

It's 2015!
Are You Ready
for
ACA Reporting??



Maine Municipal Employees Health Trust

1-800-852-8300

www.mmeht.org

The Difference Is Trust

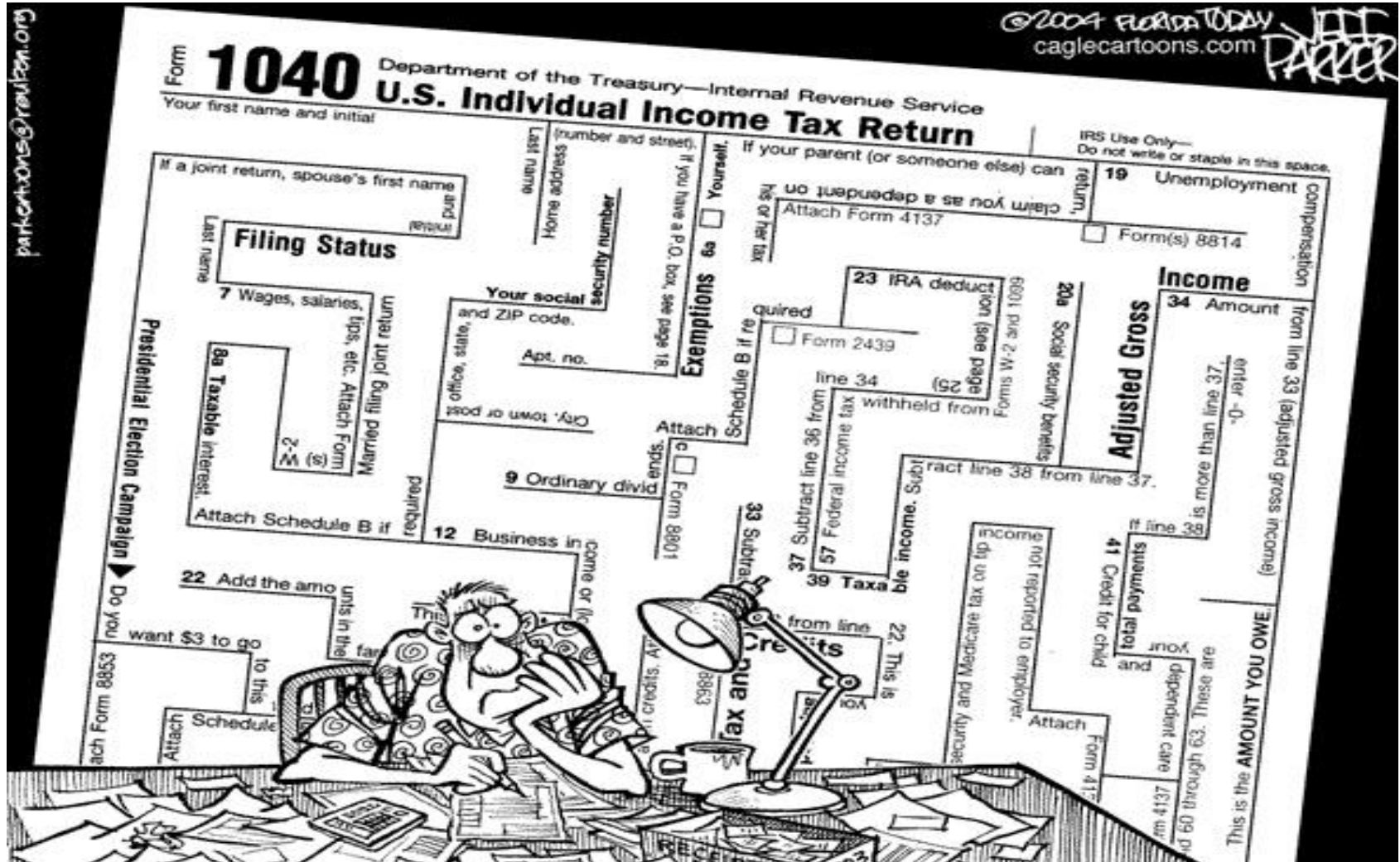
Today's Agenda

- New Employer Reporting Requirements
- Employer Shared Responsibility
- Cadillac Tax

But First – Some Background

- The Individual Mandate
- Insurer / Plan Sponsor Reporting

The Individual Mandate



The Individual Mandate

- Also referred to as Individual Shared Responsibility
- Starting in 2014, with a few exceptions, individuals are required to have health insurance
- Coverage must meet certain level of benefits
 - Minimum Essential Coverage (MEC)
 - 60% actuarial value - Bronze plan
- Individuals must report when filing taxes starting in 2015
- Penalty will be assessed for not having insurance
 - Annual penalty for not having coverage:
 - \$95 per adult (\$285 per family) or 1% of family income for 2014
 - \$695 per adult (\$2,085 per family) or 2.5% of family income for 2016
 - Indexed after that, based on Cost of Living

Coming Soon - Reporting Requirements For Insurers and Plan Sponsors



Insurer / Plan Sponsor Reporting on Minimum Essential Coverage

- Section 6055 of the Internal Revenue Code
 - Responsibility of insurer or plan sponsor
 - Responsibility of health insurance carrier for fully-insured plans
 - Plan sponsor responsible for reporting if self-insured
 - MMEHT is self-insured plan
 - Health Trust is plan sponsor for MMEHT plan
 - Provides individuals and IRS with information re: Minimum Essential Coverage (MEC)
 - Lets individuals know whether they satisfied the individual mandate for preceding calendar year
- Section 6055 reporting is Health Trust responsibility

MEC Reporting - Form 1095-B

- Reporting includes:
 - Name, address, and SSN for Policy Holder (employee)
 - Name, address, and EIN of Employer
 - Name, address, phone number, and EIN of Insurer or other Coverage Provider
 - Who was enrolled and when (by month)
 - Identifying info (name and SSN or TIN) for each covered individual – employee and dependents
- Separate Form 1095-B provided to each Policy Holder
- Form 1094-B (Transmittal) sent to IRS with all completed Forms 1095-B

