1545-0051
Department of the Treasury Internal Revenue Service **2020**
Go to www.irs.gov/Form1094C for instructions and the latest information.

Part I Applicable Large Employer Member (ALE Member)

1 Name of ALE Member (Employer)		2 Employer identification number (EIN)	
3 Street address (including room or suite no.)			
4 City or town			
7 Name of person to contact			
9 Name of Designated Government Entity (only if applicable)		10 Employer identification number (EIN)	
11 Street address (including room or suite no.)			
12 City or town		13 State or province	14 Country and ZIP or foreign postal code
15 Name of person to contact		16 Contact telephone number	
17 Reserved			
18 Total number of Forms 1095-C submitted with this transmittal			
19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions			

For Official Use Only

➤ Common Employer Mistakes – 1094-C

- Part II - ALE Member Information
 - Highlighted can be left blank IF no Forms filed by/on behalf of other ALE and Part III is complete

Part II ALE Member Information

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member

21 Is ALE Member a member of an Aggregated ALE Group? Yes No
If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

A. Qualifying Offer Method B. Reserved C. Reserved D. 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature Title Date

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 61571A Form 1094-C (2020)

➤ Common Employer Mistakes – 1094-C

- Part III – ALE Member Information – Monthly
 - Accurate employee count for each month
 - Payroll records should reflect employee status and hire and termination dates

		(a) Minimum Essential Coverage Other Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
		Yes	No				
23	All 12 Months	<input checked="" type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
24	Jan	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
25	Feb	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
26	Mar	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
27	Apr	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
28	May	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
29	June	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
30	July	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
31	Aug	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
32	Sept	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
33	Oct	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
34	Nov	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
35	Dec	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	

➤ Common Employer Mistakes – 1094-C

- Part IV – Other ALE Members
- Common ownership – includes family members' organizations
- List all ALE members with the member with the most employees listed first

Part IV Other ALE Members of Aggregated ALE Group			
Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).			
Name	EIN	Name	EIN
36		51	
37		52	
38		53	
39		54	
40		55	
41		56	
42		57	
43		58	
44		59	
45		60	
46		61	
47		62	
48		63	
49		64	
50		65	

➤ Common Employer Mistakes – 1095-C

- Employee Information
 - Use employee's full, formal name
 - Beware of miscoding

Form 1095-C Department of the Treasury Internal Revenue Service		Employer-Provided Health Insurance Offer and Coverage Do not attach to your tax return. Keep for your records. Go to www.irs.gov/Form1095C for instructions and the latest information.		CORRECTED		OMB No. 1545-2251 2020							
Part I Employee				Applicable Large Employer Member (Employer)									
1 Name of employee (first name, middle initial, last name)		2 Social security number (SSN)		7 Name of employer		8 Employer identification number (EIN)							
3 Street address (including apartment no.)				9 Street address (including room or suite no.)		10 Contact telephone number							
4 City or town		5 State or province				13 Country and ZIP or foreign postal code							
Part II Employee Offer of Coverage				Employee's Age on January 1				Plan Start Month (enter 2-digit number):					
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Required Contribution (see instructions)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

➤ Existing Codes – Line 14, 1095-C

Code	Explanation
1A	Indicates that the ALE member made a Qualifying Offer to this employee (MEC providing MV was offered to the FT employee and the employee contribution for self-only coverage was equal to or less than 9.78% (2020 plan year) of the mainland single federal poverty line). In addition, at least MEC was offered to the employee's spouse and dependent(s). The information reported here should be consistent with the information reported on line 22 of Form 1094-C. Using this code excuses the ALE member from having to report employee contribution information on line 15.
1B	MEC providing MV offered to employee only.
1C	MEC providing MV offered to employee and at least MEC offered to employee's dependent children (not spouse).
1D	MEC providing MV offered to employee and at least MEC offered to employee's spouse (not employee's dependent children).
1E	MEC providing MV offered to employee and at least MEC offered to employee's spouse and dependent children.
1F	MEC not providing MV offered to employee; or to employee and employee's spouse or dependent children; or to employee and employee's spouse and dependent children.

