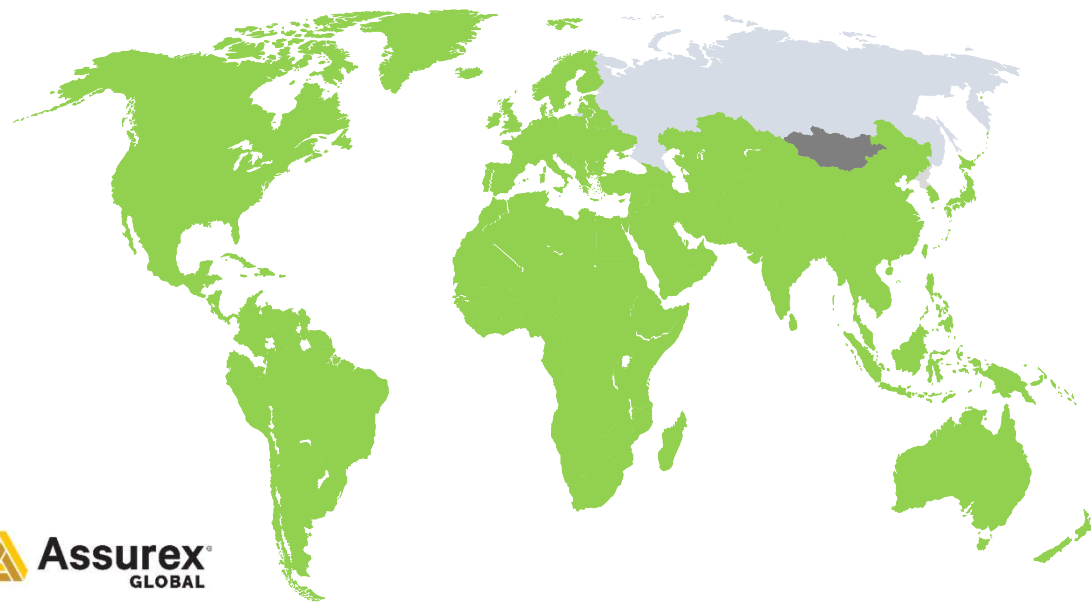


ACA Employer Reporting

Presented by Benefit Comply
October 2024

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- = Assurex Global territories
- = Non-Assurex Global agreement territories
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Agenda

