



# 2016 ACA Reporting Update

Presented by Brett Bussell, Managing Partner

*Notice: The presentation is a review of certain reporting requirements per Section 6055 and 6056 of the U.S. Internal Revenue Code. It is not intended as official legal, financial, or tax advice.*

# Today's Topics

- **What's New in 2016 (per latest IRS guidance)**
- **10 Examples and Lessons Learned for 1095-C**
- **Deadlines / Penalties**
- **Next Steps for getting ACA Help**

***Estimated Time: 15-20 min***

# Is the data in Forms 1094C & 1095C Protected Health Information?

- There has been a lot of confusion on whether data reported on forms 1094C and 1095C is PHI as per HIPAA, but:
- **No it is not.**
- That said, almost every state now has a separate data breach law to protect personal information (this definition varies state to state). Depending on the state, and depending on the information contained in the particular 1095, a 1095 could contain "personal information."
- Some states may require security measures to protect the data, such as encryption, and some states may require notification to individuals and the state's Attorney General in the event of any breach.

# Is the data in Forms 1094C & 1095C Protected Health Information? (cont'd)

That said, since the data is sensitive, use **good security practices**, including **encryption**, when transmitting and storing electronically or otherwise.

Questions on Security Practices? Please contact us.

# What's New in 2016?

## 1094/1095-C Form Revisions

- No more Good Faith Effort
- No more “Qualifying offer transition relief” - Form 1094-c, line 22, box B is now labeled “reserved”
- New reminder of ACA’s full-time employee definition. The text “Section 4980H” was inserted on form 1094-c, part III, column (b)
- New Term Employee Required Contribution (“ERC”) for Line 15

# What's New in 2016? (cont.)

## 1094/1095-C Form Revisions

- Codes 1I and 2I are now reserved (qualifying offer transition relief)
- Introducing codes 1J and 1K to use on form 1095-C, line 14

*Note: The "Plan Start Month" box will remain optional on the 2016 Form 1095-C.*

- 1J - MEC providing MV offered to employee and at least MEC conditionally offered to spouse; MEC not offered to dependent(s)
- 1K - MEC providing MV offered to employee and at least MEC offered to dependents and at least conditionally offered to spouse.
- Clarifications / New Guidance on COBRA reporting

*\*A conditional offer is an offer of coverage that is subject to one or more reasonable, objective conditions.*

# Transition Relief

- Limited forms of transition relief continue to apply in 2016
- References to transition relief that applied only in 2015 have been removed
- Descriptions of the remaining forms of transition relief have been amended to clarify which months in 2016 the transition relief still applies

## Lessons from 2015

### Document, Communicate, and Evaluate:

Eligibility  
Conditions

Method for  
determining  
full-time  
status

Affordability  
Safe Harbors



# Examples for 1095-C

- **New Codes 1J & 1K**
- **COBRA examples**
- **Misc Examples**

## Conditional Offer Code 1J

Example: A full-time employee is offered MEC that meets MV. An offer of coverage is also made to a spouse, but only if not eligible for a group health plan sponsored by another employer. Dependents are not eligible.

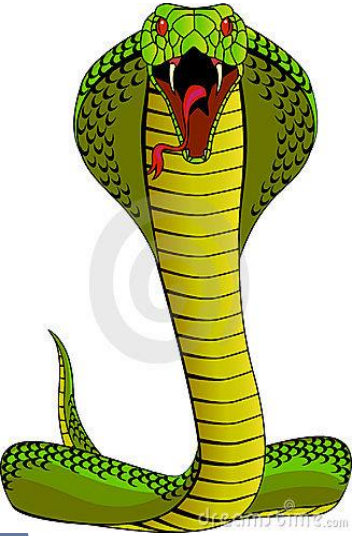
FT employee & spouse enroll all 12 months (same if spouse does not enroll)													
	ALL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Line 14	1J												
Line 15	\$98.49												
Line 16	2C												

# Conditional Offer Code 1K

Example: A full-time employee & dependents are offered MEC that meets MV. An offer of coverage is also made to a spouse, but only if they are not eligible for a group health plan sponsored by another employer.

FT employee & spouse & dependents enroll all 12 months (same if spouse and/or dependents do not enroll)													
	ALL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Line 14	1K												
Line 15	\$98.49												
Line 16	2C												

# COBRA - New Guidance (per Draft Instructions)



For terminated employees coverage should be reported on the Form 1095-C as “no offer” (Code 1H) on Line 14, and “employee not employed” (Code 2A) on Line 16.

For employees that go to a part time status, offers of COBRA coverage should continue to be reported as in 2015.

# COBRA Example (1)

\*Based on a calendar year plan - Applies to fully insured and self-funded plans (regardless of if the individual enrolled in COBRA)

Full-time Employee, Spouse & Dependent ENROLLED Jan-Aug - Terminates employment August 15, 2016 then enrolls in COBRA remainder of year													
	ALL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Line 14		1E	1E	1E	1E	1E	1E	1E	1H	1H	1H	1H	1H
Line 15		\$167	\$167	\$167	\$167	\$167	\$167	\$167					
Line 16		2C	2C	2C	2C	2C	2C	2C	2B	2A	2A	2A	2A

# COBRA Example (1) Cont.

**\*Self-funded plans must indicate months covered by COBRA on 1095-C Part III**

(a) Name of covered individuals	(b) SSN	(c) DOB (if SSN is not available)	(d) All 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
17 Employee	xxx-xx- xxx			X	X	X	X	X	X	X	X	X	X	X	X
18 Spouse	Xxx-xx- xxx			X	X	X	X	X	X	X	X	X	X	X	X
19 Dependent	Xxx-xx- xxxx			X	X	X	X	X	X	X	X	X	X	X	X
20 Dependent															
21 Dependent															
22 Dependent															

