



ACA COMPLIANCE BULLETIN

DRAFT FORMS FOR 2016 ACA REPORTING RELEASED

HIGHLIGHTS

- > Draft forms for 2016 reporting under Sections 6055 and 6056 are now available.
- > Draft or final instructions have not yet been released.
- > Two new "Offer of Coverage" codes are included, to indicate conditional offers to spouses.
- > The "Plan Start Month" field remains optional for 2016.

IMPORTANT DATES

- > **January 31, 2017**
Individual statements for 2016 must be furnished by Jan. 31, 2017.
- > **February 28, 2017**
IRS returns for 2016 must be filed by Feb. 28, 2017 (March 31, 2017, if filed electronically).

OVERVIEW

The Internal Revenue Service (IRS) has released **2016 draft forms** for reporting under Internal Revenue Code (Code) Sections 6055 and 6056. Draft or final instructions for the 2016 forms have not yet been released.

- ✓ Forms [1094-B](#) and [1095-B](#) (released on June 22, 2016) are to be used by entities reporting under Section 6055, including self-insured plan sponsors that are not applicable large employers (ALEs).
- ✓ Forms [1094-C](#) and [1095-C](#) (released on July 7, 2016) are to be used by ALEs to report under Section 6056, as well as for combined Section 6055 and 6056 reporting by ALEs who sponsor self-insured plans.

Minor changes were made to Forms 1094-C and 1095-C, including the addition of two new "Offer of Coverage" codes.

ACTION ITEMS

Employers should become familiar with the planned revisions to the forms. However, these 2016 forms are **draft versions only**, and should not be filed with the IRS or relied upon for filing. The IRS may make changes prior to releasing final 2016 versions.

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Background

The Affordable Care Act (ACA) created new reporting requirements under Code Sections 6055 and 6056. Under these new reporting rules, certain employers must provide information to the IRS about the health plan coverage they offer (or do not offer) or provide to their employees. Under these rules, each reporting entity must annually file all of the following with the IRS:

- ✓ A separate **statement** (Form 1095-B or Form 1095-C) for each individual who is provided with minimum essential coverage (for providers reporting under Section 6055), or for each full-time employee (for ALEs reporting under Section 6056); and
- ✓ A single **transmittal form** (Form 1094-B or Form 1094-C) for all of the returns filed for a given calendar year.

The 2016 draft forms are largely unchanged from the 2015 versions. However, some minor changes were included in the 2016 draft versions.

In addition, reporting entities must also furnish related statements to individuals annually. Reporting was first required in 2016, related to coverage offered or provided in 2015.

Forms generally must be filed with the IRS no later than Feb. 28 (March 31, if filed electronically) of the year following the calendar year to which the return relates. The individual statements generally are due on or before Jan. 31 of the year immediately following the calendar year to which the statements relate. However, the deadlines for filing and furnishing forms for 2015 were extended several months.

2016 Draft Forms

The 2016 draft forms are largely unchanged from the 2015 versions. However, the following minor changes were included in the 2016 draft versions, as discussed below.

Additional "Offer of Coverage" Codes

The Form 1095-C includes "Offer of Coverage" codes (Code Series 1), which specify the type of coverage, if any, offered by the employer to an employee, the employee's spouse and the employee's dependent(s). The IRS previously stated that they intended to include additional codes in 2016 and beyond, which an employer would use, if applicable, to indicate that the employer's offer of coverage to an employee's spouse is a conditional offer (for example, an offer of coverage that is available to a spouse only if the spouse certifies that he or she does not have access to health coverage from another employer).

As a result, the 2016 draft Form 1095-C includes the following two additional "Offer of Coverage" codes:

- ✓ **Code 1J** can be used if: (1) minimum essential coverage providing minimum value was offered to the employee; (2) minimum essential coverage was conditionally offered to the employee's spouse; and (3) minimum essential coverage was not offered to the employee's dependent(s).
- ✓ **Code 1K** can be used if: (1) minimum essential coverage providing minimum value was offered to the employee; (2) minimum essential coverage was conditionally offered to the employee's spouse; and (3) minimum essential coverage was offered to the employee's dependent(s).