Code	Explanation
1G	Offer of coverage to PT employee for any month of the calendar year if the PT employee enrolled in self-insured coverage for one or more months of the calendar year. Code 1G applies for the entire year or not at all, so the ALE member should enter Code 1G either in the "all 12 months" box or in all 12 monthly boxes. The actual months of coverage will be reported in Part III of the form.
1H	No offer of coverage. The instructions explain that this code would be used if the employee is not offered any health coverage or if the coverage offered is not MEC.
1I	No longer applicable - RESERVED
1J/1K	These codes reflect conditional offers of coverage to an employee's spouse, with Code 1J indicating that the plan does not offer coverage to non-spouse dependents and Code 1K indicating that the plan also offers coverage to non-spouse dependents. For purposes of reporting, an offer to a spouse includes an offer of MEC that is subject to one or more reasonable, objective conditions (like no other employer coverage access), regardless of whether the spouse satisfies the conditions. Only useful for IRS in determining premium credit eligibility through the Exchange – doesn't impact employer.

➤ New Codes – Line 14, 1095-C - ICHRA

Code	Explanation
1L	Affordable ICHRA coverage offered to FT employee; no coverage offered to spouse or dependents; and affordability. ALE members using the new ICHRA codes must determine whether the offered ICHRA coverage was “affordable,” which depends on two factors: Exchange pricing and employer contribution
1M	Affordable ICHRA coverage offered to FT employee, with MEC offered to dependents; no coverage offered to spouse; and affordability based on ZIP code of employee’s primary residence.
1N	Affordable ICHRA coverage offered to FT employee, with MEC offered to spouse and dependents; and affordability based on ZIP code of employee’s primary residence.

Code	Explanation
1O	Affordable ICHRA coverage offered to FT employee; no coverage offered to spouse or dependents; and affordability based on employment ZIP code.
1P	Affordable ICHRA coverage offered to FT employee, with MEC offered to dependents (not spouse); and affordability based on employment ZIP code.
1Q	Affordable ICHRA coverage offered to FT employee, MEC offered to spouse and dependents; and affordability based on employment ZIP code.
1R	ICHRA coverage that is not affordable offered to FT employee; employee and spouse; dependents; or employee, spouse, and dependents.
1S	ICHRA coverage offered to non-FT employee – not COBRA RIFs

➤ Codes – Line 15 – 1095-C

- Line 15 is completed only if the ALE member entered Code 1B, 1C, 1D, 1E, 1J, 1K, 1L, 1M, 1N, 1O, 1P, or 1Q on line 14. The reported amount must include dollars and cents.
- Remember, the employee's required contribution is calculated differently for ICHRA coverage than it is for offers of minimum value coverage under a non-HRA health plan.
- ALE reports the employee's portion of the lowest-cost monthly premium for self-only minimum essential coverage that provides minimum value. These amounts can be impacted by the following employer contributions:
 - Flex Credits under Cafeteria Plans in some circumstances
 - Employer Opt-Out Payments unless the payment is subject to conditions (like proof of other employer sponsored health plans)
 - Employer Contributions under prevailing wage laws

