IRS Reporting Guide
for Large School Districts and Supervisory Unions
(ALEs)

Calendar Year 2019 Reporting

Forms 1094 and 1095 “C” Series

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Questions? – Contact GBS at VEHIhelp@ajg.com

Forward

This information booklet is to help you familiarize yourself with the reporting requirements and helps you understand and complete Forms 1095-C and 1094-C (large SDs and SUs). The material goes through line-by-line instructions for the forms, provides a few examples (more are included in a dedicated handout). If you have worked on completing these forms last year, this will be a refresher. As of the date this material was assembled (October 21, 2019) the IRS had not released the final forms to be used to file for calendar year 2019. However, we do not anticipate changes. Nonetheless, should changes be made to the forms this material will be updated to include an explanation of the changes and VEHI will notify all SDs and SUs.

Mergers in 2019

All SDs or SUs that were in operation at any time in 2019 with at least 50 FT/FTEs need to report for all of 2019.

- Where SDs or SUs with fewer than 50 FT/FTE merged **with an existing large entity** (least 50 FT/FTEs) on July 1, the continuing entity must include in its filing employees from the smaller entity beginning July 1 for the balance of 2019. **Any small entities will be responsible for filing Form 1094/5-B for January through June using the monthly enrollments in coverage**.

- Where one or more **large SDs or SUs** (least 50 FT/FTEs) merged **with an existing large entity** on July 1, the continuing entity must include in its filing employees from the other entities beginning July 1 for the balance of 2019. All pre-merger entities are be responsible for filing Form 1094/5-C for January through June reflecting actual offers of coverage (or coverage) for those months. The entity will then complete the months of July through December, entering Code 1H on Line 14, leaving Line 15 blank and entering Code 2A on Line 16.

- Where SDs or SUs with fewer than 50 FT/FTE merged with one or more other entities on July 1 to create a **new entity considered a large employer** (least 50 FT/FTEs), each of the entities will complete a filing for 2019 that includes January through June 2019, using the applicable form based on size prior to July 1. The new entity will report for all employees under the new entity beginning July 1 for the balance of 2019. The new entity will enter Code 1H on Line 14, leave Line 15 blank and enter Code 2A on Line 16 for the months January through July 2019 for all individuals for whom a Form 1095-C must be filed based on full-time employment beginning July 1, 2019.

- Where the operations of any SD/SU ended during 2019, the entity will complete the applicable form for the months of January through June 2019. If the entity that ceased operations was a large entity, the Form 1095-C is completed for each FT employee for January through June, completing the codes as applicable. Beginning July 1 the Form 1095-C will show all employees terminated using:
    - Line 14 – Code 1H
    - Line 15 – Blank
    - Line 16 – 2A

Refer to the ALE IRS Reporting Toolkit for examples.

Need for Individual Entity Filings

Where SUs are completing the filings for multiple entities, remember each entity must be filed on a stand-alone basis. Do not combine the filings for the multiple entities as a single entity. Generally, where an entity has its own Employer Identification Number, the entity should be filed on its own. If you have any question about filings for multiple entities contact GBS at VEHIhelp@ajg.com .

Glossary

ACA

The Affordable Care Act also known as healthcare reform.

Applicable Large Employer or ALE

An Applicable Large Employer is an employer with 50 or more full-time employees (including full-time equivalent employees) in the previous calendar year. These employers are considered 'large' employers and are required to file Forms 1095-C and 1094-C with the IRS. These employers must also provide a copy of Form 1095-C to its full-time employees for whom forms were filed with the IRS.

Applicable Large Employer Member

An Applicable Large Employer ALE Member is an employer that is an Applicable Large Employer, which is also part of a group of employers. This type of arrangement does not apply to VEHI members, however, you will see it used in materials. For purposes of your filing, it should be read as synonymous with 'ALE' or employer.

Dependent

A dependent is an employee's child, including a child who has been legally adopted or legally placed for adoption with the employee, who has not reached age 26. A child reaches age 26 on the 26th anniversary of the date the child was born and is treated as a dependent for the entire calendar month during which he or she reaches age 26. For this purpose, a dependent does not include stepchildren, foster children, or a child that does not reside in the United States (or a country contiguous to the United States) and who is not a United States citizen or national. **Also, for this purpose, a dependent does not include a spouse (although you must report include an employee's spouse on Form 1095-C for any month the spouse was enrolled in coverage).**

Eligible employer-sponsored plan

An eligible employer-sponsored plan refers to group health coverage for employees under:

(1) a governmental plan, such as the Federal Employees Health Benefits Program (FEHB);
(2) an insured plan or coverage offered in the small or large group market within a state;
(3) a grandfathered health plan offered in a group market; or
(4) a self-insured group health plan for employees.

Employee Required Contribution

The Employee Required Contribution is the employee's share of the monthly cost (contribution) for 'employee-only' coverage under the **lowest-cost** health plan option for which the employee is eligible. The option must meet minimum essential coverage (MEC) requirements including providing minimum value (MV). **All health plan offered through VEHI meet the minimum essential coverage/minimum value requirement.**

Full-time employee

For purposes of Forms 1094-C and 1095-C, the term "full-time employee" means a full-time employee as defined under the ACA, rather than any other definition of that term that the employer may use for other purposes. Accordingly, a full-time employee is an employee who, for a calendar month, is determined to be a full-time employee under either the monthly measurement method or the look-back measurement method (as applicable to that employee).

- *Monthly measurement* - a full-time employee is an employee who was employed an average of at least 30 hours of service per week with the ALE Member during a calendar month. For purposes of both methods, 130 hours of service in a calendar month is treated as the monthly equivalent of at least 30 hours of service per week.
- *Look-back measurement method* - a full-time employee for each month of the stability period selected by the employer if the employee was employed an average of least 30 hours of service per week with the employer during the measurement period preceding that stability period. For purposes of both methods, 130 hours of service in a calendar month is treated as the monthly equivalent of at least 30 hours of service per week.

Minimum Essential Coverage (MEC)

Any health plan that meets the Affordable Care Act requirement for having health coverage. Large employers avoid a penalty for not offering health plan coverage to full-time employees by offering Minimum Essential Coverage meeting Minimum Value requirements and offered at least minimum essential coverage to the employee's dependent child(ren).

Minimum Value (MV)

A health plan designed to pay at least 60% of the total cost of medical services for a standard population. Its benefits include substantial coverage of physician and inpatient hospital services.

Offer of health coverage.

An employer is considered to have made an offer of coverage to an employee if it provides the employee an effective opportunity to enroll in the health coverage (or to decline that coverage) at least once for each plan year. To be considered an offer of coverage, the employer must allow the employee to enroll his or her dependents in addition to the employee. (See MEC and MV above.)

Qualifying Offer

Reporting using **Code 1A - Qualifying Offer** can be a simplified reporting method. The employer can use Code 1A on Line 14 of Form 1095-C for any employee for any month:

(1) the employer made an offer of group health plan coverage to the employee, and
(2) the coverage was determined affordable for that employee using the federal poverty line safe harbor, and
(3) the offer of health plan coverage includes the employee's spouse and dependents (if any).

For any month the employer uses Code 1A on Line 14 the employer is not required to complete Lines 15 and 16 for that month.

Limited Non-Assessment Period

A Limited Non-Assessment Period is a period of time where a large employer is not subject to the ACA penalties for not offering health coverage. There are several types of Limited Non-Assessment Periods that can occur.

Employee's First calendar month of employment

If the employee's first day of employment is a day other than the first day of the calendar month, then all of the employee's first calendar month of employment is a Limited Non-Assessment Period.

For example, if an employee is hired on March 5, then the limited non-assessment period for that employee is March 1 - 31.

Hiring a full-time employee

If a new-hire employee is reasonably expected to be a full-time employee on his start date, you must offer him health plan coverage no later than the end of the employee's third full month of employment.

For example, if you hire John Doe on March 5, 2019, a full-time employee, you have April 1 - June 30 (3 full months of employment) where the employer is not required to offer the employee health coverage (i.e., waiting period). In this example, the Limited Non-Assessment Period is from March 5 through no later than June 30.

Hiring a variable hour, seasonal or part-time employee

If a new-hire employee is a variable hour, seasonal, or part-time employee, then the initial measurement period (12-months) used to determine if they are full-time, and the following administrative period (< 2 months) used to determine if an offer of coverage should be made is considered a limited non-assessment period.

For example, if you hire John Doe on March 5, 2018, his limited non-assessment will be as follows:

- initial measurement period (12 months): March 5, 2018 through March 4, 2019

- initial administrative period (< 2 months): March 5 through April 30, 2019

John Doe's total limited non-assessment will be from Mar 5, 2018 - Apr 30, 2019.

98% Offer Method.

The *98% Offer Method* is a modified method of reporting for employers that meet specific criteria. An employer can use this method if the employer offers 98% of its full-time employees (and their dependents) affordable group health plan coverage for all calendar months the employees were not in a Limited Non-Assessment Period. By completing and signing Form 1094-C the employer is certifying that is true.

The employer is not required to identify which of the employees for whom it is filing were full-time employees, but the employer is still required to file Forms 1095-C on behalf of all its full-time employees. To ensure compliance with the reporting rules, the employer should confirm that, for any employee for whom it **does not file a Form 1095-C**, the employee was not a full-time employee for any month of the calendar year. (For this purpose, the health coverage is affordable if the ALE Member meets one of the section 4980H affordability safe harbors.) If the employer uses this method of reporting, the employer is not required to complete Part III, column (b) on Form 1094-C (month-by-month count of full-time employees).