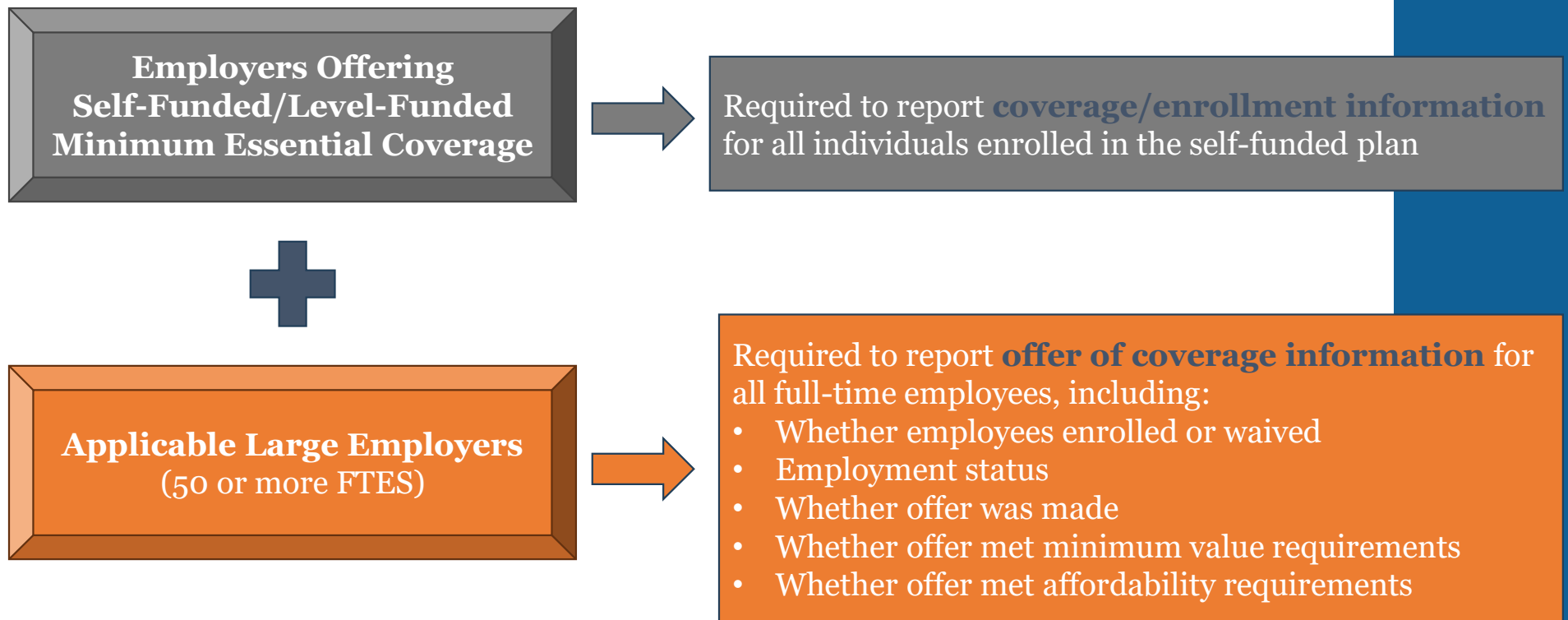
- Who & When & How
- Self-Funded Group Health Plans
- Applicable Large Employers (ALEs)
- IRS Enforcement

ACA Employer Reporting

Who? When? How?

1094 / 1095 Reporting

- Employers Subject to Reporting



1094 / 1095 Reporting

- 2025 Due Dates (for 2024 Reporting)

Feb 28th – Mailed IRS
submissions

Mar 3rd – Form 1095
copies to individuals

Mar 31st – Electronic IRS
submissions

Electronic Reporting Requirements

Employers filing 10 or more forms required to submit reporting electronically

- Extensions
 - No extension for the March 3rd deadline to provide copies to individuals
 - 30-day extension for IRS filing if Form 8809 is filed prior to March 31st deadline

1094 / 1095 Reporting

| ALE Fully-Insured Plan | ALE Self-Funded Plan |
|--|--|
| Form 1094-C (all parts) Form 1095-C <ul style="list-style-type: none">•Part I - Employee & Employer Info•Part II - Offer of Coverage (eligibility) Info <p>*Insurance carrier will provide coverage information on fully-insured plan via Form 1094/1095-B</p> | Form 1094-C (all parts) Form 1095-C <ul style="list-style-type: none">•Part I - Employee & Employer Info•Part II - Offer of Coverage (eligibility) Info•Part III - Info on Covered Individuals <p>*Form 1094/1095-B may be used instead for non-employees covered under the plan</p> |
| Small Employer Fully-Insured Plan | Small Employer Self-Funded Plan |
| No reporting required by the employer <p>*Insurance carrier will provide coverage information via Form 1094/1095-B</p> | Form 1094-B and 1095-B Info on Covered Individuals |

ACA Employer Reporting

Self-Funded Group Health Plans

Self-Funded Coverage Reporting

- Federal Coverage Reporting
 - All self-funded (and level-funded) group health plans providing minimum essential coverage (MEC) must report on all covered individuals
 - Employees, non-employees (e.g., COBRA participants and retirees), spouses and dependents
 - A Form 1095 must be completed for each primary subscriber with spouses and dependents listed on the primary subscriber's form
- Reporting Responsibilities
 - For level-funded plans, check with the carrier; carrier may assist with the reporting or will at least provide annual enrollment data
 - Solutions available ranging from electronic filing only to full-service
 - Solutions used for offer of coverage reporting by applicable large employers can be used for coverage reporting by indicating plans are “self-funded”