MEC Reporting

- Mandatory reporting begins in 2016 for 2015 plan year
 - Voluntary reporting for 2014 plan year
 - Health Trust did not report for 2014
- Statements must be provided to covered individuals by January 31 of the following year
 - 1/31/2016 for 2015 plan year
 - Statements must be furnished on paper by mail, unless affirmative consent by recipient to receive in electronic format
- Electronic returns must be provided to the IRS by March 31 of the following year
 - 3/31/2016 for 2015 plan year
 - 2/29/2016 for 2015 plan year, if paper filing

Large Employer Reporting on Coverage / Affordability



Large Employer Reporting on Coverage / Affordability

- Section 6056 of the Internal Revenue Code
- Applies to Applicable Large Employers
 - 50 or more full-time/full-time equivalent employees
 - “Full-time” => 30 or more hours per week
 - Can also calculate at 130 hours/month
 - “Full-time equivalents” => less than 30 hours per week
 - Calculate “hours of service” for all of these employees in a month
 - Add all hours together
 - Divide by 120
 - This will tell you how many full-time equivalents you have for that month

Large Employer Reporting on Coverage / Affordability

- Provides individuals and the IRS with information regarding:
 - Months during which each full-time employee was offered coverage
 - Affordability of health plans offered
- Information will be used to determine:
 - Whether individual is eligible for a subsidy through the health insurance marketplace
 - Whether large employer is subject to penalty under Employer Shared Responsibility provision of the ACA

Employer Reporting - Form 1095-C

- Form 1095-C => Employer-Provided Health Insurance Offer and Coverage
- Separate Form 1095-C must be provided to:
 - Each Full-Time Employee (30 or more hours per week), regardless of whether or not covered under the Employer's Health Plan
- Copies of all Forms 1095-C must also be provided to the IRS

Form 1095-C (Large Employer)

 VOID

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OMB No. 1545-2251

 CORRECTED

2015

Form **1095-C**Department of the Treasury
Internal Revenue Service**Employer-Provided Health Insurance Offer and Coverage**► Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c**Part I Employee**

Employee						Applicable Large Employer Member (Employer)					
1 Name of employee			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		6 Country and ZIP or foreign postal code		11 City or town		12 State or province		13 Country and ZIP or foreign postal code	

Part II Employee Offer and Coverage

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 Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Part III Covered IndividualsIf Employer provided self-insured coverage, check the box and enter the information for each covered individual.

(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Form 1095-C (Large Employer)

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Page 2

Form 1095-C (2015)

Instructions for Recipient

You are receiving this Form 1095-C because your employer is an Applicable Large Employer subject to the employer shared responsibility provision in the Affordable Care Act. This Form 1095-C includes information about the health insurance coverage offered to you by your employer. Form 1095-C, Part II, includes information about the coverage, if any, your employer offered to you and your spouse and dependent(s). If you purchased health insurance coverage through the Health Insurance Marketplace and wish to claim the premium tax credit, this information will assist you in determining whether you are eligible. For more information about the premium tax credit, see Pub. 974, Premium Tax Credit (PTC). You may receive multiple Forms 1095-C if you had multiple employers during the year that were Applicable Large Employers (for example, you left employment with one Applicable Large Employer and began a new position of employment with another Applicable Large Employer). In that situation, each Form 1095-C would have information only about the health insurance coverage offered to you by the employer identified on the form. If your employer is not an Applicable Large Employer it is not required to furnish you a Form 1095-C providing information about the health coverage it offered.

In addition, if you, or any other individual who is offered health coverage because of their relationship to you (referred to here as family members), enrolled in your employer's health plan and that plan is a type of plan referred to as a "self-insured" plan, Form 1095-C, Part III provides information to assist you in completing your income tax return by showing you or those family members had qualifying health coverage (referred to as "minimum essential coverage") for some or all months during the year.

If your employer provided you or a family member health coverage through an insured health plan or in another manner, the issuer of the insurance or the sponsor of the plan providing the coverage will furnish you information about the coverage separately on Form 1095-B, Health Coverage. Similarly, if you or a family member obtained minimum essential coverage from another source, such as a government-sponsored program, an individual market plan, or miscellaneous coverage designated by the Department of Health and Human Services, the provider of that coverage will furnish you information about that coverage on Form 1095-B. If you or a family member enrolled in a qualified health plan through a Health Insurance Marketplace, the Health Insurance Marketplace will report information about that coverage on Form 1095-A, Health Insurance Marketplace Statement.

TIP Employers are required to furnish Form 1095-C only to the employee. As the recipient of this Form 1095-C, you should provide a copy to any family members covered under a self-insured employer-sponsored plan listed in Part III if they request it for their records.

Part I. Employee

Lines 1–6. Part I, lines 1–6, reports information about you, the employee.

Line 2. This is your social security number (SSN). For your protection, this form may show only the last four digits of your SSN. However, the issuer is required to report your complete SSN to the IRS.

CAUTION If you do not provide your SSN and the SSNs of all covered individuals to the plan administrator, the IRS may not be able to match the Form 1095-C to determine that you and the other covered individuals have complied with the individual shared responsibility provision. For covered individuals other than the employee listed in Part I, a Taxpayer Identification Number (TIN) may be provided instead of an SSN.

Part I. Applicable Large Employer Member (Employer)

Lines 7–13. Part I, lines 7–13, reports information about your employer.

Line 10. This line includes a telephone number for the person whom you may call if you have questions about the information reported on the form or to report errors in the information on the form and ask that they be corrected.

