



# 6055/6056 Reporting for Large (50+) Groups

## 2018 IRS Reporting Update

### Part 1 - Presentation

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Reviewing Context
Untangling the Forms
Member Action
Cracking the Codes
Reporting to the IRS

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### Acronyms and Assumptions

- Full-time** – for purposes of the *Employer Shared Responsibility Mandate*, a full-time employee must be credited with 30 hours of service per week
- VHE - Variable Hour Employee** – An employee where the employer at the time the employee is hired cannot reasonably determine the employee will work an average of 30 hours of service. These employees may be required to complete a look-back measurement period.

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### Acronyms and Assumptions

- Minimum offer of coverage to employee to avoid the **\$2,320** penalty (2018 indexed penalty)
  - Coverage must comply with the ACA (minimum essential coverage or MEC), must include an offer of coverage to all of the employee's dependent children and meet a minimum value requirement or 60% (MV) – 95% of full-time employees
- Minimum offer of coverage to employee to avoid the **\$3,480** penalty (2018 indexed penalty)
  - Coverage must meet the coverage above **and** the employer must have used one of the three affordability safe harbors to determine it is affordable for the employee.

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### Acronyms and Assumptions

- Form 1095-C Reporting**
  - 6055 Reporting**
    - Entities that provide health plan coverage must report providing specific health plan coverage information provided to individuals on a month-by-month basis. Generally filed by an insurance or coverage provider with a copy provided to the covered individual/family. Self-insured plans are also required to report this information. (Part III of Form 1095-C or, for small employers, the 'B' Series Forms)
  - 6056 Reporting**
    - Employer reporting providing specific information about group health plan coverage offered by an employer to its full-time employees on a month-by-month basis. Filed by employers with a copy provided to the employee. ('C' Series Forms)

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**Why?** Because the IRS needs information...

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**What** is enforced through reporting?

**NEW**

VEHI Member Reports Individual Mandate Section 6055 (Coverage)	VEHI Member Reports Employer Mandate Section 6056 (Offer)	VEHI Member Reports Premium Tax Credit Section 36B (Affordability)
<ul style="list-style-type: none"> <li>Individuals must have Minimum Essential Coverage (MEC)</li> <li>Report shows who has coverage (including non-employees such as spouses, dependents, COBRA, retirees)</li> </ul>	<ul style="list-style-type: none"> <li>Large Districts must make offers of affordable, minimum value coverage to full-time employees</li> <li>Report shows which full-time employees received appropriate offers of coverage</li> </ul>	<ul style="list-style-type: none"> <li>Individuals must not have received a subsidy if affordable coverage was available to them</li> <li>Report shows which person is entitled to a premium tax credit based on information the employer has</li> </ul>

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**Who** is reported and **why?**

<b>Full Time Employees</b> <ul style="list-style-type: none"> <li>Employer Mandate</li> <li>Individual Mandate</li> <li>Premium Tax Credit Eligibility</li> </ul>	<b>Employees Tracked for Eligibility*</b> <ul style="list-style-type: none"> <li>Employer Mandate</li> <li>Individual Mandate</li> <li>Premium Tax Credit Eligibility</li> </ul>
<b>Covered Full Time Employees</b> <ul style="list-style-type: none"> <li>Individual Mandate</li> <li>Premium Tax Credit Eligibility</li> </ul>	<b>Covered Spouses, Dependents, and Non-EEs</b> <ul style="list-style-type: none"> <li>Individual Mandate</li> <li>Premium Tax Credit Eligibility</li> </ul>

\* Including variable hour employees in initial measurement period

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### Which forms should you be using?

**VEHI Member Cheat Sheet**

- "A"** • A cover page – a transmittal form and ESRM certification
- "S"** • The "SUBSTANCE" – the information reported on each employee
- "D"** • Blue Cross for VEHI plans: Individual mandate (coverage) information
- "C"** • Large employers: Employer mandate (offer), premium tax credit (subsidies/affordability) information, coverage

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### What entity does the actual reporting?