Introduction to Filing Forms 1094/5-C

The ACA requires annual reporting to the IRS documenting an employer's offer of health coverage for purposes of the Employer Shared Responsibility Mandate [ESRM] and the individual mandate to maintain health coverage.

Large school districts (SDs) and supervisory unions (SUs) (those with 50 or more full-time equivalent employees – called '*Applicable Large Employers or ALEs*) **are** subject to potential penalties if they do not offer group health plan coverage to full-time employees.

Large employers providing self-insured group health plan coverage to its employees are responsible for the required IRS ESRM mandate filing and individual mandate filing for full-time employees, as well as providing covered employees with a copy of the IRS filing information for their records. Because the coverage offered by VEHI members is self-insured, **large employers must complete Parts I, II and III of Form 1095-C.** Further, large employers must file a form for employees *enrolled* in coverage based on eligibility as a **part-time** employee and for **COBRA** beneficiaries. Remember, when we refer to *eligible for coverage on a part-time basis*, this means the employee is eligible for the SD's/SU's group health plan even though the employees' scheduled hours are less than 30 hours per week. **This Guide assists large employers complete and file the "C" series forms (1095-C and 1094-C).**

Coverage through Group Health Plan and HRAs

When a self-insured group health plan is accompanied by an employer-sponsored HRA, both are considered self-insured plans. If an individual is covered in any month by a self-insured health plan and a health reimbursement arrangement (HRA) provided by the same employer, the employer is only required to report the coverage of the group health plan for that month.

What is my SD or SU Required to Do?

Complete one Form 1095-C for each full-time employee (employees averaging 30 hours of service per week) employed full-time for at least one day during calendar year 2019. If the employee was enrolled in coverage, including any dependents enrolled under the employee's group health plan coverage, you must also report this information on the employee's Form 1095-C. The form requires you to identify each month each person was enrolled in coverage for at least one day.

Part-time employees (offered and enrolled in coverage based on working fewer than 30 hours of service) and non-employees, such as former employees, divorced spouses or dependents who lost eligibility, that were enrolled in COBRA coverage in 2019 must be reported as well.

Below is a copy of Form 1095-C. Part I is where you enter the employee and the employer name. Part II provides information about the SD's/SU's offer of group health plan coverage (line 14), the employee's required contribution for the lowest cost employee-only coverage available to the employee (line 15) and enrollment or affordability safe harbor information (line 16). Part III requires you to enter information about actual coverage provided to specific individuals enrolled in a group health plan. More information is provided in the following section that explains what you need to know to complete all sections of the Form 1095-C, file the Form 1095-C with the IRS and distribute copies of the forms to employees and COBRA participants.

Remember, a Form 1095-C is completed for each employee employed **full-time** for at least one day during 2019, regardless of whether the employee enrolled in coverage. A Form 1095-C is only completed for part-time employees if they were enrolled in coverage as a part-time employee at least one day during 2019.

The following is an example of a completed Form 1095-C, including Part III coverage information.

Ellen, a full-time employee, was covered for all of 2019. Her son Robert was also enrolled under Ellen's group health plan coverage in 2019 until he turned age 26.

Part I is to report information about the employee and the employer (SD or SU).

Part II, Line 14 reflects the offer of coverage to the employee,

Part II, Line 15 must be completed with the employer's required contribution for employee-only coverage under the lowest cost health option for which the employee is eligible – not necessarily the plan option in which the employee is enrolled

Part II, Line 16 is used to show the employee enrolled in coverage or, if the employee did not enroll, the Affordability Code of the affordability safe harbor used to determine coverage for this employee is affordable (if applicable). If the employee did not enroll and the coverage was not determined to be affordable, there is no entry in the box on Line 16 for any month the employee was eligible but not enrolled.

All boxes under Part II must have an entry; none of the boxes can be left blank (unless you are using the 'All 12 Months' box). In Ellen's case, on Line 14 we use the 'All 12 Month' box because Ellen was offered health plan coverage for each month during the full calendar year. Code 1E is entered, which indicates Ellen was offered employee and family coverage. Line 15 reflects School District's required contribution

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage
▶ Do not attach to your tax return. Keep for your records.
▶ Go to *www.irs.gov/Form1095C* for instructions and the latest information.

☐ VOID ☐ CORRECTED

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OMB No. 1545-2251

2019

Part I Employee

1 Name of employee (first name, middle initial, last name)	2 Social security number (SSN)
Ellen P Stevenson	010-00-0010
3 Street address (including apartment no.)	
3101 Lake Dunmore Rd	
4 City or town / 5 State or province / 6 Country and ZIP or foreign postal code	
Brandon / VT / 05733	

Applicable Large Employer Member (Employer)

7 Name of employer	8 Employer identification number (EIN)
School District	32-0000007
9 Street address (including room or suite no.)	10 Contact telephone number
31 S Main St	802-555-5555
11 City or town / 12 State or province / 13 Country and ZIP or foreign postal code	
Barre / VT / 05641	

Part II Employee Offer of Coverage

Plan Start Month (enter 2-digit number): 01

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1E												
15 Employee Required Contribution (see instructions)	$ 109.44	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)	2C												

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. ☒

	(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
17	Ellen	P	Stevenson	010-00-0010		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
18	Robert	C	Stevenson	020-00-0020		☐	☒	☒	☒	☒	☒	☒	☐	☐	☐	☐	☐	☐

for employee-only coverage under the lowest cost health plan option for which Ellen is eligible. Because Ellen was enrolled in plan coverage for the entire calendar year the code 2C is entered on Line 16.

In Part III we list both Ellen and her son Robert (Ellen's name is entered on the first line). For Ellen, who was enrolled for all 12 months we check the "All 12 months" box. Because Robert did not have a full year of coverage, we check the box for each calendar month Robert had coverage for at least one day during the month.

Remember, Part III must be completed for any employee (full-time, part-time or COBRA participant) **enrolled** in group health plan coverage for at least one day. Keep in mind the information required under Parts I and II will be different for part-time employees and COBRA participants. We will explain more about those requirements in those sections.

The chart below outlines the employee groups for whom SD's/SU's must complete a Form 1095-C and if this represents a change from last year's requirements.

Entity	File a 1095- C?	Change from Last Year?
Full-time Enrolled	Yes	No
Full-time Not Enrolled	Yes	No
Part-Time Enrolled < 30 Hours	Yes	No
Part-time Not Enrolled < 30 Hours	**No**	No
Part-Time Not Offered < 30 Hours	**No**	No
COBRA	Yes	No

Full-Time Employees

Full-Time Employees

Completing Form 1095-C

Part I – Employee

Line 1, enter the name of the employee. ***Note:*** **there is a separate field for First Name, Middle Initial and Last Name.**

Line 2, enter the employee's 9-digit Social Security Number (SSN). (See page 22)

Lines 3 – 6, enter the employee's complete address, including apartment no., if applicable. A country code is not required for U.S. addresses.

Part I – Applicable Large Employer Member (Employer)

Line 7, enter the name of the SD or SU.

Line 8, enter the SD's/SU's 9-digit EIN including the dash. Do not enter an SSN. The SD's/SU's name and EIN should match the name and EIN of the SD/SU reported on lines 1 and 2 of Form 1094-C.

Lines 9 and 11–13, enter the SD's/SU's complete address (including room or suite no., if applicable). This address should match the address reported on lines 3–6 of the Form 1094-C. A country code is not required for U.S. addresses.

Line 10, enter the telephone number the contact person the employee (or other recipient of a copy of the Form 1095-C) may call about the information reported on the form. This may be different from the contact information entered on line 8 of Form 1094-C.

Part II - Employee Offer of Coverage

Plan Start Month. This box is optional for the 2019 Form 1095–C and the SD/SU may leave it blank. This box may be mandatory for the 2020 Form 1095-C. To complete the box, enter the two-digit number (01 through 12) corresponding to the calendar month during which the cafeteria plan year begins. If there is no health plan under which coverage is offered to the employee, enter "00."

Example: Cafeteria plan year begins in July, enter 07. If the cafeteria plan year begins in January, enter 01.

Example: The employee is full-time but not eligible for health plan coverage. Enter 00 for Plan Start Month.

Line 14. Line 14 is used by the SD/SU to indicate **(1)** if the SD/SU made an offer of group health plan coverage to the employee for each calendar month, **(2)** the type of offer of coverage made or **(3)** where applicable, no offer of group health plan coverage was made. The SD/SU enters the relevant code from Code Series 1 (full list of codes provided in handout). If the same code applies for all 12 calendar months, you may enter the applicable code in the "All 12 Months" box and not complete the individual calendar month boxes, or you may enter the code in each

of the boxes for the 12 calendar months. **Do not leave line 14 blank for any month** (including months when the individual was not an employee of the SD/SU).

Commonly Used Codes for Line 14

1E. 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.

1G. Offer of coverage for one or more months of the calendar year to an individual/employee:

- who was not an employee **for any month of the calendar year** (e.g., a COBRA participant who did not receive an offer of active coverage during the calendar year), **or**
- who was not a full-time employee **for any month of the calendar year** (e.g., a part-time employee who did not receive an offer of active coverage during the calendar year), ***and***
- who enrolled in self-insured coverage for one or more months of the calendar year.

What is a 'Conditional Offer of Spousal Coverage'? *A conditional offer is an offer of coverage that is subject to one or more reasonable, objective conditions (for example, an offer to cover an employee's spouse only if the spouse is not eligible for coverage under a group health plan sponsored by another employer). Using code 1K, an SD/SU may report a conditional offer to a spouse as an offer of coverage, regardless of whether the spouse meets the reasonable, objective condition. To help employees (and spouses) who have received a conditional offer determine their eligibility for the premium tax credit, the SD/SU should be prepared to provide, upon request, a list of any and all conditions applicable to the spousal offer of coverage.*

***Note*.** Code 1G applies for the entire year or not at all. Therefore, if code 1G applies, an SD/SU must **enter code 1G on line 14 in the "All 12 Months" column** or in each separate monthly box (for all 12 months).