Part II. Employer Offer and Coverage, Lines 14–16

Line 14. The codes listed below for line 14 describe the coverage that your employer offered to you and your spouse and dependent(s), if any. (If you received an offer of coverage through a multiemployer plan due to your membership in a union, that offer may not be shown on line 14.) The information on line 14 relates to eligibility for coverage subsidized by the premium tax credit for you, your spouse, and dependent(s). For more information about the premium tax credit, see Pub. 974.

1A. Minimum essential coverage providing minimum value offered to you with an employee contribution for self-only coverage equal to or less than 9.5% of the 48 contiguous states single federal poverty line and minimum essential coverage offered to your spouse and dependent(s) (referred to here as a Qualifying Offer). This code may be used to report for specific months for which a Qualifying Offer was made, even if you did not receive a Qualifying Offer for all 12 months of the calendar year.

1B. Minimum essential coverage providing minimum value offered to you and minimum essential coverage NOT offered to your spouse or dependent(s).

1C. Minimum essential coverage providing minimum value offered to you and minimum essential coverage offered to your dependent(s) but NOT your spouse.

1D. Minimum essential coverage providing minimum value offered to you and minimum essential coverage offered to your spouse but NOT your dependent(s).

1E. Minimum essential coverage providing minimum value offered to you and minimum essential coverage offered to your dependent(s) and spouse.

1F. Minimum essential coverage NOT providing minimum value offered to you, or you and your spouse or dependent(s), or you, your spouse, and dependent(s).

1G. You were NOT a full-time employee for any month of the calendar year but were enrolled in self-insured employer-sponsored coverage for one or more months of the calendar year. This code will be entered in the *All 12 Months* box on line 14.

1H. No offer of coverage (you were NOT offered any health coverage or you were offered coverage that is NOT minimum essential coverage).

1I. Your employer claimed "Qualifying Offer Transition Relief" for 2015 and for at least one month of the year you (and your spouse or dependent(s)) did not receive a Qualifying Offer. Note that your employer has also provided a contact number at which you may request further information about the health coverage, if any, you were offered (see line 10).

Line 15. This line reports the employee share of the lowest-cost monthly premium for self-only minimum essential coverage providing minimum value that your employer offered you. The amount reported on line 15 may not be the amount you paid for coverage if, for example, you chose to enroll in more expensive coverage such as family coverage. Line 15 will show an amount only if code 1B, 1C, 1D, or 1E is entered on line 14. If you were offered coverage but not required to contribute any amount towards the premium, this line will report a "0.00" for the amount.

Line 16. This code provides the IRS information to administer the employer shared responsibility provisions. Other than a code 2C which reflects your enrollment in your employer's coverage, none of this information affects your eligibility for the premium tax credit. For more information about the employer shared responsibility provisions, see IRS.gov.

Part III. Covered Individuals, Lines 17–22

Part III reports the name, SSN (or TIN for covered individuals other than the employee listed in Part I), and coverage information about each individual (including any full-time employee and non-full-time employee, and any employee's family members) covered under the employer's health plan, if the plan is "self-insured." A date of birth will be entered in column (c) only if an SSN (or TIN for covered individuals other than the employee listed in Part I) is not entered in column (b). Column (d) will be checked if the individual was covered for at least one day in every month of the year. For individuals who were covered for some but not all months, information will be entered in column (e) indicating the months for which these individuals were covered. If there are more than 6 covered individuals, see the additional covered individuals on Part III, Continuation Sheet(s).

Form 1095-C (Large Employer)

Form 1095-C (2015)

Name of employee

Social security number (SSN)

Part III Covered Individuals – Continuation Sheet

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of coverage												
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	
23			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Employer Reporting - Form 1095-C

Part I:

- Reporting includes:
 - Employee's name, address, and SSN
 - SSN may be truncated (5 asterisks, last 4 numbers)
 - May not truncate SSN on forms filed with IRS
 - Employer's name, address, phone number and EIN
 - May not truncate EIN on forms filed with IRS
- MMEHT will provide all participating employer groups with a list of their covered employees (and dependents) in January 2016
 - Will include coverage, by month, for all of 2015

Employer Reporting - Form 1095-C

Part II:

- Reporting includes:
 - Plan Start Month
 - First month of the plan year
 - Optional for 2015
 - For MMEHT members, this is 01 (January)
 - Month-by-month information regarding:
 - Offer of Coverage
 - Employee Contributions
 - Safe Harbor and Other Relief

Employer Reporting - Form 1095-C

Offer of Coverage (Line 14)

- ALEs will need to complete this information for each full-time employee (30+ hours/week), whether or not the employee is enrolled in the health plan
- “Offer of coverage” only applies if coverage offered would provide coverage to employee every day of the calendar month
- A code must be entered for every month of the year, even if employee was not a full-time employee for one or more months of the year
- If same code applies for all 12 months of year, employer may enter code in the “All 12 Months” box and not in boxes for individual months

Employer Reporting - Form 1095-C

Offer of Coverage (Line 14)

- The Codes in this section (Code Series 1) specify the type of coverage (if any) offered to:
 - Employee
 - Employee's spouse
 - Employee's dependent children
- If employee terminates employment and is offered COBRA - do not report COBRA as offer of coverage
- But - if employee's hours are reduced and is offered COBRA - report COBRA as offer of coverage

Employer Reporting - Form 1095-C

Offer of Coverage (Line 14) - The Codes

- **1A. Qualifying Offer:** Minimum essential coverage providing minimum value offered to full-time employee with employee contribution for self-only coverage equal to or less than 9.5% mainland single federal poverty line and at least minimum essential coverage offered to spouse and dependent(s).
- This means - minimum essential, minimum value, **affordable** coverage
 - Note: If you use this Code 1A, you will not enter any contribution information on Line 15
 - Use of this Code 1A is optional - if you don't use it, what should you use instead?

Employer Reporting - Form 1095-C

Offer of Coverage (Line 14) - The Codes

- **1B.** Minimum essential coverage providing minimum value offered to employee only.
- **1C.** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) (not spouse).
- **1D.** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to spouse (not dependent(s)).
- **1E.** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse.