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Plan Start Month

The 2015 Form 1095-C included a "Plan Start Month" box, which was optional for 2015, but was expected to be required for 2016 and beyond. **However, the 2016 draft Form 1095-C provides that the "Plan Start Month" box will remain optional on the 2016 Form 1095-C.** As a result, for 2016, ALEs can choose to:

- ✓ Add this field and provide plan year information;
- ✓ Add this field and enter "00"; or
- ✓ Leave this new field out (thus using the 2015 format).

To provide plan year information in the "Plan Start Month" box, employers should enter the two-digit number (01 through 12) indicating the calendar month during which the plan year begins of the health plan in which the employee is offered coverage (or would be offered coverage, if the employee were eligible to participate in the plan). For example, an employer would enter "01" for a calendar-year plan.

If more than one plan year could apply (for instance, if the employer changes the plan year during the year), enter the earliest applicable month. If no coverage is offered to the employee, enter "00".

Reserved Fields Relating to 2015 Transition Relief

For reporting under Section 6056, a transition relief rule was available in 2015 under the Qualifying Offer Method (an alternative method of reporting). An ALE that was eligible for this transition relief was required to:

- ✓ Certify by **checking Box B on Line 22 of Form 1094-C** that the employer is eligible for, and is using, the Qualifying Offer Method Transition Relief for 2015; and
- ✓ Use the "Offer of Coverage" **Code 1A on Line 14 of Form 1095-C** for each employee for any months in which the employer was eligible for the transition relief.

However, the Qualifying Offer Method Transition Relief rule was only available for 2015 offers of coverage. As a result, the 2016 draft Form 1094-C reserved Box B, making it unavailable for employers in 2016. In addition, the 2016 draft Form 1095-C reserved Code 1I for 2016.

Other Clarifications

In addition, the 2016 draft forms included several minor changes and clarifications, as noted below.

- ✓ The 2016 draft Form 1095-B **reserved the "Small Business Health Options Program (SHOP) Marketplace Identifier" field.** This field was previously included in the Form 1095-B, but was not required to be completed for 2015.
- ✓ The 2016 draft Form 1095-C clarified that employers completing Part III, Covered Individuals, should enter information for all individuals enrolled in the self-insured coverage, **including the employee.**
- ✓ The 2016 draft Form 1095-C noted that the affordability percentage for employer-sponsored coverage is adjusted each year. Initially set at 9.5 percent, the affordability percentage increased to 9.56 percent for 2015 plan years, and 9.66 percent for 2016 plan years. For more information, visit www.IRS.gov.
- ✓ Both 2016 draft Forms 1095-B and 1095-C clarified that employers may report a Taxpayer Identification Number (TIN) instead of a Social Security number (SSN) for any covered individuals (except for employees listed in Part I of Form 1095-C).



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Additional Resources

The 2015 versions of these forms are currently available on the IRS website:

- ✓ [Form 1094-B](#) and [Form 1095-B](#) (and related [instructions](#)); and
- ✓ [Form 1094-C](#) and [Form 1095-C](#) (and related [instructions](#)).

These forms must have been furnished to individuals no later than **March 31, 2016**. Reporting entities must have filed these forms with the IRS no later than **May 31, 2016** (or **June 30, 2016**, if filing electronically). The IRS [announced](#) that information returns under Sections 6055 and 6056 may continue to be filed after the filing deadline (both on paper and electronically). Employers that missed the June 30, 2016, deadline should continue to make efforts to file their returns as soon as possible.

The IRS will not assess penalties for late filing on reporting entities that have made legitimate efforts to file information returns, if they continue to make efforts and complete the process as soon as possible. In addition, penalties may be waived in some cases, for reasonable cause.

The IRS also released:

- ✓ [Q&As on Section 6055](#) and [Q&As on Section 6056](#); and
- ✓ A separate set of [Q&As on Employer Reporting using Form 1094-C and Form 1095-C](#).

More Information

Please contact MJ Insurance for more information on reporting under Code Sections 6055 and 6056.