***1H*.** No offer of coverage, which may include one or more months in which the individual was not an employee.

If an employee was not offered coverage for a month, enter code 1H. An SD/SU is considered to have offered health coverage for a month only if it offers health coverage that would provide coverage for every day of that calendar month. Thus, if coverage terminates before the last day of the month (because, for instance, the employee terminates employment with the SD/SU, or otherwise loses eligibility for coverage under the plan), the employee does not actually have an offer of coverage for that month and code 1H should then be entered on line 14. (See line 16, code 2B, later, for how you may complete line 16 in the event that coverage terminates before the last day of the month.)

As noted earlier, a code must be entered for each calendar month January through December, even if the employee was not a full-time employee (or employed) for one or more of the calendar months. Enter the code identifying the type of health coverage actually offered by the SD/SU to the employee, if any. If the employee was not actually offered coverage, enter code 1H (no offer of coverage) on line 14.

Line 15. Line 15 is used by the SD/SU to provide information about the affordability of the group health plan coverage offered. You only complete line 15 if you use code **1B, 1C, 1D, 1E, 1J, or 1K** on Line 14. For any month where you enter a code, other than those above, on Line 14 you do not enter anything on Line 15.

Your entry on Line 15 should reflect the employer's required contribution for **employee-only** coverage under the lowest cost health option for which the employee is eligible.

Enter the amount including any cents. If the employee is offered coverage but the Employee Required Contribution is zero, enter "0.00" (do not leave blank). If the Employee Required Contribution was the same amount for all 12 calendar months, you may enter that monthly amount in the "All 12 Months" box and not complete the monthly boxes. If the Employee Required Contribution was not the same for all 12 months (for instance, if an SD/SU has a non-calendar year plan and the employee share of the premium changes with the new plan year beginning in 2019), enter the amount in each calendar month for which the employee was offered group health plan coverage.

For line 15, the amount entered might not be the amount the employee is paying for the coverage, for example, if the employee chose to enroll in a higher cost plan or to enroll in family coverage.

Line 16, Line 16 is used by the SD/SU to provide information about an employee's enrollment in coverage or, if not enrolled, whether the group health plan coverage offered to the employee was 'affordable'. In some cases, Line 16 will be left blank. For example, if an employee did not enroll in the group health plan coverage offered and the cost of coverage for that employee was not determined affordable using one of the affordability safe harbors.

For each calendar month, enter the applicable code from Code Series 2, if any (full list of codes provided in ALE IRS Reporting Toolkit).

Do not enter more than one code for any calendar month. If more than one code applies, such as when an employee enrolls in coverage offered (2C) and the coverage offered was determined affordable using the rate of pay safe harbor (2H), always enter the Code 2C.

If the same code applies for all 12 calendar months, you may enter the code in the "All 12 Months" box and not complete the monthly boxes. If none of the codes apply for a calendar month, leave the line blank for that month.

Commonly Used Codes for Line 16

2A. Employee was 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 a month if the individual was an employee of the SD/SU on any day of the calendar month or for the month during which an employee terminates employment.

2B. Employee was not a full-time employee; enter code 2B if the employee was not a full-time employee for the month (average of 30 hours of service per week) and did not enroll in group health plan coverage, if offered, for the month.

You also enter code 2B if the employee was full-time during the month the employee's offer of coverage (or coverage, if the employee was enrolled) ended before the last day of the month because employment terminated during the month (hence, the offer of coverage or coverage would have continued had the employee not terminated employment during the month).

2C. Employee was enrolled in health coverage offered; enter code 2C for any month in which the employee enrolled for each day of the month in group health plan coverage, regardless of whether any other code in Code Series 2 might also apply (for example, a code for an affordability safe harbor).

Do not enter code 2C on line 16 if code **1G is entered in line 14**.

Do not enter code 2C on line 16 for any month in which a terminated employee is enrolled in COBRA continuation coverage or other post-employment coverage (enter code 2A).

2D. Employee in a Limited Non-Assessment Period. SDs/SUs should enter code 2D for any month during which an employee is in a Limited Non-Assessment Period (generally, an employment waiting period)

If an employee is in an Initial Measurement Period, enter code 2D for the month, and not code 2B (employee not a full-time employee).

Affordability Safe Harbor Codes

Note: When entering an affordability safe harbor code on an employees' 1095-C, the code means coverage for that employee is affordable using the affordability method identified by the code, thus relieving the SD/SU from potentially being assessed a penalty. It does not mean the coverage is affordable from the employee's perspective or that they may not be eligible for federal support if they elect to waive coverage and enroll on Vermont Health Connect.

The affordability method should be determined prior to the beginning of the cafeteria plan year (including the W-2 method, which uses the employee's W-2, Box 1 wages for the year for which the filing is completed).

The employee contribution for the Single Tier VEHI Silver CDHP will be the employee contribution rate used to calculate affordability, regardless of the method you use or the actual plan and tier the employees is enrolled in. Remember, do not include other employee benefit contributions, such as dental or vision coverage in that rate.

An affordability code should **not** be entered on line 16 for any month the SD/SU did not offer group health plan coverage to at least 95% of all full-time employees and their dependent children.

More information about applying the affordability safe harbors is at the end of this Guide.

2F. Form W-2 safe harbor. Enter code 2F if the SD/SU used the Form W-2 safe harbor to determine affordability for this employee for the year. When an SD/SU uses this safe harbor for an employee, it must be used for all months of the calendar year for which the employee is offered health coverage.

2G. Federal poverty line safe harbor. Enter code 2G for each month the SD/SU used the federal poverty line safe harbor to determine affordability for the employee.

2H. Rate of pay safe harbor. Enter code 2H if the SD/SU used the rate of pay safe harbor to determine affordability for the employee for any month(s).

Part III - Covered Individuals

Under Part III, lines 17 through 22 (as necessary).

SDs/SUs complete this section only if the employee (and dependents, if applicable) were enrolled in coverage for at least one day during any calendar month.

All VEHI health plan options are self-insured plans. In the area immediately under where **Part III** appears on the form, make sure you check the box *If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee.*

Enter the information for each individual **enrolled** in coverage.

(1) Enter the name of each individual enrolled in the employee's coverage (first name, middle initial, last name) beginning with the employee;

(2) Enter the 9-digit SSN of the individual named on that line, including the dashes;

- If you do not have the individual's Social Security Number AND you have made the proper attempts to obtain the Social Security number (see page 27) you can enter the individual's date of birth;

(3) If the individual named on that line was enrolled in the group health plan at least one day in each of the 12-months, you can check the *'Covered all 12 months'* box;

(4) If the individual named on that line was NOT enrolled in the group health plan at least one day in each of the 12-months, check the box for each month the individual was enrolled in coverage for at least one day.

Part-Time Employees

Part-Time Employees

(Part-time employees who were not full-time any time during the **calendar** year)

Completing Form 1095-C

Part I – Employee

Line 1, enter the name of the employee. *Note:* there is a separate field for First Name, Middle Initial and Last Name.

Line 2, enter the employee's 9-digit Social Security Number (SSN).

Lines 3 – 6, enter the employee's complete address, including apartment no., if applicable. A country code is not required for U.S. addresses.

Part I – Applicable Large Employer Member (Employer)

Line 7, enter the name of the SD or SU.

Line 8, enter the SD's/SU's 9-digit EIN including the dash. Do not enter an SSN. The SD's/SU's name and EIN should match the name and EIN of the SD/SU reported on lines 1 and 2 of Form 1094-C.

Lines 9 and 11–13, enter the SD's/SU's complete address (including room or suite no., if applicable). This address should match the address reported on lines 3–6 of the Form 1094-C.

Line 10, enter the telephone number the contact person the employee (or other recipient of a copy of the Form 1095-C) may call about the information reported on the form. This may be different than the contact information entered on line 8 of Form 1094-C.

Part II - Employee Offer of Coverage

Plan Start Month. This box is optional for the 2019 Form 1095–C and the SD/SU may leave it blank. This box may be mandatory for the 2020 Form 1095-C. To complete the box, enter the two-digit number (01 through 12) corresponding to the calendar month during which the cafeteria plan year begins. If there is no health plan under which coverage is offered to the employee, enter "00."

> *Example:* Cafeteria plan year begins in July, enter 07. If the cafeteria plan year begins in January, enter 01.

Line 14. **Enter code 1G in the 'All 12 Months' box** regardless of the number of months the employee was enrolled in group health plan coverage.

Line 15. No entry.

Line 16. . No entry.

Part III - Covered Individuals

Under Part III, lines 17 through 22 (as necessary).

SDs/SUs complete this section only if the employee (and dependents, if applicable) were enrolled in coverage for at least one day during any calendar month.

Check the box and enter the information for each individual enrolled in coverage, including the employee.

(a) Enter the name of each individual enrolled in the employee's coverage (first name, middle initial, last name) beginning with the employee;

(b) Enter the 9-digit SSN of the individual named on that line, including the dashes;

- If you do not have the individual's Social Security Number AND you have made the proper attempts to obtain the Social Security number (see page 22) you can enter the individual's date of birth;

(c) If the individual named on that line was enrolled in the group health plan at least one day in each of the 12-months, you can check the 'Covered all 12 months' box;

(d) If the individual named on that line was NOT enrolled in the group health plan at least one day in each of the 12-months, check the box for each month the individual was enrolled in coverage for at least one day.