Employer Reporting - Form 1095-C

Offer of Coverage (Line 14) - The Codes

- **1F.** Minimum essential coverage NOT providing minimum value offered to employee; employee and spouse or dependent(s); or employee, spouse and dependents.
- **1G.** Offer of coverage to employee who was not a full-time employee for any month of the calendar year (which may include one or more months in which the individual was not an employee) and who enrolled in self-insured coverage for one or more months of the calendar year.

Employer Reporting - Form 1095-C

Offer of Coverage (Line 14) - The Codes

- **1H.** No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage, which may include one or more months in which the individual was not an employee).
- **1I.** Qualifying Offer Transition Relief 2015: Employee (and spouse or dependents) received no offer of coverage; received an offer that is not a qualifying offer; or received a qualifying offer for less than 12 months.

Employer Reporting - Form 1095-C

Employee Contributions (Line 15)

- Complete line 15 only if code 1B, 1C, 1D, or 1E is entered on line 14 either in the “All 12 Months” box or in any of the monthly boxes.
 - Do not complete Line 15 if you used Code 1A in line 14.
- Enter the amount of the employee share of the lowest-cost monthly premium for self-only minimum essential coverage providing minimum value that is offered to the employee.
- Enter the amount including any cents.

Employer Reporting - Form 1095-C

Employee Contributions (Line 15)

- If the employee is offered coverage but is not required to contribute any amount towards the premium, enter “0.00” (do not leave blank).
- If the employee share of the lowest-cost monthly premium amount was the same amount for all 12 calendar months, enter that monthly amount in each monthly box or enter that monthly amount in the “All 12 Months” box and do not complete the monthly boxes.
- If the employee share of the lowest-cost monthly amount was not the same for all 12 months, enter the amount in each calendar month for which the employee was offered minimum value coverage.

Employer Reporting - Form 1095-C

Employee Contributions (Line 15)

- For line 15, enter the **lowest-cost** monthly premium for **self-only** minimum essential coverage providing minimum value that is offered to the employee.
- **This amount may not be the amount the employee is paying for the coverage, for example, if the employee chose to enroll in more expensive coverage such as family coverage.**

Employer Reporting - Form 1095-C

Safe Harbor and Other Relief (Line 16)

- The Codes in this section (Code Series 2) specify the employee's employment status (and thus, eligibility for coverage) during each month of the year.
- For each calendar month, enter the applicable code, if any, from Code Series 2. You may enter only one code from Code Series 2 per calendar month.
- If the same code applies for all 12 calendar months, enter the applicable code in each monthly box or enter the code in the "All 12 Months" box. If none of the codes apply for a calendar month, leave the line blank for that month.

Employer Reporting - Form 1095-C

Safe Harbor and Other Relief (Line 16) - The Codes

- **2A.** Employee not employed during the month. Enter code 2A if the employee was not employed on any day of the calendar month. Do not use code 2A for a month if the individual was an employee of the employer on any day of the calendar month. Do not use code 2A for the month during which an employee terminates employment with the employer.
- **2B.** Employee not a full-time employee. Enter code 2B if the employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month. Enter code 2B also if the employee is a full-time employee for the month and whose offer of coverage (or coverage if the employee was enrolled) ended before the last day of the month solely because the employee terminated employment during the month (so that the offer of coverage or coverage would have continued if the employee had not terminated employment during the month).

Employer Reporting - Form 1095-C

Safe Harbor and Other Relief (Line 16) - The Codes

- **2C.** Employee enrolled in coverage offered. Enter code 2C for any month in which the employee enrolled in health coverage offered by the employer for each day of the month, regardless of whether any other code in Code Series 2 (other than code 2E) might also apply (for example, the code for a section 4980H affordability safe harbor). Do not enter 2C in line 16 if code 1G is entered in the All 12 Months Box in line 14 because the employee was not a full-time employee for any months of the calendar year. Do not enter code 2C in line 16 for any month in which a terminated employee is enrolled in COBRA continuation coverage (enter code 2A).

Employer Reporting - Form 1095-C

Safe Harbor and Other Relief (Line 16) - The Codes

- **2D.** Employee in a section 4980H(b) Limited Non-Assessment Period. Enter code 2D for any month during which an employee is in a Limited Non-Assessment Period for section 4980H(b).
- If an employee is in an initial measurement period, enter code 2D (employee in a section 4980H(b) Limited Non-Assessment Period) for the month, and not code 2B (employee not a full-time employee).
 - Limited Non-Assessment Period -> Waiting Period.
- **2E.** Multiemployer interim rule relief.
 - Does not apply to MMEHT.

Employer Reporting - Form 1095-C

Safe Harbor and Other Relief (Line 16) - The Codes

- **2F.** Section 4980H affordability Form W-2 safe harbor. Enter code 2F if the employer used the section 4980H Form W-2 safe harbor to determine affordability for purposes of section 4980H(b) for this employee for the year. If an employer uses this safe harbor for an employee, it must be used for all months of the calendar year for which the employee is offered health coverage.
- **2G.** Section 4980H affordability federal poverty line safe harbor. Enter code 2G if the employer used the section 4980H federal poverty line safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).
- **2H.** Section 4980H affordability rate of pay safe harbor. Enter code 2H if the employer used the section 4980H rate of pay safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).

Employer Reporting - Form 1095-C

Safe Harbor and Other Relief (Line 16) - The Codes

- **2I.** Non-calendar year transition relief applies to this employee.
 - Does not apply to MMEHT.