Self-Funded Coverage Reporting

- Federal Coverage Reporting
 - Small employers (<50 FTEs) → Form 1094-B and Form 1095-Bs
 - Applicable large employers → Form 1094-C and Part III of Form 1095-Cs

Form 1095-C (2024)

Page **3**

| Part III Covered Individuals | | | | | | | | | | | | | | | | | | |
|--|--|--|--|----------------------|--|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. <input type="checkbox"/> | | | | | | | | | | | | | | | | | | |
| (a) Name of covered individual(s) First name, middle initial, last name | | | | (b) SSN or other TIN | (c) DOB (if SSN or other TIN is not available) | (d) Covered all 12 months | (e) Months of coverage | | | | | | | | | | | |
| | | | | | | | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
| 18 | | | | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 19 | | | | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20 | | | | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 21 | | | | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 22 | | | | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

SSN/TIN Reporting

- SSN/TIN
 - Required for spouses and dependents only when reporting enrollment in a self-funded (or level-funded) group health plan
 - Generally required to make at least 3 attempts to obtain accurate information



If employer is unable to obtain SSN/TIN using this process, employer may use date of birth, but should document the 3-step process for audit purposes

State Individual Mandate Reporting

- State Individual Mandates

- California, Massachusetts, New Jersey, Rhode Island, Washington D.C.
 - Fully-insured plans → In-state carriers will file; out-of-state carriers might not (leaving employer responsible)
 - Self-funded plans → Employer is responsible to file

| | Required Forms | Reporting Deadlines |
|------------------------|--------------------------|--|
| California | Form 1094 and Form 1095s | <ul style="list-style-type: none">• Statements to covered individuals January 31st• Filing with FTB March 31st |
| Massachusetts | Form 1099-HC | <ul style="list-style-type: none">• Statements to covered individuals January 31st• Filing with DOR March 31st |
| New Jersey | Form 1094 and Form 1095s | <ul style="list-style-type: none">• Statements to covered individuals March 3rd• Filing with DORES March 31st |
| Rhode Island | Form 1094 and Form 1095s | <ul style="list-style-type: none">• Statements to covered individuals March 3rd• Filing with DOT March 31st |
| Washington D.C. | Form 1094 and Form 1095s | <ul style="list-style-type: none">• Statements to covered individuals March 3rd• Filing with OTB due 30 days after federal reporting |

ACA Employer Reporting

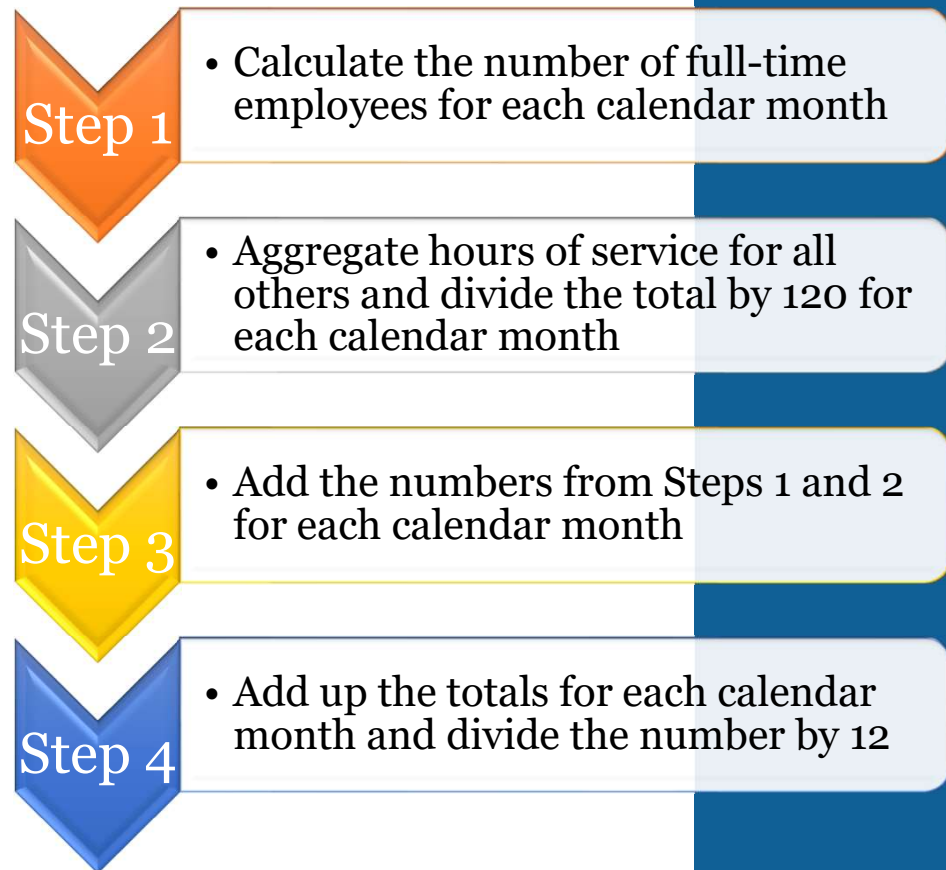
Applicable Large Employers (ALEs)

