



Maine Municipal Employees Health Trust

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To: Health Trust Participating Employers
From: Anne Wright, Assistant Director, MMEHT
Date: September 21, 2015
Re: Affordable Care Act (ACA) Reporting Requirements – Part Two (Form 1095-C)

In our last update, we provided you with a bit of background on some of the new reporting requirements mandated by the Affordable Care Act, or ACA. With this update, we will begin our focus on the new **Form 1095-C** reporting that will apply to **Applicable Large Employers (ALEs)** starting in 2016. (Remember, in order to meet the definition of an Applicable Large Employer, an employer must have 50 or more full-time plus full-time equivalent employees. Please refer to our last update if you need help with this calculation.)

Similar to the Form 1095-B reporting that will be provided by insurers or plan sponsors to all individuals covered under a health plan during the previous year, the Form 1095-C will be provided by Applicable Large Employers to all employees that were covered under the employer's health plan during the previous year. The employer's responsibility goes a bit further, however, because Applicable Large Employers will be responsible for providing a Form 1095-C to **all full-time employees** (i.e., those employees working 30 hours or more per week), regardless of whether the employee actually participated in the employer's health plan.

Here's an example:

Anytown is an Applicable Large Employer with 50 full-time employees. Anytown also employs a number of part-time employees. Anytown offers affordable (as defined by the ACA) health insurance coverage to all of its full-time employees (those employees working 30 or more hours per week). Anytown also offers health insurance coverage to its part-time employees, and requires those part-time employees to pay a greater portion of the premium.

Ten of Anytown's 50 full-time employees waive their employer's health insurance coverage, because they have coverage elsewhere (for example, through their spouses' plans). Anytown will still be responsible for providing all 50 of its full-time employees with a Form 1095-C. Anytown will also be responsible for providing a Form 1095-C to each of its part-time employees who have enrolled in Anytown's health plan.

So what sort of information is included in the Form 1095-C? Up until now, we had only the 2014 Forms to use as a guideline. Lucky for us, just in time for this update, the IRS has issued its final forms for 2015 – in plenty of time for all of us to carefully read and re-read the instructions and figure out just what information to track and report. Here's a link to the final 2015 Form 1095-C: www.irs.gov/pub/irs-pdf/f1095c.pdf. And here's a link to the Instructions for the 2015 Form 1095-C: www.irs.gov/pub/irs-pdf/i109495c.pdf. These Instructions also include instructions for the Form 1094-C. We'll be addressing the Form 1094-C in future updates.

Forms 1095-C will need to be provided to **all full-time employees** (i.e., those employees working 30 or more hours per week), plus all other employees covered under the Applicable Large Employer's health plan, by January 31 of each year, for the preceding calendar year. Copies of all Forms 1095-C will also need to be provided to the IRS by March 31 (February 28 if filing paper forms), along with the Form 1094-C transmittal form. We will be discussing the Form 1094-C in future updates.

The IRS will allow for a 30-day extension of these deadlines, as long as a Form 8809 is filed before the form due date. More information on filing for an extension may be found in the Instructions.

There are three parts to the Form 1095-C:

Part I of the Form 1095-C is pretty straightforward. Large Employers will need to provide information on the employee (name, address, and social security number) and on the employer itself (name, address, telephone number, and employer identification number (EIN)).

Part II is a bit more complicated. At the beginning of Part II, there's a box labelled "Plan Start Month", which asks you to enter a two digit number. According to the instructions, completion of this box is optional for 2015, although it is expected to be required in future years. For those employers that participate in the Maine Municipal Employees Health Trust health plan for all eligible employees, this will be "01" (January). The Health Trust's health plan year begins on January 1 for all participating employers.

If you are an Applicable Large Employer that covers some employees under a health plan other than a plan through the Maine Municipal Employees Health Trust (for example, certain school or union employees), it is possible that the plan year for any non-MMEHT participants may begin on a date other than January 1. In that case, our understanding is that you will need to enter the appropriate two-digit number for the start of the plan year for any non-MMEHT health plan participants, and "01" for any MMEHT health plan participants. Since this section is optional for 2015, we anticipate that any confusion regarding what number should be entered here will be cleared up by the time the 2016 reporting rolls around.

There are then three separate questions in Part II of the Form 1095-C: Offer of Coverage; Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage; and Applicable Section 4980H Safe Harbor. Each of these will take some time to describe, so we will be saving these for future updates. In the meantime, though, let's quickly review the final part (Part III) of the Form 1095-C.

Part III asks for information (name, social security number, and months of coverage) about each individual covered under the Applicable Large Employer's health plan. If the Applicable Large Employer participates in the **Maine Municipal Employees Health Trust health plan**, the employer will **not** be required to complete Part III of the Form 1095-C. (Note, however, that an Applicable Large Employer that offers its employees a **self-insured plan** where the employer is the plan sponsor will be required to complete Part III of the Form 1095-C.)

In our last update, we reported that the most recent draft of the IRS instructions seemed to indicate that large employers who provide an **HRA** will be required to complete Part III of their Forms 1095-C. Fortunately, however, the final Instructions released by the IRS indicate that this is no longer the case. If an employer offers both an insured medical plan and an HRA, and the only reason an individual employee is eligible for the HRA is because he or she is enrolled in the employer's insured medical plan, then the employer will not need to report on HRA coverage in Part III of the Form 1095-C. The employer would only need to report on the HRA coverage if the employee is enrolled in the HRA but not in the employer's insured medical plan.

As stated above, different rules apply for employers offering self-insured medical plans for which the employer is the plan sponsor, but if you participate in the **Maine Municipal Employees Health Trust** medical plan, and offer an HRA to employees participating in this plan, you will not need to report on Part III of the Form 1095-C.

Have a great week.

Please note that the Maine Municipal Association and the Maine Municipal Employees Health Trust are sharing this information to assist you with your compliance planning. We recommend that you contact your legal counsel with specific questions relating to this law.