**Blue Cross is responsible for 6055 Reporting**

Which forms are included?	
IRS Transmittal	1094-B
IRS Return	1095-B
Employee Statement	1095-B

**Large Districts/SU's are responsible for 6056 Reporting**

Which forms are included?	
IRS Transmittal	1094-C
IRS Return	1095-C, Parts I, II & III
Employee Statement	1095-C, Parts I, II & III

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### When are forms due?

Individual statements sent to employees

January 31, 2019

Filing statements in 2019 for 2018 calendar year

Reports submitted to IRS

Annually by February 28 (paper) or April 1 (electronic)\*

Filing statements in 2019 for 2018 calendar year

30 day extension

Form 8809\*\*

Note: Form must be submitted on/before due date

\* Electronic submissions are required for groups with 250 or more form 1095 C's will need to file electronically.

\*\* Form 8809 applies to employer filings with the IRS only, and individual statements are not included in the extension. Extensions must be applied for and granted through a formal process, and granted extensions aren't automatic.

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### COBRA Clarification



#### Termination of Employment

Employers now report COBRA coverage for employees losing coverage due to termination of employment. Employers complete Form 1095-C showing the offer of coverage information and appropriate termination information. Whether the former employee (or other family member) elects COBRA does not change the Form 1095-C.

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### COBRA Clarification



#### Full-Time Status Change to Part-Time Status (not benefit eligible)

In the limited cases where a full-time employee changes status from full-time / eligible for health plan benefits to a part-time position not eligible for health plan benefits, employers will complete Form 1095-C to show COBRA coverage was offered.

For the months the employee was full-time, employers complete Form 1095-C as appropriate for the particular employee. The difference, which I will cover next, is reporting the offer of COBRA, and COBRA coverage, if elected.

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### Reminders!



#### Code Options

- Affordability Safe Harbors require an offer of MEC to 95% of full-time employees **AND** must be affordable to the specific employee for coding in line 16

#### Coding Application

- HRA participation while waiving health insurance-Contact the VEHI Help Desk
- Cash-in-Lieu "**unconditional**" offers (other coverage not required) considered in affordability calculation Please refer to the VEHI website for more information <http://vehi.org/compliance-resources/compliance/cash-in-lieu-of/> or Gallagher's VEHI Help Desk - [VEHIhelp@ajg.com](mailto:VEHIhelp@ajg.com)

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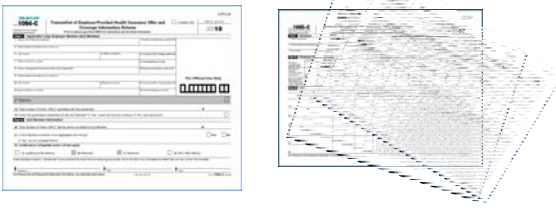
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Understanding the submission process

One transmittal form will have multiple information forms attached

*Example: A District with 95 full-time employees will submit one 1094-C and at least 95 1095-C's*



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What's so difficult about reporting?

- Finding and organizing all of the needed employee data, particularly *coverage information*
- Understanding the codes
- Having the confidence that you're reporting correctly
- Working month by month for each employee, including those who terminated during the prior year



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Understanding who has the data today

Employer and/or Accountant	Employer and Blue Cross	Employer and Payroll Vendor
<b>Employer Information</b> * Address, EIN * Contact * # FTs * Total # EEs	<b>Monthly Coverage/ Enrollment for Employee or Other Individual Information</b> * Names * Addresses * SSNs * FT status * Coverage * Delivery Info * Non-FT EEs * Non - EEs	<b>Monthly Eligibility/ Offer Information</b> <b>Large Employers Only (= 50+ FTEs)</b> * 95% FT * Min Value * Affordability (EE Cost**) * Spouses * Dependents

\*\* Employee contribution for lowest cost employee-only coverage available to the employee.

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Working with vendors - Heads up!

Individual VEHI members may be considering contracting with a vendor to complete their reporting requirements. Here's what you should consider in that process..

