



September 29, 2016

Reporting Under IRC Sections 6055 and 6056

For the first time in 2015 applicable large employers (ALE) of 50 or more full-time employees were required to report information about offers of health coverage to full-time employees and the provision of minimum essential coverage (MEC) under the Affordable Care Act. Internal Revenue Code Sections 6055 & 6056 made it necessary for employers to file annually with the IRS reports of offers of medical coverage to full-time employees as well as statements to the employee taxpayers on IRS Forms 1094-C and 1095-C also known as the "C-Series" Forms.

What's New for the 2016 Reporting Period?

Recently the Internal Revenue Service (IRS) released preliminary drafts of the 2016 C-Series Forms and Instructions, which include several changes from last year. Though the recent C-Series information is still in draft form, employers should become familiar with the anticipated changes in preparation for the upcoming reporting deadlines.

COBRA Reporting Changes

For 2016 offers of COBRA coverage for terminated employees and dependents should not be reported as offers of coverage regardless of whether COBRA is accepted. Instead terminated employees and dependents should be reported as "no offer" (Code 1H) on line 14 and "employee not employed" (Code 2A) on line 16 for the remainder of the year. This rule also applies to former employees who receive retiree coverage through the employer.

In the case of COBRA offers for employees and dependents who remain employed the IRS confirms that the COBRA coverage is treated as an offer of coverage on the 1095-C. Further, an offer of coverage made once in a calendar year (even if declined) is still an offer of coverage for each month of the year for the employees and their dependents.

Updated Full Time Employee (FTE) Count Guidance

The draft instructions also issued additional guidance for employers in determining whether their organization truly meets the definition of an Applicable Large Employer (ALE) subject to these reporting requirements and for reporting FTE counts on Form 1094-C.

Though additional clarification is anticipated regarding the two commonly used measurement methods (monthly and look-back), the instructions do clearly encourage employers to reference IRC 4980H for a legal definition of a FTE.



Additionally there were some coding changes announced, including the addition of Code IJ and IK for Line 14 to indicate "conditional offers of spousal coverage" as well as the removal of several Transitional Relief programs that in the prior year shielded employers from penalties for failing to meet reporting deadlines.

Reports from Benefit Strategies

Benefit Strategies will provide participating employers with calendar year 2016 data for COBRA participants in the system. A report will be sent in October, then monthly reports will be sent from November through March to capture any changes to the original.

Benefit Strategies is not preparing the applicable forms for our clients, however a sample report with sample data can be found [HERE](#). You can use this sample to test how you will use the report to produce the required forms and filing.

What forms are required?

Under Code Section 6055, reporting entities will generally file Forms 1094-B (a transmittal) and 1095-B (an information return). Under Code Section 6056, entities will file Forms 1094-C (a transmittal) and 1095-C (an information return) for each full-time employee for any month.

Employers send 1095s to employees first, then send a 1094 to the IRS second. Employers use 1095s to report offer of both self-insured and fully-insured coverage, and enrollment in self-insured coverage.

Differences among Self-Insured and Fully Insured Plans

Self-Funded Medical Plans - Employer uses Form 1094-C. The employer will need to complete both sections of the form to submit all the information required under both Sections 6055 and 6056.

Fully Insured Medical Plan - Employers also use Form 1094-C, but the employer completes only the information that applies to the Section 6056 reporting.

Deadline for Sending the 1095 Forms to Employees

1095s are generally due to employees by January 31st of the year immediately following the calendar year to which the return relates. If the employer is sending a Form 1095-B to a non-employee, the "B" Forms and the "C" Forms have the same deadlines.

Deadline for Filing the 1094 Form with the IRS

1094s (with 1095s attached) are generally due to the IRS by February 28th (March 31st if filed electronically) of the year immediately following the calendar year to which the return relates. If an employer is filing a Form 1094-B, the "B" and the "C" Forms have the same filing deadlines.