Applicable Large Employers (ALEs)

- Average of 50 or more full-time equivalents (FTEs) **in the previous calendar year**

Tips for Determining ALE Status

- ✓ Count all employees (including seasonal and union employees)
- ✓ Count all hours of service for any employee employed for at least one day during the month
- ✓ Hours of service = hours paid or payable with U.S.-source income
- ✓ Aggregate FTEs for entities in the same controlled group or affiliated service group
- ✓ Special considerations for mergers/acquisitions



§4980H (Employer Mandate) Requirements

§4980H(a)

- ALEs must offer minimum essential coverage to 95% (or all but 5, if greater) of full-time employees and their dependent children

§4980H(b)

- ALEs must offer coverage that provides minimum value AND is affordable to all full-time employees

• Full-Time Status

- 30 or more hours of service/week (130/month)
- Monthly measurement method or look-back measurement method

• MEC versus Minimum Value

- Minimum value = 60% or better actuarial value

• Affordability

- Employee contribution for single minimum value coverage $\leq 8.39\%$ of employee's household income (or one of the affordability safe harbors)

Affordability Safe Harbors

FPL

- Monthly cost cannot exceed % of FPL
 - 2023 non-calendar year plans = \$110.80/month or less ($\$14,580 \times 9.12\% / 12$)
 - 2024 calendar year plans = \$101.93/month or less ($\$14,580 \times 8.39\% / 12$)
 - 2024 non-calendar year plans = \$105.29/month or less ($\$15,060 \times 8.39\% / 12$)

Rate of Pay

- Monthly cost cannot exceed % of hourly rate x 130 or monthly salary
 - e.g., $\$18/\text{hr} \times 130 \times 8.39\% = \196.32
- Use hourly rate on first day of the coverage period; if pay is reduced, use lower amount
- Use monthly salary on first day of the coverage period; if pay is reduced, safe harbor is not available

Form W-2

- Annual cost does not exceed 8.39% of Box 1 W-2 wages
- Include all annual wages/salary, including bonuses, but reduced by pre-tax contributions
- Use Box 1 wages for the year coverage is offered (e.g., 2024 Box 1 wages for affordability of coverage during 2024)

Marketplace Premium Tax Credit Eligibility

- Individuals who **enroll** in employer-sponsored group health plan coverage cannot qualify for a premium tax credit

