

IRS Form 1095-C Quick Reference Guide

Overview

Form 1095-C is required to be distributed by Applicable Large Employers no later than 3/2/17 to all employees that had full-time status for at least one calendar month during 2016. In addition, a copy of each Form 1095-C will be provided to the IRS, along with the applicable Form 1094-C submittal, by 2/28/17 (or 3/31/17 if electronic). Form 1095-Cs are required even if the employer did not sponsor health coverage during 2016.

Part I

Part I is self-explanatory. *One note:* On the copy of the 1095-C distributed to employees, the employee social security number may be truncated (using ***-**-1234 or xxx-xx-1234). On the formal copy of the 1095-C provided to the IRS, the social security number must be listed in full and should not be truncated.

Part II

Part II must be completed for every employee receiving a 1095-C, whether or not the employee was offered coverage during the year and whether or not the employee enrolled. Part II is customized for each individual employee based on his/her specific situation during 2016.

The “All 12 Months” column may be used if the employee’s situation was constant throughout 2016. *Example:* Employee who was employed all year, offered coverage all year for same employee-only rate, and enrolled (or waived) all year. If the “All 12 Months” column can be used for any of the three lines, the monthly columns for January through December may be left blank. Alternatively, if an employee’s situation changed during 2016 such that the “All 12 Months” column is not appropriate, then the employer must complete the January – December columns.

A reference key for Lines 14 and 16 in Part II is on page 2.

For Line 15, employer should list the amount of the employee’s share of the premium for employee-only coverage. This is the amount that applies for purposes of the affordability analysis – the amount of the premium for the lowest cost plan option providing minimum value. Even if the employee waived coverage, elected a higher level of coverage (buy-up), or elected family coverage, the amount listed should be the amount he/she would have paid for employee-only coverage for the lowest cost qualifying option.

Part III

Part III only applies if the employer sponsored a self-funded health plan for all or part of 2016. If the employer sponsored a fully insured plan (or no plan) for all of 2016, then the box for Part III will not be checked, and Part III will be omitted.

If the employer sponsored a self-funded health plan for all or part of 2016, then the box for Part III will be checked, and the employer will list on Lines 17+ the name of the employee as well as any spouse or dependent(s) enrolled. The employer will also list in the appropriate columns the Social Security Number of each individual (or date of birth if SSN not available), along with the applicable months that the individual(s) was/were enrolled during the calendar year.

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Codes for Lines 14 & 16

Below is a reference key for applicable codes for Lines 14 and 16 of the Form 1095-C. “Primary codes” are those most likely to be used, and “Secondary codes” are those less frequently used. Additional explanation is available in the *IRS Instructions for Form 1094-C and 1095-C*, beginning at page 10 of that document.

Line 14 codes	Line 16 codes
<p><u>Primary codes:</u></p> <p>1A. Minimum essential coverage providing minimum value offered to employee & minimum essential coverage offered to spouse & dependent(s). <u>1A</u> applies only if employee contribution for employee-only coverage equal to or less than 9.66% of mainland 2016 Federal Poverty Level (\$95.63 per month). If minimum value coverage was offered but for more than \$95.63, code <u>1E</u> applies instead.</p> <p>1E. Minimum essential coverage providing minimum value offered to employee & at least minimum essential coverage offered to spouse & dependents. This applies if coverage was offered but for more than \$95.63 for <u>1A</u>.</p> <p>1H. No offer of minimum essential health coverage was made to employee for the month. This could apply if employee was not employed, or if employee was employed but not offered coverage (PT status, eligibility waiting period, or otherwise.)</p> <p><u>Secondary codes:</u></p> <p>1B. Minimum essential coverage providing minimum value offered to employee only – not to spouse or dependent(s).</p> <p>1C. Minimum essential coverage providing minimum value offered to employee, & minimum essential coverage offered to dependent(s) (spouse excluded).</p> <p>1D. Minimum essential coverage providing minimum value offered to employee, & minimum essential coverage offered to spouse (dependent(s) excluded).</p> <p>1F. Minimum essential coverage <u>NOT</u> providing minimum value offered to employee & any spouse or dependents. <i>Translation:</i> MEC “skinny” plan coverage offered that did not meet 60% actuarial value standard.</p> <p>1G. An offer of self-funded coverage was made to employee who was not a full-time employee for any month of 2016 & who enrolled for 1+ month(s).</p> <p>1J. Minimum essential coverage providing minimum value offered to employee & minimum essential coverage offered conditionally to spouse (dependents excluded).</p> <p>1K. Minimum value coverage providing minimum value offered to employee, minimum essential coverage offered to dependents, & minimum essential coverage offered conditionally to spouse.</p>	<p><u>Primary codes:</u></p> <p>2A. Employee was not employed during the month.</p> <p>2B. Employee was employed during the month but was not FT. This could apply to an employee that had PT status prior to promotion to FT position. <i>By special instruction</i>, code <u>2B</u> is also used for a month in which an employee terminated employment & coverage terminated on that date (rather than end of month).</p> <p>2C. Employee enrolled. <u>2C</u> is the “trump” code, since if employee enrolled, then affordability is not an issue. Employee could not be eligible for a federal premium subsidy & could not trigger a “B” penalty on employer.</p> <p>2D. Employee was in a Limited Non-Assessment Period. IRS rules outline five separate Non-Assessment Periods, the primary of which is the eligibility waiting period (up to 90 days). This code will most often be used during an employee’s initial 3 months prior to eligibility.</p> <p>2F. Employee waived coverage, but coverage was affordable under the Form W-2 safe harbor.</p> <p>2G. Employee waived coverage that was affordable under the Federal Poverty Limit safe harbor. This code is applicable if code <u>1A</u> was used for Line 14 (\$95.63 or less per month) & employee waived coverage.</p> <p>2H. Employee waived coverage, but coverage was affordable under the Rate of Pay safe harbor.</p> <p>Blank. If coverage offered to employee was not affordable under one of the three safe harbors listed above, & employee waived the coverage, leave Line 16 <u>blank</u>.</p> <p><u>Secondary codes:</u></p> <p>2E. <i>Multiemployer interim rule relief.</i> This code may be applicable, for example, if employee received an offer of coverage from a third-party, including a union or Multiple Employer Welfare Arrangement.</p> <p>2I. No longer applicable.</p>

This Quick Reference Guide has been drafted by our partner benefits attorney for use by employers in their efforts regarding the new reporting requirements. The information included should not be construed as formal legal or tax advice. If you need further assistance, contact our team or your third party reporting service.