Example: Lynda May was a part-time employee eligible for group health plan coverage through all of 2019. Lynda and her husband Richard were enrolled for the full year. An example of her completed Form 1095-C is below.

600118

Form **1095-C** Department of the Treasury Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

▶ Do not attach to your tax return. Keep for your records.

▶ Go to *www.irs.gov/Form1095C* for instructions and the latest information.

☐ VOID ☐ CORRECTED

OMB No. 1545-2251

2019

Part I Employee

1 Name of employee (first name, middle initial, last name)	2 Social security number (SSN)
Lynda A May	040-00-0000
3 Street address (including apartment no.)	
25 Forest Lane	
4 City or town	5 State or province	6 Country and ZIP or foreign postal code
West Wardsboro	VT	05360

Applicable Large Employer Member (Employer)

7 Name of employer	8 Employer identification number (EIN)
School District	32-0000000
9 Street address (including room or suite no.)	10 Contact telephone number
8137 Glen Eagles St.	802-555-5555
11 City or town	12 State or province	13 Country and ZIP or foreign postal code
Montpelier	VT	05620

Part II Employee Offer of Coverage

Plan Start Month (enter 2-digit number): 01

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1G												
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													

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. ☒

	(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
17	Lynda	A	May	040-00-0000		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
18	Richard	J	May	050-00-0000		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

COBRA Participants

COBRA Participants

Full-Time Employee Terminates in 2019

(COBRA First Elected in 2019. See page 26 for instructions for completing Form 1095-C for individuals who elected COBRA during a previous calendar year.)

Completing Form 1095-C

Part I

The Form 1095-C is completed as outlined under ***Active Employees*** above. However, Parts II and III will be different as explained below.

Part II

Line 14**.** Line 14 is completed as required for the months the employee was an active full-time employee. Because coverage terminates at the end of the month, the entry for Line 14 will reflect an offer of group health plan coverage through the month of termination (generally 1E). Beginning with the month following the month of termination you will enter Code 1H – No Offer of Coverage

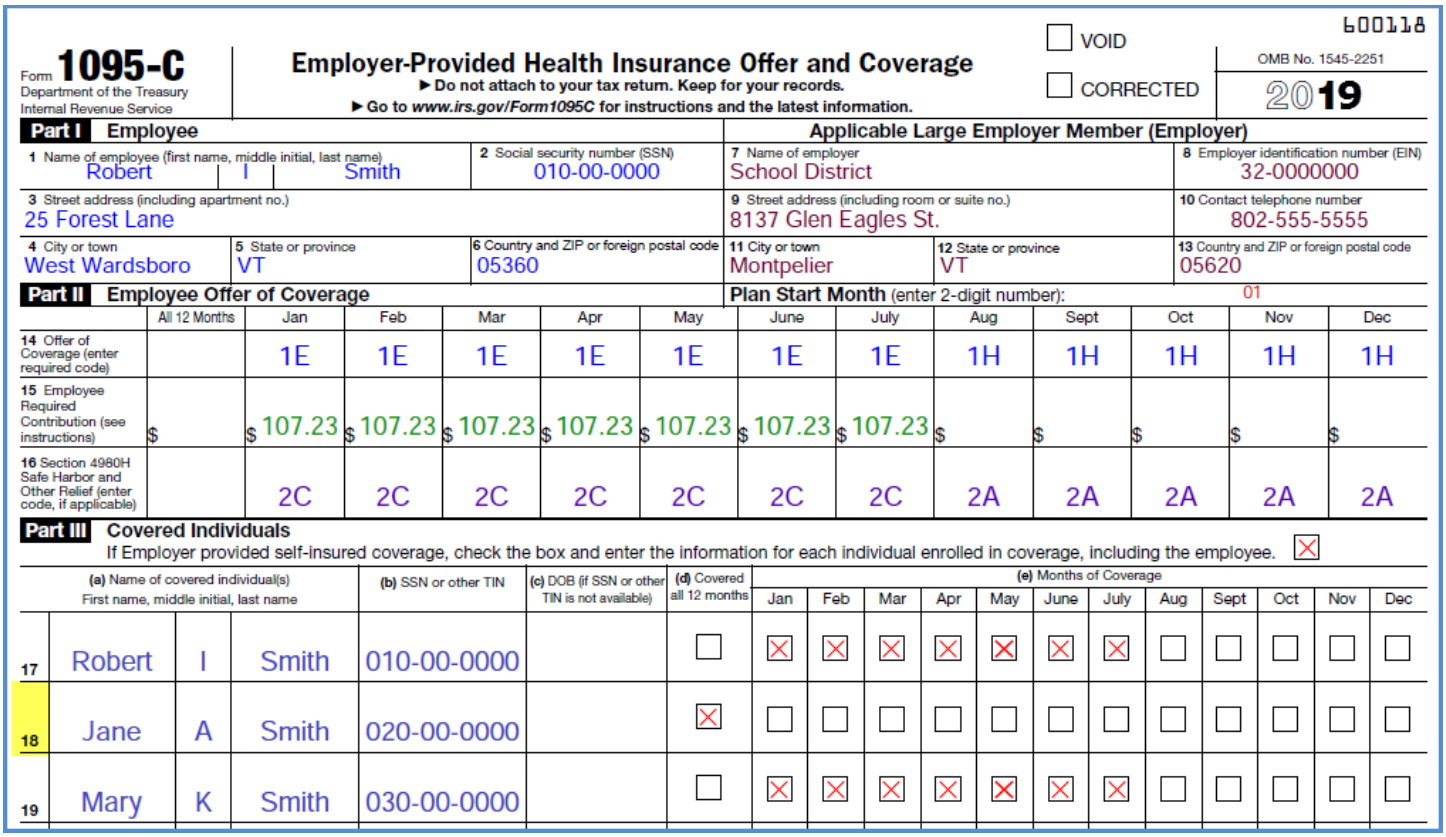
Line 15. For each month an offer of coverage is reflected in Line 14 you will enter the employer's required contribution for employee-only coverage under the lowest cost health option for which the employee is eligible (see Active Full-Time Employees). Beginning with the month following the month of termination the monthly box is left blank.

Line 16. Line 16 is completed as required for the months the employee was an active employee, code 2C if enrolled or the appropriate affordability safe harbor code, if applicable). Because coverage terminates at the end of the month, the entry for Line 16 will reflect enrollment in group health plan coverage through the month of termination. Beginning with the month following the month of termination you will enter Code 2A – Employee not employed during the month.

Part III

In addition to checking the box for each month of active coverage for the employee (and dependents, if applicable), you will check the box for all months of COBRA coverage for all enrolled individuals. Because COBRA may not be elected for all individuals enrolled while coverage was as an active employee, only check the months of COBRA coverage for individuals enrolled in COBRA coverage.

Example: (See sample, next page) Beginning in January 2019, Bob Smith, his wife Jane and their daughter Mary were enrolled in coverage under Bob's coverage. On July 20, Bob's employment is terminated and Bob and his family is offered COBRA. Jane is the only individual electing COBRA. The sample Form 1095-C on the next page shows how the Form 1095-C is completed.



Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage
▶ Do not attach to your tax return. Keep for your records.
▶ Go to *www.irs.gov/Form1095C* for instructions and the latest information.

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OMB No. 1545-2251

2019

Part I Employee

1 Name of employee (first name, middle initial, last name): Robert | I | Smith
2 Social security number (SSN): 010-00-0000
3 Street address (including apartment no.): 25 Forest Lane
4 City or town: West Wardsboro
5 State or province: VT
6 Country and ZIP or foreign postal code: 05360

Applicable Large Employer Member (Employer)

7 Name of employer: School District
8 Employer identification number (EIN): 32-0000000
9 Street address (including room or suite no.): 8137 Glen Eagles St.
10 Contact telephone number: 802-555-5555
11 City or town: Montpelier
12 State or province: VT
13 Country and ZIP or foreign postal code: 05620

Part II Employee Offer of Coverage

Plan Start Month (enter 2-digit number): 01

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1E	1E	1E	1E	1E	1E	1E	1H	1H	1H	1H	1H
15 Employee Required Contribution (see instructions)	$	$ 107.23	$ 107.23	$ 107.23	$ 107.23	$ 107.23	$ 107.23	$ 107.23	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)		2C	2C	2C	2C	2C	2C	2C	2A	2A	2A	2A	2A

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. ☒

	(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
17	Robert	I	Smith	010-00-0000		☐	☒	☒	☒	☒	☒	☒	☒	☐	☐	☐	☐	☐
18	Jane	A	Smith	020-00-0000		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19	Mary	K	Smith	030-00-0000		☐	☒	☒	☒	☒	☒	☒	☒	☐	☐	☐	☐	☐

Full-Time Employee – Continuing Employee, Not Full-Time

(Change to part-time, not benefit eligible)

Completing Form 1095-C

Part I

Part I of the Form 1095-C is completed as outlined under ***Active Full-Time Employees*** above. However, Parts II and III will be different as explained below.

Part II

Line 14**.** Line 14 is completed as required for the months the employee was an active, full-time employee. Because coverage terminates at the end of the month in which a full-time employee changes to part-time, the entry for Line 14 will reflect an offer of group health plan coverage through the month of the change (generally 1E). Beginning with the month following the month of the change, **the code entered on line 14 for the months in which an offer of COBRA continuation coverage is made should reflect only the individuals who received an offer of COBRA continuation coverage** (which generally will be only the individuals enrolled in the non-COBRA coverage at the time of the reduction in hours) or the individuals who received an offer of COBRA-alternative coverage at the same time the COBRA continuation coverage is offered.