## COBRA (2) Example

\*Based on a calendar year plan - Applies to fully insured and self-funded plans (regardless of if the individual enrolled in COBRA)

Full-time Employee, Spouse & Dependent ENROLLED Jan-Aug 31 - Change of status, part-time September 1, 2016 then offered/enrolls in COBRA remainder of year													
	ALL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Line 14		1E	1E	1E	1E	1E	1E	1E	1E	1E	1E	1E	1E
Line 15		\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$480	\$480	\$480	\$480
Line 16		2C	2C	2C	2C	2C	2C	2C	2C	2C	2C	2C	2C

## COBRA (3) Example

\*Based on a calendar year plan - Applies to fully insured and self-funded plans (regardless of if the individual enrolled in COBRA)

Full-time Employee, Spouse & Dependent ENROLLED Jan-Aug 31 - Change of status, part-time September 1, 2016 offered but declines COBRA enrollment													
	ALL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Line 14		1E	1E	1E	1E	1E	1E	1E	1E	1E	1E	1E	1E
Line 15		\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$480	\$480	\$480	\$480
Line 16		2C	2C	2C	2C	2C	2C	2C	2C	2B	2B	2B	2B



# Non-Employee 12 Months

**Example: Part-time Employee, COBRA Beneficiary, or Retired Employee**

	ALL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Line 14	1G												
Line 15													
Line 16													

Example: COBRA beneficiary from January 1 2016 - July 31, 2016.  
Drops COBRA August 1, 2016.

***NOTE: Only applicable to self-funded plans.***

# Non-Employee 12 Months Cont.

(a) Name of covered individuals	(b) SSN	(c) DOB (if SSN is not available)	(d) All 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
17 Employee	xxx-xx- xxx			X	X	X	X	X	X	X					
18 Spouse															
19 Dependent															
20 Dependent															
21 Dependent															
22 Dependent															

Example: COBRA beneficiary from January 1 2016 - July 31, 2016.  
Drops COBRA August 1, 2016.

***NOTE: Only applicable to self-funded plans.***

# Variable Employee

- Note: Only report on Variable Hour Employees IF determined to be full-time after the Measurement Period.

Variable Hour Employee determined to be full-time after the Measurement Period and ENROLLS at 2016 Open Enrollment. Note: Non-calendar plan year, October													
	ALL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Line 14		1H	1H	1H	1H	1H	1H	1H	1H	1H	1E	1E	1E
Line 15											\$167	\$167	\$167
Line 16		2D	2D	2D	2D	2D	2D	2D	2D	2D	2C	2C	2C

# Declined Offer

- Note: Only report on Variable Hour Employees IF determined to be full-time after the Measurement Period.

Variable Hour Employee determined to be full-time after the Measurement Period and DECLINES offer of coverage at October 2016 Open Enrollment													
	ALL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Line 14		1H	1H	1H	1H	1H	1H	1H	1H	1H	1E	1E	1E
Line 15											\$167	\$167	\$167
Line 16		2D	2D	2D	2D	2D	2D	2D	2D	2D	2F/ 2H	2F/ 2H	2F/2H

# Terminated Mid-Year

Full-time Employee ENROLLED Jan-Sept - Terminates employment Sept 10, 2015													
	ALL	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Line 14		1E	1E	1E	1E	1E	1E	1E	1E	1H	1H	1H	1H
Line 15		\$98.49	\$98.49	\$98.49	\$98.49	\$98.49	\$98.49	\$98.49	\$98.49				
Line 16		2C	2C	2C	2C	2C	2C	2C	2C	2B	2A	2A	2A

## Other Notes

- Employee Forms are not to be attached to their Tax Return and are for their information only.
- Employer Filing Extensions are available for 2016

# Deadlines

Task	2016 tax year deadline	Comment
Distribute 1095 B/C forms to employees/recipients	<b>31-Jan-17</b>	This should be considered the primary deadline
Paper Filing Due to IRS	28-Feb-17	
Electronic Filing Due to IRS	31-Mar-17	
Corrections Filing	TBD	Last year guidance was "asap"

When is the latest you can get data to us? Our guidance: Jan 25, but earlier the better!

# Penalties

- Penalty up to \$260 per return for failure to file a correctly and on time, up to a maximum of \$3,193,000.
- The penalty for failure to furnish a correct employee statement is up to \$260 per return, up to \$3,193,000.
- BOTH penalties may apply in the event that an ALE fails to both file and furnish. For a total of \$520.
- The maximum penalty for both has now doubled to \$6 million.



# Recordkeeping Reminder

- **Retaining complete and accurate records helps:**
  - Move the audit process along
  - Provide an accurate picture of your employee benefits
  - Reduce liability
- **Keep copies of participant notices and records showing distribution**
- **As a general rule, keep these records for at least seven years**
- **If service providers keep records, fiduciaries must regularly verify retention and availability**

# Overview of Services *ACAPrime*

- ACA Reporting
- ACA Tracking
- Form 5500
- Wrap Documents
- Compliance Review
- Technology Solutions

# Contact Us **ACA**Prime

For questions on ACA Reporting, Tracking and Compliance Services, contact:

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*More resources available at:*  
[www.acaprime.com/aca-resources](http://www.acaprime.com/aca-resources)