

As you are aware, certain employers are required to report information related to their employee's health coverage in 2015. Employers may voluntarily report the information relating to 2014. This letter will briefly outline the information required to be reported to IRS.

Beginning in 2015, certain employers with 50 or more full-time employees (i.e., "applicable large employers" or ALEs) will use Forms 1094-C and 1095-C to report the information about offers of health coverage and enrollment in health coverage for their employees. Specifically, an ALE will use Form 1094-C to report summary information for each employee and to transmit Forms 1095-C to IRS. A separate Form 1095-C is used to report information about each employee. In addition, Forms 1094-C and 1095-C are used in determining whether an employer owes payments under the employer shared responsibility provisions (sometimes referred to as the "employer mandate"). Under the employer mandate, an employer can be subject to a penalty if it does not offer affordable minimum essential coverage that provides minimum value to substantially all of its full-time employees (and their dependents). Form 1095-C is also used in determining eligibility of employees for premium tax credits.

Although IRS has not finalized Form 1094-C and 1095-C, IRS has issued drafts of both forms and instructions for the draft forms. While it is certainly possible that the final Forms 1094-C and 1095-C may differ from the draft forms, the draft forms provide some guidance as to the information that will be required to be reported.

Under draft Form 1095-C (Part II), ALEs have to report the following information for each employee who was an ALE's full-time employee for any month of the calendar year:

- the employee's name, social security number (SSN), and address,
- the employer contact and Employer Identification Number (EIN), including the contact person's name and phone number,
- description of the offer of coverage (using one of the codes provided in the instructions) and the months of coverage,
- each full-time employee's share of the cost for coverage under the lowest-cost, minimum-value plan offered by the employer, by calendar month, and
- applicable safe harbor (using one of the codes provided in the instructions) under the employer shared responsibility or employer mandate penalty.

If an ALE offers health coverage through an employer-sponsored self-insured plan, the ALE also has

to report more information on Form 1095-C (specifically, in Part III). For this purpose, a self-insured plan also includes a plan that offers some enrollment options as insured arrangements and other options are under self-insured options. In Part III, the ALE reports the name, SSN (or date of birth if SSN isn't available), and coverage information about each individual (including any full-time employee and non-full-time employee, and any employee's family members) covered under the employer's health plan. If an individual was covered for some but not all the months of the year, an ALE has to indicate the months for which these individuals were covered in Part III.

If an employer provides health coverage in another manner, such as through an insured health plan or a multiemployer health plan, the issuer of the insurance or the sponsor of the plan providing the coverage will provide the information about the health coverage to any enrolled employees, and the employer should not complete Form 1095-C, Part III, for those employees. An employer that provides employer-sponsored self-insured health coverage but is not subject to the employer mandate, is not required to file Forms 1094-C and 1095-C and reports instead on Forms 1094-B and 1095-B for employees who enrolled in the employer-sponsored self-insured health coverage.

On Form 1094-C, an employer can also indicate whether any certifications of eligibility for relief from the employer mandate apply.

You should be aware that these reporting requirements may be more complex if the employer is a member of an aggregated ALE group or if the coverage is provided through a multiemployer plan.

The above is a very simplified explanation of the reporting requirements. Please call me if I can assist you in complying with these requirements.