

White Paper

AFFORDABLE CARE ACT:

2017 REPORTING REQUIREMENTS FOR APPLICABLE LARGE EMPLOYERS

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The Affordable Care Act (ACA) added two employer reporting requirements to the Internal Revenue Code (Code):

- Code § 6056 requires **applicable large employers** (ALEs) to provide an annual statement to each **full-time employee** detailing the employer’s health coverage offer (or lack of offer).
- Code § 6055 requires employers (any size) that provide **minimum essential coverage** (MEC) under a **self-funded (uninsured) plan** to provide an annual statement to covered employees and former employees (including information about covered dependents).

The IRS has issued Form 1095-C, *Employer-Provided Health Insurance Offer and Coverage*, for ALEs to satisfy the requirement under Code § 6056. If the employer self-funds its plan(s), the employer also will use Form 1095-C to satisfy the additional requirement under Code § 6055. Employers providing any Forms 1095-C also must file copies with the IRS using a transmittal form, Form 1094-C, *Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns*. In addition, the transmittal form requests aggregated information.

GETTING STARTED

Based on 2016 employee records, determine if your organization is an ALE for 2017. If so:

- For each month in 2017, identify which employees are **full-time employees**:
 - Determine whether you offered health coverage to that employee (and children) for that month; and
 - Determine the type of health coverage offered (Minimum essential coverage? Minimum value coverage that is affordable?).

If you self-fund any plan providing minimum essential coverage in 2017, regardless of whether you are an ALE, identify all covered persons (e.g., full-time employees, part-time employees, COBRA, dependents).

REPORTING 2017 INFORMATION FOR AN ALE THAT OFFERS ONLY INSURED PLAN(S) OR NO PLAN

Form 1095-C (Employee Statement)	Form 1094-C (Transmittal to IRS)
<p>Form is required for employees that are full-time employees for any month in 2017.</p> <ul style="list-style-type: none"> • Complete Part I: <ul style="list-style-type: none"> • Employer information (name, EIN, address, phone) • Employee information (name, SSN, address) • Complete Part II: <ul style="list-style-type: none"> • Health coverage offer information by month, if any • Employee’s share of monthly premium for lowest-cost self-only minimum value coverage • Safe harbor information, by month • Leave Part III blank 	<ul style="list-style-type: none"> • Employer information (name, EIN, address, phone) • Information about whether you offered coverage to 95 percent of your full-time employees (and children) • Total number of Forms 1095-C you issued to employees • Full-time employee counts by month • Total employee counts by month • Information about members of your aggregated ALE group, if any

**REPORTING 2017 INFORMATION FOR AN EMPLOYER THAT PROVIDES A SELF-FUNDED HEALTH PLAN
(ASSUMES EMPLOYER ALSO IS AN ALE)**

Form 1095-C (Employee Statement)	Form 1094-C (Transmittal to IRS)
<p>Form is required for any employee or former employee covered under the self-funded plan for any month in 2017:</p> <ul style="list-style-type: none"> • Complete Part I: <ul style="list-style-type: none"> • Employer information (name, EIN, address, phone) • Employee information (name, SSN, address) • Complete Part II for each employee or former employee: <ul style="list-style-type: none"> • Health coverage offer information by month, if any • Employee's share of monthly premium for lowest-cost self-only minimum value coverage • Safe harbor information, by month <p>Note: The items required vary based on the individual (full-time employee, non-full-time employee, COBRA, etc.).</p> <ul style="list-style-type: none"> • Complete Part III regarding each individual (including dependents) covered under the self-funded plan: <ul style="list-style-type: none"> • Name, and SSN or TIN • Months of coverage 	<ul style="list-style-type: none"> • Employer information (name, EIN, address, phone) • Information about whether you offered coverage to 95 percent of your full-time employees (and children) • Total number of Forms 1095-C you issued to employees • Full-time employee counts by month • Total employee counts by month • Information about members of your aggregated ALE group, if any

Definitions:

Full-time employee is a common-law employee averaging at least 30 hours of service per week (or 130 per month), as determined under one of two specific measurement methods. An hour of service is each hour for which payment is made or due (e.g., performance of duties, vacation, holidays, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence).

An applicable large employer (ALE) is an employer that had an average of 50 or more full-time employees (including full-time-equivalent employees) in the prior calendar year. For example, an employer's size in 2016 determines whether the employer is an ALE for 2017. Related employers in a controlled group must be counted together.

Minimum essential coverage (MEC) means any employer-sponsored group health plan with medical benefits. "Excepted benefits" (e.g., most types of dental and vision plans, flexible spending accounts (FSAs), employee assistance programs (EAPs), and fixed indemnity plans) are not minimum essential coverage.

Minimum value coverage (MV) means the minimum essential coverage plan's share of total allowed cost of benefits is at least 60 percent of such costs. "Affordable" means the employee's required contribution for self-only coverage does not exceed 9.69 percent (2017) of the employee's income from the employer.