- Be sure you understand **exactly** what the Vendor is offering and what's expected of **you**
- What data does the Vendor already have, and what data requirements remain? Who is expected to chase down missing information?
- **Critical questions: How will the Vendor handle Lines 14 and 16 of Form 1095-C?**
  - These questions require a code for every month for every full-time employee. Will the Vendor assign these codes, or will you be required to do that first?\*
  - Will the Vendor create an automated process?
  - How much involvement will be required from you in subsequent years?
  - How will the vendor integrate coverage information under Part III?
- Will the Vendor send the forms to individuals and the IRS? How? Electronically, or, by paper via mail? Or, will you send?
- Will the Vendor maintain your data and keep thorough records of the data and forms?

*\*Since the employer is ultimately liable, you should review the Vendor's work regardless. But one of the biggest questions is, "who completes the first draft?"*

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6056 Reporting - Employer Mandate

Information VEHI members report to the IRS

Name, address and Employee Identification Number of Applicable Large Employer	Name, address and SSN for each full-time employee	Coverage status by month
Name and phone of contact	Number of FT employees for each month	Indicator codes (i.e. minimum value, spouse coverage, etc.)
Year of the return	Employee share of lowest cost monthly premium for self-only minimum value coverage	Individual coverage information for enrollees, by month
Certification of Offer	Months of availability	<p>Heads up The IRS is going to cross reference this filing against the list of those who qualified for a subsidy on the exchange.</p>

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Forms and 'Cracking the Codes'

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6056 Reporting - Employer Mandate

**Form 1094-C**

Each Large VEHI member will complete and submit this transmittal form to the IRS

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6056 Reporting - Employer Mandate

**Form 1094-C**

Each Large VEHI member will complete and submit this transmittal form to the IRS

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6056 Reporting - Employer Mandate

**Form 1095-C**

Each Large VEHI member will submit completed forms for each applicable employee to the IRS

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The "codes" - What are we talking about?

Lines 14 & 16 in Part II of the 1095-C form



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Line 14 - Code Options

<b>1A</b>	Qualifying Offer: Minimum essential coverage providing minimum value offered to full-time employee with employee contribution for self-only coverage ≤ 9.6% mainland single federal poverty line, MEC for family. (Used only with federal poverty line affordability determination)
<b>1B</b>	Minimum essential coverage providing minimum value offered to employee only.
<b>1C</b>	Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) (not spouse). If spousal access was limited to those without coverage at another employer, do not use this code.
<b>1D</b>	Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to spouse (not dependent(s)). Do not use code 1D if the coverage for the spouse was offered conditionally. Instead use code 1I.
<b>1E</b>	Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse. Do not use code 1E if the coverage for the spouse was offered conditionally. Instead use code 1K.
<b>1F</b>	Minimum essential coverage <u>NOT</u> providing minimum value offered to employee, or employee and spouse or dependent(s), or employee, spouse and dependents.
<b>1G</b>	Offer of coverage to employee who was not a full-time employee for any month of the calendar year and who enrolled in self-insured coverage for one or more months of the calendar year. Code 1G applies for the entire year or not at all.
<b>1H</b>	No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage). This would include one or more months in which the individual was not an employee.
<b>1I</b>	Reserved for future coding use - Previously used for transitional relief purposes.
<b>1J</b>	Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered conditionally (no access to coverage at another employer) to spouse; and minimum essential coverage <u>NOT</u> offered to dependents.
<b>1K</b>	Minimum essential coverage providing minimum value offered to employee; at least minimum essential coverage offered to dependents; and at least minimum essential coverage conditionally offered to spouse.