➤ Codes – Line 16, 1095-C

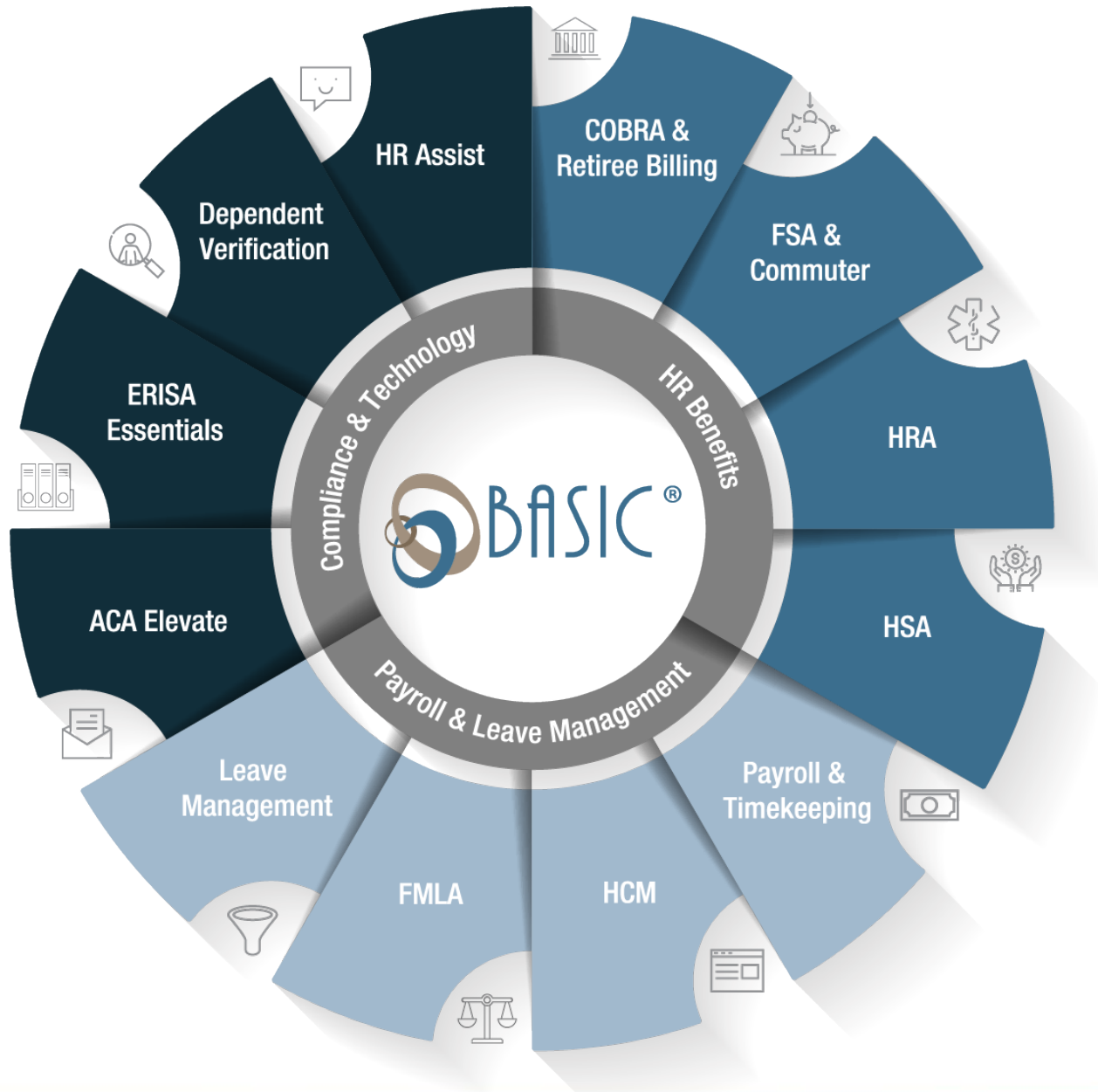
Code	Explanation
2A	The employee was not employed during the month and therefore could not trigger liability for the ALE member for the month. Code 2A is used only if the employee was not employed on any day of the month - not used for the month during which an employee terminates employment with the ALE member.
2B	The employee was not a FT employee for the month. If the employee actually enrolled in MEC coverage for the full month, Code 2C would be used. Code 2B also is used if the FT employee's coverage ended before the last day of the month solely because the employee terminated employment but would have been otherwise covered.
2C	The employee enrolled in MEC offered by the ALE member for the month. (This code should not be used if the coverage is not MEC (e.g., coverage consisting solely of certain excepted benefits). This code takes precedence over any other potentially applicable series 2 code for the month.
2D	The employee is in a limited non-assessment period (such as when the employee is in an initial measurement period under the look-back measurement method). In other words, the limited non-assessment period code (2D) takes precedence over the "not a full-time employee" code (2B).
2E	The ALE member is eligible for multiemployer plan transition relief with respect to the employee.
2F – 2H	These codes are used to designate the ALE member's use of an affordability safe harbor: (F) The safe harbors compare the employee cost of self-only minimum value coverage to Form W-2 wages (G); the federal poverty line; or (H) the employee's rate of pay. Do not use for any month for which the ALE member checked the "No" box on Form 1094-C, Part III, column (a).

➤ Best Practices - Payroll

- Maintain current employee addresses on file
- Use employee name as it appears on Social Security card
- Maintain hire and termination dates
- Uniformly maintain employee status information
 - Full-time/Part-time/Seasonal worker/Seasonal employee/Variable hour employee
 - Change employee status on payroll records by date of event
- Uniformly cross reference job titles with Employee Status/Class:
 - Ex. Manager FT or PT; Hourly Maintenance FT or PT
 - Define PT as less than 30 hours weekly

QUESTIONS





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