For example, assume Lana Nunez was offered spouse and dependent coverage originally (as a full-time employee), elects self-only coverage. Lana then becomes part-time at the end of May and receives an offer of COBRA continuation coverage (of course, neither the Lana's spouse nor dependents are offered COBRA continuation since they were not enrolled). In that case, you should enter code **1B**, **Minimum essential coverage providing minimum value offered to employee only**, on line 14 for each month for which the COBRA continuation coverage is effective.

Line 15. For each month an offer of coverage is reflected in Line 14 as an active employee, you will enter the applicable employee contribution amount (see Active Full-Time Employees). Beginning with the month of the COBRA offer you will enter the COBRA rate for employee-only coverage for the lowest cost plan option available to the employee.

Line 16. Line 16 is completed as required for the months the employee was an active employee (2C). Further, if COBRA coverage is elected, the Code 2C will continue to be entered on Line 16.

If COBRA coverage is not elected, the applicable code, if any, for line 16 for the months following the change is determined as it would be for any other active employee, in most cases 2B. However, if the employee had received an offer of coverage based on the look-back measurement method, the employer may not use code 2B, Employee not a full-time employee, on line 16. In that case, the employer may enter another code from Code Series 2, such as a safe harbor code, if applicable.

Example: Lana Nunez is offered employee-only coverage because she is the only person enrolled at the time she changes to part-time, so Line 14 is Code **1B, Minimum essential coverage providing minimum value offered to employee only**. The COBRA rate for employee-only coverage for the plan in which Lana is enrolled (the only plan available to Lana), is $564.23. That is entered on Line 15. Because Lana enrolls in COBRA coverage, Code 2C is entered on Line 16.

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Form **1095-C** Department of the Treasury Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage
▶ Do not attach to your tax return. Keep for your records.
▶ Go to *www.irs.gov/Form1095C* for instructions and the latest information.

☐ VOID ☐ CORRECTED

OMB No. 1545-2251

2019

Part I Employee

1 Name of employee (first name, middle initial, last name)	2 Social security number (SSN)
Lana B Nunez	030-00-0030
3 Street address (including apartment no.)	
31 Stagecoach Rd	
4 City or town / 5 State or province / 6 Country and ZIP or foreign postal code	
Stowe / VT / 05672	

Applicable Large Employer Member (Employer)

7 Name of employer	8 Employer identification number (EIN)
School District	32-0000007
9 Street address (including room or suite no.)	10 Contact telephone number
31 S Main St	802-555-5555
11 City or town / 12 State or province / 13 Country and ZIP or foreign postal code	
Barre / VT / 05641	

Part II Employee Offer of Coverage

Plan Start Month (enter 2-digit number): 01

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1E	1E	1E	1E	1E	1B	1B	1B	1B	1B	1B	1B
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$564.23	$564.23	$564.23	$564.23	$564.23	$564.23	$564.23
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)	2C												

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. ☒

	(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
17	Lana	B	Nunez	030-00-0030		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

If Lana did not enroll in COBRA, the employer could use the applicable safe harbor code (if, it applied in Lana's case) or leave Line 16 blank.

If Lana did not elect coverage, the months in Part III following the change to part-time would not be checked.

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Form **1095-C** Department of the Treasury Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

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▶ Go to *www.irs.gov/Form1095C* for instructions and the latest information.

☐ VOID ☐ CORRECTED

OMB No. 1545-2251

2019

Part I Employee

1 Name of employee (first name, middle initial, last name)	2 Social security number (SSN)
Lana B Nunez	030-00-0030
3 Street address (including apartment no.)	
31 Stagecoach Rd	
4 City or town / 5 State or province / 6 Country and ZIP or foreign postal code	
Stowe / VT / 05672	

Applicable Large Employer Member (Employer)

7 Name of employer	8 Employer identification number (EIN)
School District	32-0000007
9 Street address (including room or suite no.)	10 Contact telephone number
31 S Main St	802-555-5555
11 City or town / 12 State or province / 13 Country and ZIP or foreign postal code	
Barre / VT / 05641	

Part II Employee Offer of Coverage

Plan Start Month (enter 2-digit number): **01**

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1E	1E	1E	1E	1E	1B	1B	1B	1B	1B	1B	1B
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$564.23	$564.23	$564.23	$564.23	$564.23	$564.23	$564.23
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)		2C	2C	2C	2C	2C	2H	2H	2H	2H	2H	2H	2H

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. ☒

	(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
17	Lana	B	Nunez	030-00-0030		☐	☒	☒	☒	☒	☒	☐	☐	☐	☐	☐	☐	☐

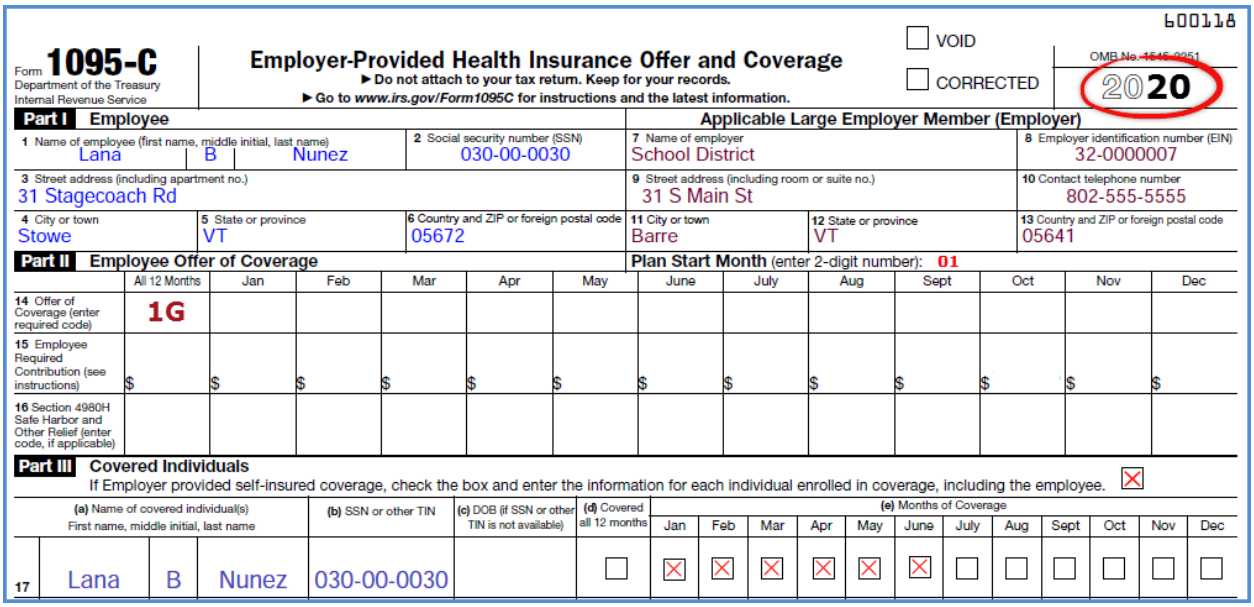
COBRA Coverage Only – 2019

The Form 1095-C is completed in a different way for individuals enrolled only in COBRA coverage during 2019. These participants elected COBRA in a previous calendar year and:

- were not employed in 2019 by the SD/SU for which you are completing the filing, **or**
- were not employed full-time for any month 2019 by SD/SU for which you are completing the filing.

The Form 1095-C for these individuals is completed like the Form 1095-C for an enrolled part-time employee. For example, let's use Lana's election of COBRA (above) and assume she remained enrolled in COBRA through June 2020. Lana's 2020 Form 1095-C would be completed as shown in the example below.

Note: Lana's 2020 Form 1095-C is completed the same way regardless of whether Lana terminates employment and continues COBRA or if Lana continued working part-time and continued COBRA.



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Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage
▶ Do not attach to your tax return. Keep for your records.
▶ Go to *www.irs.gov/Form1095C* for instructions and the latest information.

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OMB No. 1545-2251
2020

Part I Employee

1 Name of employee (first name, middle initial, last name)	2 Social security number (SSN)
Lana B Nunez	030-00-0030
3 Street address (including apartment no.)	
31 Stagecoach Rd	
4 City or town / 5 State or province / 6 Country and ZIP or foreign postal code	
Stowe / VT / 05672	

Applicable Large Employer Member (Employer)

7 Name of employer	8 Employer identification number (EIN)
School District	32-0000007
9 Street address (including room or suite no.)	10 Contact telephone number
31 S Main St	802-555-5555
11 City or town / 12 State or province / 13 Country and ZIP or foreign postal code	
Barre / VT / 05641	

Part II Employee Offer of Coverage

Plan Start Month (enter 2-digit number): 01

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1G												
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													

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. ☒

	(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
17	Lana B Nunez	030-00-0030		☐	☒	☒	☒	☒	☒	☒	☐	☐	☐	☐	☐	☐

On Line 14 the code 1G is entered in the 'All 12 Months' box and Lines 15 and 16 are skipped. The months during which Lana had COBRA coverage is shown on Line 17 by checking the box for each calendar month during which Lana had at least 1 day of coverage.

Requirement to obtain Social Security Number (or Tax ID Number) newly covered individuals.