Employer Reporting - Form 1095-C

Part III:

- For self-insured large employers only
- Reporting includes:
 - Who was enrolled and when (by month)
 - Identifying info (name and SSN or TIN) for each covered individual - employee and dependents

**Part III does not need to be completed by
MMEHT member groups**

Employer Reporting - Form 1094-C

- Forms 1094-C => Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns
- Form 1094-C must be provided to the IRS, along with copies of all Forms 1095-C provided to full-time employees

Form 1094-C (Transmittal to IRS) - p.1

Form **1094-C**

Department of the Treasury
Internal Revenue Service

Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

► Information about Form 1094-C and its separate instructions is at www.irs.gov/form1094c

CORRECTED

120116

OMB No. 1545-2251

2015

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	5 State or province	6 Country and ZIP or foreign postal code	
7 Name of person to contact		8 Contact telephone number	
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	

For Official Use Only



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

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. Qualifying Offer Method Transition Relief C. Section 4980H Transition Relief 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 _____

Employer Reporting - Form 1094-C

Part I, Lines 1 - 17:

- Reporting includes:
 - Name, address, contact name and telephone number, and EIN for Applicable Large Employer (ALE)
 - Information regarding Designated Governmental Entity filing on behalf of the ALE (only if applicable)
 - Total number of Forms 1095-C submitted with transmittal

Employer Reporting - Form 1094-C

Part I, Line 18:

- Question: Is this the authoritative transmittal for this ALE Member?
- Form 1094-C must report aggregate employer-level data for the employer and be identified on line 19 as the Authoritative Transmittal. If multiple Forms 1094-C are being filed for an employer so that Forms 1095-C for all full-time employees of the employer are not attached to a single Form 1094-C transmittal (because Forms 1095-C for some full-time employees of the employer are being transmitted separately), one of the Forms 1094-C must report aggregate employer-level data for the employer and be identified on line 19 as the Authoritative Transmittal.

Employer Reporting - Form 1094-C

Part II, Lines 20 - 21:

- Complete only if Authoritative Transmittal
- Reporting includes:
 - Total number of Forms 1095-C filed by and/or on behalf of ALE Member
 - Part of Aggregated ALE Group?
 - **Aggregated ALE Group.** An Aggregated ALE Group refers to a group of ALE Members treated as a single employer under section 414(b), 414(c), 414(m), or 414(o). An ALE Member is a member of an Aggregated ALE Group for a month if it is treated as a single employer with the other members of the group on any day of the calendar month. If an ALE is made up of only one person or entity, that one ALE Member is not a part of an Aggregated ALE Group. Government entities and churches or conventions or associations of churches may apply a reasonable, good faith interpretation of the aggregation rules under section 414 in determining their status as an ALE or member of an Aggregated ALE Group.
 - If “no” – do not complete Part IV of Form 1094-C

Employer Reporting - Form 1094-C

Part II, Line 22:

Certifications of Eligibility (select all that apply)

- **Qualifying Offer Method**
 - Qualifying Offer = minimum value, affordable, minimum essential coverage to employee + minimum essential coverage to spouses and dependents
 - Employer made Qualifying Offer to at least one full-time employee for all months, and reports this on Form 1095-C, Line 14, Code 1A for any employee receiving the Qualifying Offer
 - Remember: Do not complete Line 15 (actual contribution amount) on Form 1095-C if using this method
 - Employer is not required to use this method, even if eligible to do so
 - Employer may choose to report Offer Code (1B, 1C, 1D, or 1E, whichever is applicable) and Contribution Amount instead

Employer Reporting - Form 1094-C

Part II, Line 22:

Certifications of Eligibility (select all that apply)

- Qualifying Offer Method Transition Relief
 - Qualifying Offer = minimum value, affordable, minimum essential coverage to employee + minimum essential coverage to spouses and dependents
 - Employer made Qualifying Offer to at least 95% of full-time employees for one or more months, and reports this on Form 1095-C, Line 14, Code 1A for any months for which the employee received the Qualifying Offer, or Code 1I for any months for which the employee did not receive a Qualifying Offer
 - Remember: Do not complete Line 15 (actual contribution amount) on Form 1095-C if using this method
 - Employer is not required to use this method, even if eligible to do so
 - Employer may choose to report Offer Code (1B, 1C, 1D, or 1E, whichever is applicable) and Contribution Amount instead

Employer Reporting - Form 1094-C

Part II, Line 22:

Certifications of Eligibility (select all that apply)

- Section 4980H Transition Relief
 - Note: If check this box, must also complete column e in Part III of Form 1094-C
- 50 to 99 Relief – Fewer than 100 full-time/FTE employees
 - These employers will not be subject to the Employer Shared Responsibility provision / penalty under the ACA for 2015
- 100 Or More Relief – 100 or more full-time / FTE employees
 - For 2015 only - If employer is subject to Employer Shared Responsibility provision and penalty is assessed, the assessable payment is calculated by reducing the employer's number of full-time employees by 80 rather than 30

Employer Reporting - Form 1094-C

Part II, Line 22:

Certifications of Eligibility (select all that apply)

- 98% Offer Method

- Note: If check this box, employer does not need to complete "Full-Time Employee Count" in column b in Part III of Form 1094-C.

- Employer offered:

- minimum value coverage
- that met the ACA's definition of affordable
- to at least 98% of employees for whom it is filing a 1095-C, and
- minimum essential coverage to their dependents

- Takes into account all months during which individuals were employees and not in Limited Non-Assessment (Waiting) Period
- Employer must still file Forms 1095-C for all full-time employees

Form 1094-C (Transmittal to IRS) - p.2

120216

Page 2

Form 1094-C (2015)

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Section 4980H Transition Relief Indicator
		Yes	No				
23	All 12 Months	<input 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"/>	

Employer Reporting - Form 1094-C

Part III:

- Reporting includes:
 - Column A - Minimum Essential Coverage Offer
 - Did employer offer MEC to at least 95% of full-time employees and their dependents?
- If the employer offered minimum essential coverage to at least 95% of its full-time employees and their dependents for the entire calendar year, enter "X" in the "Yes" checkbox on line 23 for "All 12 Months" or for each of the 12 calendar months.
- If the employer offered minimum essential coverage to at least 95% of its full-time employees and their dependents only for certain calendar months, enter "X" in the "Yes" checkbox for each applicable month.
- For the months, if any, for which the employer did not offer minimum essential coverage to at least 95% of its full-time employees and their dependents, enter "X" in the "No" checkbox for each applicable month.
- If the employer did not offer minimum essential coverage to at least 95% of its full-time employees and their dependents for any of the 12 months, enter "X" in the "No" checkbox for "All 12 Months" for each of the 12 calendar months.
- However, an employer that did not offer minimum essential coverage to at least 95% of its full-time employees and their dependents but is eligible for certain transition relief described in the instructions later under *Section 4980H Transition Relief for 2015* should enter an "X" in the "Yes" checkbox for Part III, line 23, column (a), as applicable.
 - For 2015 - can check "yes" as long as MEC was offered to at least 70% of full-time employees and their dependents (transition relief)

Employer Reporting - Form 1094-C

Part III:

- Reporting includes:
 - Column B - Full-Time Employee Count
 - Remember: Full-time = 30+ hours/week, not including those in waiting period
- Enter the number of full-time employees for each month, but do not count any employee in a Limited Non-Assessment Period. (If the number of full-time employees (excluding employees in a Limited Non-Assessment Period) for a month is zero, enter "0".)
- **Note.** If the employer certified that it was eligible for the 98% Offer Method by selecting box D, on line 22, it is not required to complete column (b).

Employer Reporting - Form 1094-C

Part III:

- Reporting includes:
 - Column C - Total Employee Count
- Enter the total number of all of your employees, including full-time employees and non-full-time employees and employees in a Limited Non-Assessment Period, for each calendar month. An employer must choose to use one of the following days of the month to determine the number of employees per month and must use that day for all months of the year: (1) the first day of each month; (2) the last day of each month; (3) the 12th day of each month; (4) the first day of the first payroll period that starts during each month; or (5) the last day of the first payroll period that starts during each month (provided that for each month that last day falls within the calendar month in which the payroll period starts). If the total number of employees was the same for every month of the entire calendar year, enter that number in line 23, column (c) "All 12 Months" or in the boxes for each month of the calendar year. If the number of employees for any month is zero, enter "0" .

Employer Reporting - Form 1094-C

Part III:

- Reporting includes:
 - Column D - Aggregated Group Indicator
- An employer must complete this column if it checked “Yes” on line 21, indicating that, during any month of the calendar year, it was a member of an Aggregated ALE Group. If the employer was a member of an Aggregated ALE Group during each month of the calendar year, enter “X” in the “All 12 Months” box or in the boxes for each of the 12 calendar months. If the employer was not a member of an Aggregated ALE Group for all 12 months but was a member of an Aggregated ALE Group for one or more month(s), enter “X” in each month for which it was a member of an Aggregated ALE Group. If an employer enters “X” in one or more months in this column, it must also complete Part IV.

Employer Reporting - Form 1094-C

Part III:

- Reporting includes:
 - Column E – Section 4980H Transition Relief
 - If checked Box C on line 22, indicate either A or B
 - A = Eligible for 50 to 99 Transition Relief
 - Fewer than 100 full-time / FTE employees in 2015
 - Not subject to penalty under Employer Shared Responsibility (ESR) section of ACA
 - B = Eligible for 100 Or More Transition Relief
 - 100 or more full-time / FTE employees in 2015
 - Subject to ESR penalty but “sledgehammer” penalty calculated based on number of full-time employees less the first 80, not 30

Form 1094-C (Transmittal to IRS) - p.3

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Page 3

Form 1094-C (2015)

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	

Employer Reporting - Form 1094-C

Part IV:

- Reporting includes:
 - Names and EINs of Other ALE members of the Aggregated ALE Group
 - Members at any time during the calendar year
 - Aggregated ALE Group - Affiliated employers with common ownership or that are part of a controlled group, treated as a single employer under Section 414(b), 414(c), 414(m), or 414(o)
 - Consult with your attorney with questions on Aggregated ALE Group Status

Employer Reporting

- Mandatory reporting begins in 2016 for 2015 plan year
 - Voluntary reporting for 2014 plan year
 - Most employers did not report for 2014
- Statements must be provided to covered individuals by January 31 of the following year
 - 1/31/2016 for 2015 plan year
 - Statements must be furnished on paper by mail, unless affirmative consent by recipient to receive in electronic format
- Electronic returns must be provided to the IRS by March 31 of the following year
 - 3/31/2016 for 2015 plan year
 - 2/29/2016 for 2015 plan year, if paper filing

And Just in Case

- If an employer does not file the required forms, there is a penalty!
 - **\$250 for each return that is not filed but should have been, to a maximum of \$3,000,000 per calendar year**
- **PLUS**
 - **\$250 for each payee statement that is not provided but should have been, to a maximum of \$3,000,000 per calendar year**
- Employers may request an extension of up to 30 days to provide statements to employees – but you still have to file!
 - File Form 8809 by the regular due date in order to get the extension
- Penalties may be increased if “intentional disregard” of requirement to furnish payee statement
- For 2015 only – the IRS will not impose penalties for incorrect or incomplete information, if “good faith effort” has been made to comply.
 - If errors – can file corrected forms

Employer Reporting

- Employer reporting to be done on Forms 1095-C (to Employees) and 1094-C (Transmittal to IRS, with copies of all Forms 1095-C)
- 2015 forms and instructions may be viewed on IRS website at:
 - <https://www.irs.gov/pub/irs-pdf/f1094c.pdf>
 - <https://www.irs.gov/pub/irs-pdf/f1095c.pdf>
 - <https://www.irs.gov/pub/irs-pdf/i109495c.pdf>

IRS Estimates - Just for Fun

- From the IRS Instructions for Forms 1094-C and 1095-C:
- The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:
 - Form 1095-C..... 12 min.
 - Form 1094-C..... 4 hrs.
- If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Employer Shared Responsibility

- Originally effective January 1, 2014; postponed to January 1, 2015
- Also referred to as “Play or Pay”
- Not a **mandate**, but
- Imposes a **penalty** on large employers that either:
 - **Do not offer coverage** to substantially all eligible full-time employees (defined by the ACA as working 30 hours or more per week); or
 - **Do offer coverage**, but that coverage does not meet key criteria
 - Minimum value
 - Affordability

Employer Shared Responsibility

- Employers bear part of the responsibility for making sure that everyone has health insurance coverage
- Applies **only** to Applicable Large Employers (as defined by the law)
 - No requirements for small employers to offer coverage

Who Must “Play or Pay”?