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Line 16 - Code Options

<b>2A</b>	Employee not employed during the month. Enter code 2A if the employee was not employed on <u>any</u> day of the calendar month. Do not use code 2A for the month during which an employee terminates employment.
<b>2B</b>	Employee not a full-time employee. Enter code 2B if the employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month. Also use for FT employee whose coverage ends mid-month because the employee terminates mid-month.
<b>2C</b>	Employee enrolled in coverage offered. Enter code 2C for any month in which the employee enrolled in health coverage offered by the employer for each day of the month, regardless of whether any other code in Code Series 2 might also apply.
<b>2D</b>	Employee in a section 4980H(b) Limited Non-Assessment Period. Enter code 2D for any month during which an employee is in a Limited Non-Assessment Period for section 4980H(b). This includes initial measurement period, 90 day or less waiting period, or first calendar month of employment if the first day of employment is not the first day of the calendar month.
<b>2E</b>	Multiemployer interim rule relief. Enter code 2E for any month for which the multiemployer interim guidance applies for that employee.
<b>2F</b>	Section 4980H affordability Form W-2 safe harbor. Enter code 2F if the employer used the section 4980H Form W-2 safe harbor to determine affordability for purposes of section 4980H(b) for this employee for the year.*
<b>2G</b>	Section 4980H affordability federal poverty line safe harbor. Enter code 2G if the employer used the section 4980H federal poverty line safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).*
<b>2H</b>	4980H affordability rate of pay safe harbor. Enter code 2H if the employer used the section 4980H(b) rate of pay safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).*
<b>2I</b>	Reserved for future coding use - Previously used for transitional relief purposes.

\* Note - in order to use codes 2F, 2G, or 2H, Minimum Essential Coverage must be offered to at least 95% of full-time employees AND coverage must be affordable as to the employee being coded.

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### Line 16 - Narrow the options



- 2A** Employee not employed during the month. Enter code 2A if the employee was not employed on any day of the calendar month. Do not use code 2A for the month during which an employee terminates employment.
- 2B** Employee not a full-time employee. Enter code 2B if the employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month. Also use for FT employee whose coverage ends because the employee terminates mid-month.
- 2C** Employee enrolled in coverage offered. Enter code 2C for any month in which the employee enrolled in health coverage offered by the employer for each day of the month, regardless of whether any other code in Code Series 2 might also apply.
- 2D** Employee in a section 4980H(b) Limited Non-Assessment Period. Enter code 2D for any month during which an employee is in a limited Non-Assessment Period for section 4980H(b). This includes initial measurement period, 90 day or less waiting period, or first calendar month of employment if the first day of employment is not the first day of the calendar month.
- ~~2E~~ Multiemployer interim rule relief. Enter code 2E for any month for which the multiemployer interim guidance applies for that employee.
- ~~2F~~ Section 4980H affordability Form W-2 safe harbor. Enter code 2F if the employer used the section 4980H Form W-2 safe harbor to determine affordability for purposes of section 4980H(b) for this employee for the year.\*
- ~~2G~~ Section 4980H affordability federal poverty line safe harbor. Enter code 2G if the employer used the section 4980H federal poverty line safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).\*
- 2H** 1980H affordability rate of pay safe harbor. Enter code 2H if the employer used the section 4980H(b) rate of pay safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).\*
- ~~2I~~ Reserved for future coding use - Previously used for transitional relief purposes.

\*Note - in order to use codes 2F, 2G, or 2H, Minimum Essential Coverage must be offered to at least 95% of full-time employees AND coverage must be affordable as to the employee being coded.

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### Getting Ready to Report



**\*\* Reminder \*\***

Reporting is based on a calendar year, not your Fiscal Year or Plan Year

- Know where to go to find the data
- Determine which codes apply to you
- Identify employees that might be difficult (mid-year changes, terminations, hires, etc.)
- Practice with the examples, then start working with real employee data
- If you get stuck, reach out and ask for help at [VEHhelp@ajg.com](mailto:VEHhelp@ajg.com)



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## Part 2 - Reporting Examples

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# 6055/6056 Reporting for Large (50+) Groups


## 2018 IRS Reporting Update

### Part 1 - Presentation

Reviewing Context    Untangling the Forms    Member Action    Cracking the Codes    Reporting to the IRS

How can we help? 

- **VEHI's 2018 Reporting Resource Guide is posted on [www.VEHI.org](http://www.VEHI.org)**
  - Sample Forms
  - Cheat Sheet for Cracking the Codes
  - Examples from today's presentation
  - Testing Affordability - Safe Harbor Descriptions
- **Send us an e-mail with a specific question**
  - Gallagher's VEHI team - [VEHIhelp@ajg.com](mailto:VEHIhelp@ajg.com)
  - Laura Soares with VEHI - [Laura@vsbit.org](mailto:Laura@vsbit.org)



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