



Maine Municipal Employees Health Trust

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To: Health Trust Participating Employers
From: Anne Wright, Director, MMEHT
Date: November 23, 2016
Re: ACA Update - Form 1095-C Deadline Extended

Good afternoon!

In honor of the Thanksgiving holiday, and in recognition of the fact that many of you will be taking a few well-deserved days of rest after today, this week's ACA update will be short and sweet. In fact, since this update really only applies to those employers who meet the ACA's definition of Applicable Large Employers (that is, 50 or more full-time plus full-time equivalent employees), those of you who work for employers that do not meet that definition can start your days off now, and don't even have to read this update. Unless of course you really want to.....

On Friday, November 18, the IRS issued Notice 2016-70, which provides an early holiday present to many large employers. Notice 2016-70 grants a **30-day extension** to all large employers with regard to the distribution of their Forms 1095-C. You'll recall that under the ACA, large employers are now required to provide every full-time employee with a Form 1095-C each year. Full-time employees, as defined by the ACA, are those employees working at least 30 hours per week/130 hours per month. The Form 1095-C provides information to the employee (and ultimately to the IRS), regarding whether or not the employer offered affordable health coverage to the employee during the previous year. These forms must be provided to all full-time employees, regardless of whether or not the employee actually enrolled in the employer's health plan.

Last year, because the IRS was so late issuing the final forms, the deadline for providing Forms 1095-C to full-time employees was extended from January 31 to March 31, and the deadline for filing the forms with the IRS was extended from March 31 to June 30 (May 31 if filing paper forms). This year, the IRS has issued its final forms in a much more timely manner (you can already find them online, at <https://www.irs.gov/pub/irs-pdf/f1095c.pdf>), so we were expecting that the forms would be due on their "normal" date of January 31. But, as stated in IRS Notice 2016-70, the IRS and Treasury Departments "have determined that a substantial number of employers, insurers, and other providers of minimum essential coverage need additional time beyond the January 31, 2017, due date to gather and analyze the information and prepare the 2016 Forms 1095-B and 1095-C to be furnished to individuals." So if you need a little extra time to pull together all the information you need to complete your Forms 1095-C, you now have until **March 2, 2017**, to provide the 2016 forms to your full-time employees.

Please note that this 30-day extension applies **only** to the Forms 1095-C that large employers will provide to their full-time employees. So far, the IRS has not provided for any similar extension

with regard to filing the completed Forms 1095-C (along with the Form 1094-C) with the IRS. The IRS filing deadline is still **March 31, 2017**, for those large employers filing electronically, and **February 28, 2017**, for those large employers filing paper copies. Additionally, the IRS has stated that they will not grant any additional 30-day extensions with regard to providing the Forms 1095-C to employees, so don't try to file that Form 8809 requesting a further extension. Forms 1095-C must be provided to all full-time employees by March 2. (Point of interest: If you are filing paper copies with the IRS, you will need to complete that filing by February 28 – so you may as well distribute the Forms 1095-C to your employees by that date as well – or file electronically.)

The IRS provided large employers with another bit of good news in Notice 2016-70, with regard to the good faith compliance standard. Last year, the IRS promised not to penalize large employers that could show they had made a "good faith effort" to comply with the ACA's reporting requirements, even if the information filed was incomplete or incorrect. (There was no such "good faith effort" leniency for employers that filed late or did not file at all.) Although the IRS had said that the "good faith effort" standard would only apply for the 2015 Forms 1095-C filed in 2016, they have apparently reversed course, and have offered the same leniency for this year. So even if an employer's filings are incorrect or incomplete, as long as they can show that they have made a "good faith effort" to comply with the requirements of the law, the IRS will not impose a penalty. Again, though, remember that this leniency will not apply to employers who file late or not at all. So be sure to provide your 1095-Cs to full-time employees on or before March 2, 2017 – and file all of the Forms 1095-C with the completed Forms 1094-C with the IRS, by March 31 if filing electronically, or February 28 if filing paper copies.

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.