- “Applicable Large Employers” (ALEs) = At least 50 full-time / full-time equivalent employees *
 - Full-time employees – at least 30 hours per week
 - Employer may calculate based on 130 hours per month rather than 30 hours per week, as long as consistent across workforce
 - “Full-time equivalents” (FTEs) counted when determining if group is a Large Employer, but do not all have to be offered coverage

* For 2015 only - “Transition relief” for employers with 50-99 full-time/full-time equivalent employees

Counting Your Employees

- Full-time equivalents (FTEs) – less than 30 hours per week
 - Calculate “hours of service” for all of these employees in a month
 - Add all hours together
 - Divide by 120
 - This will tell you how many full-time equivalents you have for that month
- Calculate the number of full-time employees (30+ hours/week) you have each month
- Add the total number of full-time employees for the entire year
- Then add the total number of FTEs for the entire year
- Add those two numbers together and divide by 12
- This will give you the number of employees (full-time plus FTE) so you can determine if you are a “large employer”

Counting Your Employees - Example

Anytown has 40 full-time employees, each working 30+ hours per week, or 130+ hours per month, all 12 months of the year

Anytown also has 20 part-time employees, each working 60 hours per month, all 12 months of the year

Calculate "hours of service" for part-time employees:

$$20 \times 60 = 1,200 \text{ hours of service per month}$$

Divide this by 120

$$1,200 / 120 = 10$$

Anytown has 10 full-time equivalents, all 12 months of the year

$$40 \text{ full-time employees} \times 12 \text{ months} = 480$$

$$10 \text{ full-time equivalents} \times 12 \text{ months} = 120$$

$$480 + 120 = 600 / 12 = 50$$

Anytown is an Applicable Large Employer, and is subject to the Employer Shared Responsibility provision of the ACA

(When) Will You Play or Pay?

- Add full-time employees plus full-time equivalents together to determine if you must “play or pay” in 2015
- Do this for at least six consecutive months (your “measurement period”) in 2014
 - If the total is:
 - **100 or more** – you are subject to the Employer Shared Responsibility provision effective **1/1/2015**
 - **50-99** – you are subject to the Employer Shared Responsibility provision effective **1/1/2016**
 - Note: Employer cannot have restructured workforce solely to drop below 100 employees
 - **Less than 50** – you are **not** subject to the Employer Shared Responsibility provision (at least, not for now.....)
- Repeat this process, but using 12 month “measurement periods” in 2015 and every year thereafter

Who Must Be Offered Coverage?

- To avoid the penalty, an Applicable Large Employer (ALE) must offer minimum value, affordable coverage to “substantially all” full-time employees
 - Full-time employees = working 30 or more hours per week / 130 or more hours per month
 - Substantially all = 95%
 - “Transition Relief” for 2015 only = 70%
 - Affordable = Employee’s premium contribution for self-only coverage for the lowest cost, Minimum Value plan offered by the employer, in which the employee is eligible to enroll, may not exceed 9.5% of household income
 - Three “Safe Harbors” for determining Affordability

Determining Affordability - Federal Poverty Level Safe Harbor

- Using the Federal Poverty Level “safe harbor” method for calculating whether a plan is Affordable:
 - 2015 Single FPL = \$11,770 (annual)
 - 9.5% of that = \$1,118.15 (annual)
 - Employee’s premium contribution for self-only coverage cannot exceed \$93.18 per month
 - Based on 2015 Single FPL

Determining Affordability - W-2 and Rate of Pay Safe Harbors

- Using the W-2 and Rate of Pay safe harbors will require the employer to look at the **lowest paid employee** in each contribution category, to determine whether coverage is Affordable
- If Affordable for the lowest paid employee, will be Affordable for all others

What Is the Penalty, and Who Will Have To Pay It? (“Sledgehammer”)

- An employer that **does not offer** Minimum Essential Coverage to “substantially all” full-time employees will be responsible for paying a penalty **if**:
- Penalty is equal to \$2,000 annually for each full-time employee employed by the employer, not counting the first 30 employees, **if**
 - at least one full-time employee obtains coverage through the Exchange, **and**
 - that employee receives a subsidy to help pay for coverage
- Transition relief for 2015 only - Penalty is equal to \$2,000 annually for each full-time employee employed by the employer, not counting the first **80** employees

What Is the Penalty, and Who Will Have To Pay It? (“Sledgehammer”)

Example:

Anytown has 100 full-time employees. Anytown **does not offer** Minimum Essential Coverage to its full-time employees. One full-time employee goes to the Marketplace and receives a subsidy.

Anytown is subject to the following penalty in 2015:

$$\$2,000 \text{ annually} \times (100 - 80) = \$2,000 \times 20 = \$40,000$$

Using the same scenario, Anytown would be subject to a \$140,000 penalty in 2016:

$$\$2,000 \text{ annually} \times (100 - 30) = \$2,000 \times 70 = \$140,000$$

Actual penalty will be calculated on a monthly basis, and will be adjusted for inflation.