Employers offering group health plan coverage must request the employee's and all dependents Social Security Number (or Tax ID Number) in enrollment forms, including annual enrollment forms and special enrollment forms (Proposed guidance requires the SSN be requested within 75 days after the date a coverage application is received). If enrollment forms do not include the SSN, employers are required to make certain attempts to obtain the number before using an enrolled individual's date of birth in lieu of a SSN. If the SSN is not obtained at enrollment:

- The employer must request the SSN by December 31 of the year in which coverage for the individual begins (January 31 of the following year if the coverage begins in December).
- If SSN is not provided after first request, a second solicitation is required by December 31 of the following year.
- If a SSN is still not provided, the employer has acted in a reasonable manner and need not continue to solicit a SSN. In lieu of the SSN, the employer may report using the individual's date of birth.

To demonstrate compliance with this requirement, each SD and SU should have a written procedure in place and maintain copies of materials used to obtain the Social Security Numbers (emails, letters, etc.). A sample 'best practice' procedure for obtaining missing SSNs and an employee notice template is available on the VEHI website.

Request for Social Security Number Time Line Overview

Social Security Number of all individuals being enrolled should be requested at the time of enrollment. However, if the SSN is not on file for IRS Reporting, the following timeline applies.

Example 1:

- Employee Enrolls and Coverage Effective — July 1, 2018
- SD/SU must request missing Social Security Number(s) by — December 31, 2018
- If no response, must request Social Security Number(s) again by — December 31, 2019

Example 2:

- Employee Enrolls and Coverage Effective — December 1, 2018
- SD/SU must request missing Social Security Number(s) by — January 31, 2019
- If no response, must request Social Security Number(s) again by — December 31, 2019

Example 3:

- Employee Enrolls and Coverage Effective — July 1, 2019
- SD/SU must request missing Social Security Number(s) by — December 31, 2019
- If no response, must request Social Security Number(s) again by — December 31, 2020

Example 4:

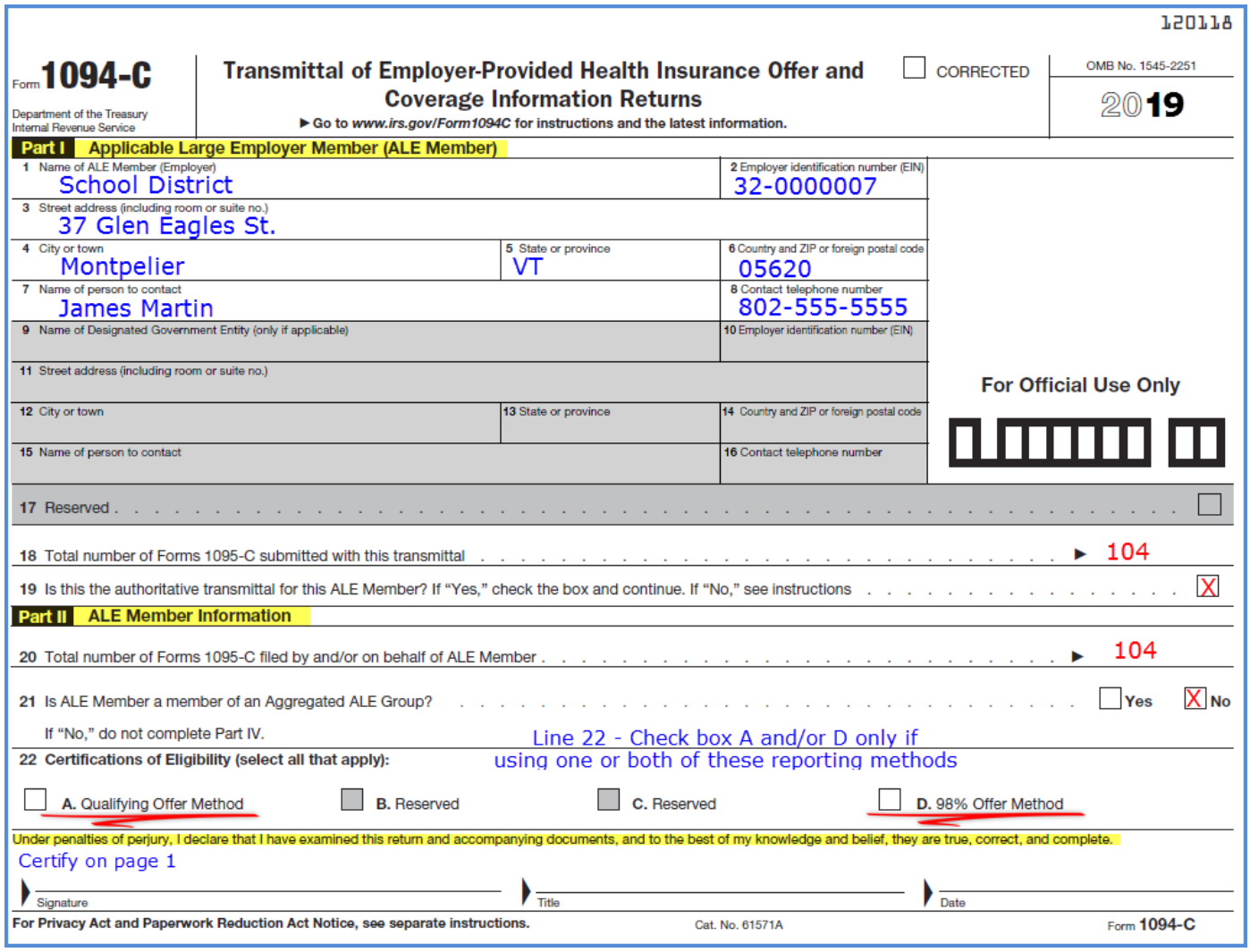
- Employee Enrolls and Coverage Effective — December 1, 2019
- SD/SU must request missing Social Security Number(s) by — January 31, 2020
- If no response, must request Social Security Number(s) again by — December 31, 2020

Example 5:

- Employee Enrolls and Coverage Effective — July 1, 2019
- Employee Adds New Spouse Effective — September 1, 2019
- SD/SU must request missing Social Security Number(s) by — December 31, 2019
- If no response, must request Social Security Number(s) again by — December 31, 2020

Form 1094-C – Transmittal To IRS

A Form 1094-C (a transmittal form) must be sent to the IRS with your Form 1095-Cs. The transmittal requires identifying information and is the form that requires certification (signature, including electronic) as to the accuracy of the information being submitted. Below is an example of the information required when filing a typical completed 1094-C. The information requested on Page 3 of the paper form of the 1094-C is not completed by SDs/SUs.



120118

Form **1094-C**

Department of the Treasury
Internal Revenue Service

Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

▶ Go to *www.irs.gov/Form1094C* for instructions and the latest information.

☐ CORRECTED

OMB No. 1545-2251

2019

Part I Applicable Large Employer Member (ALE Member)

1 Name of ALE Member (Employer): School District	2 Employer identification number (EIN): 32-0000007
3 Street address (including room or suite no.): 37 Glen Eagles St.	
4 City or town: Montpelier	5 State or province: VT / 6 Country and ZIP or foreign postal code: 05620
7 Name of person to contact: James Martin	8 Contact telephone number: 802-555-5555
9 Name of Designated Government Entity (only if applicable)	10 Employer identification number (EIN)
11 Street address (including room or suite no.)	
12 City or town	13 State or province / 14 Country and ZIP or foreign postal code
15 Name of person to contact	16 Contact telephone number

For Official Use Only

17 Reserved . . . ☐

18 Total number of Forms 1095-C submitted with this transmittal . . . ▶ 104

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions . . . [X]

Part II ALE Member Information

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member . . . ▶ 104

21 Is ALE Member a member of an Aggregated ALE Group? . . . ☐ Yes [X] No

If "No," do not complete Part IV.

22 **Certifications of Eligibility (select all that apply):** Line 22 - Check box A and/or D only if using one or both of these reporting methods

☐ **A.** Qualifying Offer Method ☐ **B.** Reserved ☐ **C.** Reserved ☐ **D.** 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Certify on page 1

▶ Signature ▶ Title ▶ Date

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 61571A Form **1094-C**

Part I - Applicable Large Employer Member (ALE Member)

Line 1, enter the name of the SD or SU.

Line 2, enter the SD's/SU's 9-digit EIN including the dash.

Lines 3, through 6, enter the full street address of the SD/SU, (including room or suite no., if applicable). This address should match the address reported on the Forms 1095-C.

Lines 7 and 8, enter the contact name and telephone number the IRS can use to contact the SD/SU with any questions about the filing.

Lines 9 through 17, no entry.

Line 18, enter the total number of Form 1095-C being submitted with the Form 1094-C (generally all forms).

Line 19, check the box if the Form 1094-C is the *authoritative* Form 1094-C. Unless you are submitting more than one filing, this box should be checked.

Part II - ALE Member Information

Line 20, enter the total number of Form 1095-C being submitted by the SD/SU. If only one submission is being made, lines 18 and 20 should be the same. Otherwise, Line 20 should be larger than Line 18 and equal the total number of Form 1095-Cs submitted with all Form 1094-Cs filed.

Line 21, the 'No' box should be checked.

Line 22, if the SD/SU is using the *Qualifying Offer Method (see page 6)* or the *98 Percent Offer Method (see page 7)* when completing Forms 1095-C, check the box as applicable.

Form 1094-C (2018) Checking the box 'Yes' in column (a) means the SD/SU offered qualifying coverage to at least 95% of all full-time employees (without regard to affordability) 120218 Page 2

Part III ALE Member Information—Monthly

		(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	☒	☐			☐	
24	Jan	☐	☐	78	96	☐	
25	Feb	☐	☐	78	96	☐	
26	Mar	☐	☐	77	95	☐	
27	Apr	☐	☐	77	95	☐	
28	May	☐	☐	78	95	☐	
29	June	☐	☐	77	84	☐	
30	July	☐	☐	77	84	☐	
31	Aug	☐	☐	77	84	☐	
32	Sept	☐	☐	79	96	☐	
33	Oct	☐	☐	80	97	☐	
34	Nov	☐	☐	80	97	☐	
35	Dec	☐	☐	80	96	☐	

Form 1094-C

Part III - ALE Member Information - Monthly

This Part of the form requires SDs/SUs to enter aggregate level information about their offer of coverage.