HealthCare.gov

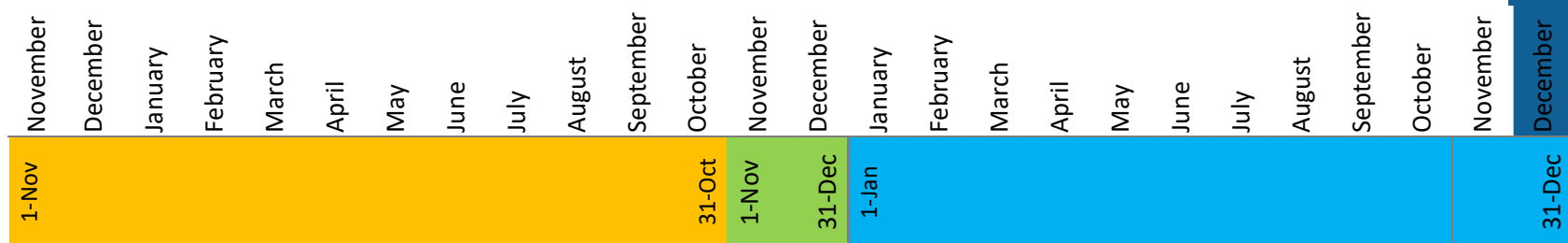
- Individuals who are **eligible, but waive** employer-sponsored group health plan coverage cannot qualify for a premium tax credit if:
 - Coverage provides minimum value;
AND
 - Employee contribution is affordable
- Affordability
 - Affordability for employee based on employee contribution for single coverage
 - Affordability for family members based on employee contribution for family coverage

ALE Offer of Coverage Reporting

- 1094-C + 1095-C for Full-Time Employees
 - Solutions available ranging from mostly self-serve to full-service
 - Important to track necessary data by employee throughout the year
 - Employee hours of service by month
 - When/if offer of medical coverage was made and whether employee enrolled or waived
 - Whether medical coverage provided minimum value
 - Employee contribution for single coverage
 - Make sure vendor systems are set up correctly, if applicable
 - Plan year
 - Plan funding
 - Monthly versus look-back measurement method and waiting periods
 - Hours and pay for all employees
 - Minimum value status and employee contributions

Look-Back Measurement Method

- Example: 12-month Measurement and Stability Periods (Calendar Year Plan)
 - Standard Cycle (Ongoing Employees)
 - Measurement Period and Stability Period = 12 months for each
 - Administration Period = 2 months



- Standard Measurement Period
- Stability Period - Eligibility guaranteed regardless of # of hours of service
- Administrative Period

Look-Back Measurement Method

- Example: 12-month Measurement and Stability Periods (Calendar Year Plan)
 - Initial Cycle
 - Full-time hires
 - Waiting period of 90 calendar days or less
 - Part-time, variable hour or seasonal hires
 - Measurement Period and Administrative Period (cannot exceed 13 + partial month)
 - 11-month measurement + 2-month administration; or
 - 12-month measurement + 1-month administration
 - Stability Period = 12 months

Form 1094-C

- Required Information
 - ✓ Employer information
 - ✓ # Form 1095-Cs being filed
 - ✓ Whether employer is part of an aggregated ALE group
 - ✓ Certification of eligibility (simplified reporting options)
 - ✓ Whether MEC was offered to 95% or more
 - ✓ Full-time employee counts by month
 - ✓ Total employee counts by month
 - ✓ Name(s) and EIN(s) of other members of the same aggregated ALE group

Form 1094-C

MEC Offer Indicator

Did employer offer MEC to at least 95% of full-time employees each month of 2024???

Form 1094-C (2024)

Page 2

| | | (a) Minimum Essential Coverage Offer Indicator | | (b) Section 4980H Full-Time Employee Count for ALE Member | (c) Total Employee Count for ALE Member | (d) Aggregated Group Indicator | (e) Reserved |
|----|---------------|--|--------------------------|---|---|--------------------------------|--------------|
| | | Yes | No | | | | |
| 23 | All 12 Months | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 24 | Jan | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 25 | Feb | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 26 | Mar | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 27 | Apr | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 28 | May | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 29 | June | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 30 | July | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 31 | Aug | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 32 | Sept | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 33 | Oct | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 34 | Nov | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| 35 | Dec | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |

Form 1094-C (2024)

Form 1095-C

- Required Information
 - Part I – Employer and employee summary information
 - Part II – Offer of coverage information
 - Part III – Coverage information for a self-funded (or level-funded) plan

Form 1095-C

- Line 14 should always have an offer code (offered coverage or not for the month)
- Line 15 should reflect the lowest cost single minimum value coverage offered
- Line 16 should provide additional information (not employed, part-time, enrolled, waiting period, affordability safe harbor)
- Line 17 only used for ICHRA offerings

| Part II Employee Offer of Coverage | | | | Employee's Age on January 1 | | | | | Plan Start Month (enter 2-digit number): | | | | |
|---|---------------|-----|-----|-----------------------------|-----|-----|------|------|--|------|-----|-----|-----|
| | All 12 Months | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
| 14 Offer of Coverage (enter required code) | | | | | | | | | | | | | |
| 15 Employee Required Contribution (see instructions) | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable) | | | | | | | | | | | | | |
| 17 ZIP Code | | | | | | | | | | | | | |

If blank, suggests §4980H(b) penalty

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form 1095-C (2024)

Offer of Coverage Reporting Tips

Employee NOT offered coverage for the month

Code 1H on **Line 14**

Leave **Line 15** blank

Indicate why coverage was not offered on **Line 16**
2A (not employed), 2B (part-time) or 2D (waiting period)
Leave it blank if there is no reason

Offer of Coverage Reporting Tips

Employee offered coverage for the month

Applicable offer code on **Line 14** (e.g., 1A or 1E)

Monthly employee contribution on **Line 15**

Indicate enrollment or affordability on **Line 16**

2C if enrolled

2F (Form W-2), 2G (FPL) or 2H (rate of pay) if waived and affordable

Leave it blank if waived and unaffordable

ACA Employer Reporting

IRS Enforcement

1094 / 1095 Reporting - IRS Enforcement

Letter 5699

- IRS reaches out to employers who appear to be ALEs (based on Form W-2s filed) and who did not report

Letter 226J

- IRS proposes assessments based on self-reporting of §4980H compliance and subsidized Marketplace enrollment

Letter 972CG

- IRS imposes penalties for late or missed filings

Employer Reporting Penalties

- Failure to Timely or Accurately Report
 - 2024 Penalty (potentially \$660/form)
 - \$330/failure to the IRS
 - \$330/failure to send copies to employees and covered individuals

NO MORE GOOD FAITH RELIEF

Employers should be extra careful in reviewing and approving submissions to the IRS to make sure the reporting is as complete and accurate as possible

§4980H (Employer Mandate) Penalties

- Penalties based on self-reporting via Forms 1094-C and 1095-C and number of full-time employees who enrolled in subsidized Marketplace coverage

| | 2024 |
|------------------|------------------------|
| §4980H(a) | \$2,970 (\$247.50/mo.) |
| §4980H(b) | \$4,460 (\$371.67/mo.) |

§4980H(a) Penalty

- Penalty applies if employer fails to offer minimum essential coverage to 95% (or all but 5, if greater) AND any full-time employee enrolled in subsidized Marketplace coverage
- Penalty X (total full-time employees – 30)

§4980H(b) Penalty

- Penalty X each full-time employee not offered minimum value, affordable coverage that enrolled in subsidized Marketplace coverage



Questions

Webinar Wrap-Up

Thank you to the following Assurex Global Partners for sponsoring this event:

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- Starkweather & Shepley
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- WA Group
- Watkins Insurance Group
- Wells Insurance
- Woodruff Sawyer

[A link to the recording of today's session will be available early next week from the Assurex Global Partner Firm who invited you to today's event.](#)



Assurex Global in Numbers



26K+
Employees



100+
Partner Firms



\$46B
**Annual
Premium**



\$4.9B
**Annual
Revenue**



730+
**Partner
Offices**



175
Countries