What Is the Penalty, and Who Will Have To Pay It? (“Tackhammer”)

- An employer that **does offer** Minimum Essential Coverage to “substantially all” full-time employees will be responsible for paying a penalty **if**:
 - at least one full-time employee obtains coverage through the Exchange, **and**
 - that employee receives a subsidy to help pay for coverage
- Penalty is equal to **the lesser of**:
 - \$2,000 annually for each full-time employee employed by the employer, not counting the first 30 employees, **or**
 - \$3,000 annually for each full-time employee that enrolls in coverage, and receives a subsidy, through the Exchange
- Note: Transition relief for 2015 only - Penalty is equal to the lesser of \$2,000 annually for each full-time employee employed by the employer, not counting the first **80** employees, **or**

What Is the Penalty, and Who Will Have To Pay It? (“Tackhammer”)

Example:

Anytown has 100 full-time employees. Anytown **does offer** Minimum Essential Coverage to at least 95% of its full-time employees. One full-time employee goes to the Marketplace and receives a subsidy.

Anytown is subject to the following penalty in 2015:

The lesser of:

$$\begin{aligned} & \$2,000 \text{ annually} \times (100 - 80) = \$2,000 \times 20 = \$40,000 \quad \underline{\text{or}} \\ & \$3,000 \text{ annually} \times 1 = \$3,000 \end{aligned}$$

Actual penalty will be calculated on a monthly basis, and will be adjusted for inflation.

How Can A Large Employer Avoid the Penalty?

- A large employer may avoid the “Sledgehammer” penalty by doing all of the following:
 - Offer **Minimum Essential Coverage** to substantially all (70% in 2015; 95% thereafter) full-time employees and their dependents (children to age 26)
 - Ensure that the plan provides **Minimum Value**
 - Ensure that the employee’s premium contribution for self-only coverage for the lowest-cost, Minimum Value plan is **Affordable**
- May still be subject to the “Tackhammer” penalty

How Will the Penalty Be Assessed?

According to the IRS:

- Employer will not make a payment with a return
 - IRS will determine amount and notify employer
 - Employer will have opportunity to respond before assessment
 - IRS will send a notice and demand after assessment
-
- From: *Employer Shared Responsibility Provisions - What Government Employers Need to Know*; IRS Presentation, July 24, 2014

Recap - How Can Large Employers Avoid the Penalty?

- Minimum Essential Coverage
- Minimum Value
- Affordability

Remember:

- Employer is only subject to penalty **IF** at least one full-time employee enrolls in coverage, **and** receives a premium subsidy / tax credit, through the Exchange (now referred to as the Health Insurance Marketplace)

Who Is Eligible for a Subsidy Through the Exchange?

- Employee is eligible for subsidy if:
 - Between 100% and 400% of Federal Poverty Level;
 - Not eligible for coverage through a government-sponsored health insurance programs such as Medicaid or CHIP;
 - Not eligible for employer-sponsored coverage; or, eligible for employer-sponsored coverage but such coverage is considered to be **unaffordable** or does not provide minimum value

Who Is Not Eligible for a Subsidy Through the Exchange?

- If an employee has access to employer-sponsored coverage that meets the definitions of **Minimum Essential Coverage**, **Minimum Value**, and **Affordable**, that employee **and his dependents** will not be eligible to receive a subsidy through the Exchange

Will You Be Subject to a Penalty?

- If a large employer offers coverage that meets the definitions of **Minimum Essential Coverage**, **Minimum Value**, and **Affordable**, to **substantially all** (at least 70% in 2015; 95% thereafter) of its eligible **full-time employees** (working 30 or more hours per week), those employees who are offered coverage **and their dependents** will not be eligible to receive a subsidy through the Exchange
- If no employees receive a subsidy, then the employer is not subject to a penalty
- All MMEHT health plans constitute Minimum Essential Coverage, and all provide Minimum Value
- Affordability will be determined at the individual employer level

The Cadillac Tax

- Effective January 1, 2018
- Imposes a 40% excise tax on “high value” health plans
- “High value” = the value of health insurance benefits exceeds the following specified thresholds:
 - \$10,200 for single coverage
 - \$27,500 for family coverage
 - Tax is on amount above \$10,200 / \$27,500
- Higher thresholds possible for “high risk” professions and employers with disproportionately older population
- Thresholds will most likely be increased after 2018, based on CPI

The Cadillac Tax

- “Value” of the plan includes:
 - Employer contributions to premium
 - Employee contributions to premium
 - Contributions to tax-advantaged health care accounts such as FSAs, HRAs, and pretax contributions to HSAs
- Does not include “excepted benefits” such as separate dental and vision plans
- Tax will be assessed against:
 - Health insurance issuer (fully insured plans)
 - Plan administrator (self-insured plans)
- How will tax be assessed if health plan and HRA are through different vendors/administrators?

The Cadillac Tax

- Employers / plan sponsors will be responsible for calculating the amount of tax owed, and reporting to each coverage provider and to the IRS
- If employee has more than one type of coverage (e.g., health plan + HRA), each coverage provider will be responsible for paying their “applicable share” of the excess benefit
- Applicable share is based on percentage of the employee’s aggregate cost of coverage provided by that coverage provider
- To date, IRS has issued two Notices, seeking comments
 - IRS Notice 2015-16 (<http://www.irs.gov/pub/irs-drop/n-15-16.pdf>)
 - IRS Notice 2015-52 (<http://www.irs.gov/pub/irs-drop/n-15-52.pdf>)

TIME WELL SPENT™

THANKS FOR MAKING ME
FEEL BETTER ABOUT MY
BAD DREAM. IS THERE
ANYTHING THAT KEEPS
YOU UP AT NIGHT?

ACA
COMPLIANCE
LIABILITY.



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*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.*

GENERAL QUESTIONS?

*Contact: Anne M. Wright
Director, Health Trust Services
awright@memun.org*