Column (a), Minimum Essential Coverage Offer Indicator

If the SD/SU offered **at least 95%** of all full-time employees (and their dependents) minimum essential coverage for the full calendar year, check the 'Yes' box on line 23. Otherwise, if the SD/SU offered at least 95% of all full-time employees (and their dependents) minimum essential coverage for some but not all months, check the appropriate box for each of the calendar months.

Note: If the SD/SU has 100 or fewer full-time employees for all months of the calendar year the SD/SU can check the 'Yes' box if no more than 5 full-time employees were not offered minimum essential coverage.

Column (b)—Section 4980H **Full-Time** Employee Count for ALE Member

The SD/SU should enter the number of full-time employees for each calendar month excluding full-time employees in a Limited Non-Assessment Period (employment waiting period or *Initial* measurement period).

Note: SDs/SUs eligible for the 98% Offer Method (checked box D on line 22 of the form) are not required to complete this column.

Column (c)—**Total** Employee Count for ALE Member

The SD/SU should enter the total number of all employees for each calendar month (full-time, non-full-time and employees in a Limited Assessment Period). The SD/SU must choose to use one of the following days of the month to determine the number of employees per month and must use that day for all months of the year:

(1) the first day of each month,

(2) the last day of each month,

(3) the 12th day of each month,

(4) the first day of the first payroll period that starts during each month, or

(5) the last day of the first payroll period that starts during each month (provided that for each month that last day falls within the calendar month in which the payroll period starts).

Column (d), do not complete.

Filing with the IRS

When to File

Time Line Overview

- **February 28, 2020** Forms 1095-C and 1094-C due to IRS (Mailed)
- **March 31, 2020** Forms 1095-C and 1094-C due to IRS (eFiled)
- **January 31, 2020** Copy of Form 1095-C due to employee (Covered Individual)

Generally, the return and transmittal form must be filed with the IRS no later than February 28 if filing on paper (March 31 if filing electronically) of the year following the calendar year of coverage.

To meet this requirement, ensure the envelope containing the forms is properly addressed and mailed on or before the due date. If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday.

For forms filed in 2020 reporting coverage provided in calendar year 2019, Forms 1094-C and 1095-C are required to be filed by February 28, 2020, or March 31, 2020, if filing electronically.

Filing Extensions

You can get an automatic 30-day extension of time to file by completing Form 8809 and filing it with the IRS on or before the due date for the Form 1094-C and 1095-C. A sample completed Form 8809 is available at this link. Form 8809 may be submitted on paper or through the IRS FIRE System either as a fill-in form or an electronic file. No signature or explanation is required for the extension. (To use the IRS FIRE System you must have an existing account or create an account. For more information go to this IRS site – link).

You must file Form 8809 by the due date of the returns in order to get the 30-day extension. Under certain hardship conditions, you may apply for an additional 30-day extension. See IRS Form 8809 and the instructions for more information about extensions of time to file.

Filing Electronically

SDs/SUs required to file 250 or more Form 1095-C information returns must file electronically. The 250-or-more requirement applies separately to each type of form filed and separately for original and corrected returns. If you have 150 Forms 1095-C to correct, you may file the corrected returns on paper because they fall under the 250 threshold. However, if you have 300 Forms 1095-C to correct, they must be filed electronically. The electronic filing requirement does not apply if you apply for and receive a hardship waiver. The IRS encourages you to file electronically even though you are filing fewer than 250 returns.

Waiver of Electronic Filing

To receive a waiver from the required filing of information returns electronically, submit Form 8508. You should file Form 8508 at least 45 days before the due date of the returns, but **no later than the due date of the return**. A sample completed Form 8508 is available at this link. The IRS does not process waiver requests until January 1st of the calendar year the returns are due. You cannot apply for a waiver for more

than 1 tax year at a time. If you need a waiver for more than 1 tax year, you must reapply at the appropriate time each year. If a waiver for original returns is approved, any corrections for the same types of returns will be covered under the waiver. However, if you submit original returns electronically but you want to submit your corrections on paper, a waiver must be approved for the corrections if you must file 250 or more corrections. If you receive an approved waiver, do not send a copy of it to the service center where you file your paper returns. Keep the waiver for your records only.

Filing Paper Returns With the IRS

Where to File

Send all information returns filed on paper to the following. Note: this address may change when final IRS forms are released.

Department of the Treasury
Internal Revenue Service Center
Austin, TX 73301

Shipping and mailing

If you're filing on paper, send the forms to the IRS in a flat mailing (not folded) and don't staple or paperclip the forms together. If you're sending many forms, you may send them in conveniently sized packages. On each package, write your name, and number the packages consecutively. Place Form 1094-C in package number one **and a copy of Form 1094-C in each additional package**. Postal regulations require forms and packages to be sent by first-class mail. Returns filed with the IRS must be printed in **landscape** format.

Keeping copies

Generally, keep copies of information returns you filed with the IRS or maintain the ability to reconstruct the data for at least 3 years, from the due date of the returns. It is particularly important to keep a paper copy of your Form 1094-C if you file electronically.

Corrections to Forms

Corrected Form 1094-C

This information relates to corrections to forms filed on paper. A corrected return should be filed as soon as possible after an error is discovered. File the corrected returns as follows.

If you filed electronically, you are most likely using a third party service provider to perform the actual electronic filing. If you have to make corrections to some of your forms, check with your filing service provider as that may be part of your service or they may be able to assist you.

Form 1094-C. If correcting information on the Authoritative Transmittal (identified on Part I, line 19, as the Authoritative Transmittal, one (and only one) of which must be filed for each SD/SU reporting aggregate employer-level data for all full-time employees and employees of the SD/SU), file a standalone, fully completed Form 1094-C including the correct information and enter an "X" in the "CORRECTED" checkbox. Do not file a return correcting information on a Form 1094-C that is not the Authoritative Transmittal.

Original Authoritative Transmittal Form 1094-C	
IF any of the following are incorrect	**THEN** ...
ALE Member or Designated Government Entity (Name and/or EIN) Total number of Forms 1095-C filed Aggregated ALE Group Membership Certifications of Eligibility Minimum Essential Coverage Offer Indicator Section 4980H Full-Time Employee Count for ALE Member Aggregated Group Indicator	1. Prepare a new Authoritative Transmittal, Form 1094-C 2. Enter an "X" in the "CORRECTED" checkbox at the top of the form 3. Submit the standalone corrected Form 1094-C with the correct information present

Corrected Form 1095-C

This information relates to corrections to forms filed on paper. You can find information about eFiling, including corrections, at the following IRS link. You should also discuss eFiling with your HR and/or payroll vendors as this may be a service they provide.

If you filed electronically, you are most likely using a third party service provider to perform the actual electronic filing. If you have to make corrections to some of your forms, check with your filing service provider as that may be part of your service or they may be able to assist you. If you want to submit your

corrections on paper, a waiver must be approved for the corrections if you must file 250 or more corrections. If you receive an approved waiver, do not send a copy of it to the service center where you file your paper returns. Keep the waiver for your records only.

A corrected return should be filed as soon as possible after an error is discovered. File corrected returns as follows.

- **Form 1095-C:** Fully complete Form 1095-C and enter an "X" in the CORRECTED checkbox. File a Form 1094-C Transmittal with the corrected Forms 1095-C. (Do not file a corrected Form 1094-C when only filing with corrected 1095-Cs.)
- **Recipient's statement:** A copy of the corrected Form 1095-C must be furnished to the individual who received the original Form 1095-C.

Note: Enter an "X" in the CORRECTED checkbox only when correcting a Form 1095-C previously filed with the IRS. If you are correcting a Form 1095-C that was previously furnished to a recipient, but not filed with the IRS, write, print, or type CORRECTED on the new Form 1095-C furnished to the recipient.

Original Form 1095-C Filed With the IRS and Furnished to the Recipient	
IF any of the following are **incorrect** ...	**THEN** ...
a. Name, SSN, ALE Member EIN b. Offer of Coverage (line 14) c. Employee Required Contribution d. Safe Harbor and Other Relief Codes (line 16) e. Covered Individuals Information	1. Fully complete a new Form 1095-C and enter an "X" in the CORRECTED checkbox 2. File corrected Form 1095-Cs with a non-authoritative Form 1094-C transmittal to the IRS 3. Furnish a corrected Form 1095-C to the employee

You must file a corrected return to report retroactive changes in coverage

Example 1. Tim enrolls in a school district's group health plan coverage in January 2019. Tim fails to pay his contributions while on leave for November and December 2019 and January 2020. The District sends Tim a Form 1095-C on January 31, 2019, reporting coverage for every month in 2019. On February 1, 2020,

the District cancels Tim's coverage effective November 1, 2019. The District must send Tim a corrected Form 1095-C reporting that Tim was covered only for January through October 2019. If the District filed the Form 1095-C with the IRS, it must file a corrected Form 1095-C with the IRS reporting coverage only for January through October 2019.

Example 2. Sharon is enrolled in a supervisory union's group health plan coverage for January through October 2019. Sharon goes on leave November 1 and does not continue coverage. Sharon returns from the leave on November 30 and coverage is reinstated December 1. The supervisory union completes and files Sharon's 1095-C showing coverage from January through October (before the group health plan records are updated to reflect the December reinstatement). The error is caught before the forms are filed with the IRS but after the forms were sent to participants. Since incorrect information was not sent to the IRS, the form sent to the IRS is not marked as 'Corrected', however, Sharon is provided a new form with the word 'Corrected' typed at the top of the form (the Corrected box is NOT checked).

Forms Furnished to Individuals

Employers must provide a copy of Form 1095-C to the person identified as the "employee" on the form by January 31, 2020.

The "employee" is generally the employee. However, the employee for COBRA coverage is the person who is the primary name on the coverage.

If only minor children are covered individuals, the copy may be sent to a parent.

Copies of Form 1095-C provided to employees may include a truncated SSN of the employee and covered individuals by showing only the last four digits of the SSN and replacing the first five digits with asterisks (*) or Xs.

The employer's EIN may not be truncated on the statement furnished to recipients and truncation of TINs, including EINs, is not allowed on returns filed with the IRS.

In general, statements must be provided on paper by mail (or hand delivered), unless the recipient affirmatively consents to receive the statement in an electronic format (see below). If mailed, the statement must be sent to the recipient's last known permanent address, or, if no permanent address is known, to the recipient's temporary address.

Consent to furnish statement electronically to the employee

If the employer wants to make the statements available electronically, the employer is required to obtain affirmative consent to furnish a statement electronically. The requirement to obtain affirmative consent to furnish a statement electronically ensures that statements are sent electronically only to individuals who are able to access them. The consent must relate specifically to receiving Form 1095-C electronically. Refer to additional, supplemental information on the requirements. A copy of process and notice for obtaining consent is available on the VEHI website.

Extension of Time to Furnish Statement to Recipients

You may request an extension of time to furnish statements to recipients ('employees') by sending a letter to:

Internal Revenue Service
Attn: Extension of Time Coordinator
240 Murall Drive
Mail Stop 4360
Kearneysville, WV 25430.

The letter must include:

a. filer (SD or SU) name,

b. filer TIN,

c. filer address,

d. type of return,

e. a statement that the extension request is for providing statements to recipients,

f. reason for delay, and

g. the signature of the filer or authorized agent.

Your request must be postmarked by the date on which the statements are due to the recipients. If your request for an extension is approved, generally you will be granted a maximum of 30 extra days to furnish the recipient statements.

Questions? – Contact GBS at VEHIhelp@ajg.com

Affordability Rules

In general.

An employee offered coverage by an employer may be eligible for a premium tax credit or cost-sharing reduction if the offer of coverage is not affordable under the rules (9.86% of the taxpayer's household income – 2019).

Affordability safe harbors

Because employers cannot possibly know each employees' household income, three 'safe harbors' for use by employers were established by regulations. If an employer offers minimum essential coverage providing minimum value and uses one of the three safe harbors to determine if the employer's coverage is affordable, the employer will not be subject to a penalty if an employee receives the premium tax credit based on the employee's actual household income. This safe harbor protection only applies if the employer uses one of the affordability safe harbors, applied as required under the rules.

Conditions of using an affordability safe harbor.

An employer may use one or more of the affordability safe harbors only if the employer offers its full-time employees the opportunity to enroll in eligible employer-sponsored qualifying coverage and offers the employee's dependents (children) the opportunity to enroll in eligible employer-sponsored minimum essential coverage. When determining affordability the employer need only ensure the employee contribution for employee-only coverage under the lowest-cost minimum essential coverage meets the affordability requirements.

Employers can choose to apply the safe harbors for any reasonable category of employees, provided it does so on a uniform and consistent basis for all employees in the category. Reasonable categories generally include specified job categories, nature of compensation (hourly or salaried), geographic location and similar bona fide business criteria. A list of employees by name or other specific criteria having substantially the same effect as a list by name is not considered a reasonable category. Use of any of the safe harbors is optional for an employer. However, an employer's failure to use a safe harbor leaves the employer open to a penalty to which they might not have been subject had the employer used a safe-harbor (for example, where an employee's total household income and number of dependents causes the employee to be eligible for the premium tax credit even though the employee was fairly highly paid.)

Form W-2 safe harbor.

Full-year offer of coverage.

An employer will not be subject to a penalty as to any full-time employee if the employee's required contribution during the entire calendar year does not exceed 9.86% of that employee's

Form W-2 wages from the employer for the calendar year. Application of this safe harbor is determined after the end of the calendar year and on an employee-by-employee basis, taking into account the Form W-2 wages and the required employee contribution for that year. In addition, to qualify for this safe harbor, the employee's required contribution must remain a consistent amount or percentage of all Form W-2 wages during the calendar year (or during the plan year for plans with non-calendar year plan years) so that an employer is not permitted to make discretionary adjustments to the required employee contribution for a pay period. Employers are permitted to charge a periodic contribution that is based on a consistent percentage of all Box 1 Form W-2 wages subject to a dollar limit.

Adjustment for partial-year offer of coverage.

If an employee is not offered coverage for an entire calendar year, the Form W-2 safe harbor is applied by:

- adjusting the Form W-2 wages to reflect the period for which coverage was offered,
- determining whether the employee's required contribution, totaled for the periods during which coverage was offered, does not exceed 9.86% of the adjusted amount of Form W-2 wages.

To adjust Form W-2 wages, the Form W-2 wages are multiplied by a fraction equal to:

$$\frac{\text{The number of calendar months for which coverage was offered over}}{\text{The number of calendar months in the employee's period of employment with the employer during the calendar year.}}$$

For this purpose, if coverage is offered during at least one day during the calendar month, or the employee is employed for at least one day during the calendar month, the entire calendar month is counted in determining the applicable fraction.

Rate of pay safe harbor.

Hourly Employees (Non-Exempt)

Employers will satisfy the rate of pay safe harbor for a non-exempt (hourly) employee for the calendar month if the employee's required contribution for qualifying coverage* for the calendar month does not exceed 9.86% of the employee’s hourly rate of pay as of the first day of the plan year multiplied by 130 hours. If the employee’s hourly rate of pay goes down during the year, the lower rate of pay is used for the calculation. Remember, the rate of pay is multiplied by 130 hours **regardless** of the number of hours the employee is regularly scheduled to work (e.g., employees working a 40-hour work week).

Salaried Employees (Exempt)

Employers will satisfy the rate of pay safe harbor for a exempt employee for the calendar month if the employee's required contribution for the calendar month for qualifying coverage* does not exceed 9.86% of the employee's monthly salary, as of the first day of the coverage period (instead of 130 multiplied by the hourly rate of pay). However, if the monthly salary is reduced, including due to a reduction in work hours, the safe harbor may not be used and an employer may use any reasonable method for converting payroll periods to monthly salary. For this purpose, if coverage is offered during at least one day during the calendar month, the entire calendar month is counted both for purposes of determining the assumed income for the calendar month and for determining the employee's share of the premium for the calendar month.

As is the case for hourly-paid (non-exempt) employees, the rate of pay is multiplied by 130 hours regardless of the number of hours the employee is regularly scheduled to work (e.g., employees working a 40-hour work week).

Federal poverty line safe harbor - 2019.

Employers will satisfy the federal poverty line safe harbor as to any employee for a calendar month if the employee's required contribution for qualifying coverage* for the calendar month does not exceed 9.86% of a monthly amount based on the federal poverty line for a single individual for the applicable calendar year, divided by 12. For this purpose, if coverage is offered during at least one day during the calendar month, the entire calendar month is counted both for purposes of determining the monthly amount for the calendar month and for determining the employee's share of the premium for the calendar month. The applicable federal poverty line is the federal poverty line for the State in which the employee is employed.

Continental United States	$12,140	$99.75 (9.86%)

** References to an offer of a qualifying coverage to an employee refer to the employer's lowest cost self-only minimum essential coverage providing minimum value.*

Examples

The following examples illustrate the application of the "W-2" and "Rate of Pay" affordability safe harbors. In each example, each employer is an employer with 200 full-time employees (including full-time equivalent employees).

Example 1 (Form W-2 wages safe harbor).

Alfred is employed by Big Corp. consistently from January 1, 2019, through December 31, 2019. In addition, Big Corp. offers Alfred and his dependents minimum essential coverage during that period that provides minimum value. The employee contribution for self-only coverage is $100 per calendar month, or $1,200.00 for the calendar year. For 2019, Alfred's Box 1 Form W-2 wages with Big Corp. employment with Big Corp. are $24,000.00.

Conclusion.

Because the employee contribution for 2019 is less than 9.86% of Alfred's Form W-2 wages for 2019, the coverage offered is treated as affordable with respect to Alfred for 2019 ($1,200.00 is 5% of $24,000.00).

Example 2 (Form W-2 wages safe harbor).

Bob is employed by MartCo from January 1, 2019, through September 30, 2019. In addition, MartCo offers Bob and his dependents minimum essential coverage during that period that provides minimum value. The employee contribution for self-only coverage is $100.00 per calendar month, or $900.00 for Bob's period of employment. For 2019, Bob's Box 1 Form W-2 wages from MartCo are $18,000.00 for January through September 2019. For purposes of applying the affordability safe harbor, the Form W-2 wages are multiplied by 9 ÷ 9 (9 calendar months of coverage offered over 9 months of employment during the calendar year) or 1. Accordingly, affordability is determined by comparing the adjusted Form W-2 wages ($18,000.00) to the employee contribution for the period for which coverage was offered ($900.00).

Conclusion.

Because the employee contribution for 2019 is less than 9.86% of Bob's adjusted Form W-2 wages for 2019, the coverage offered is treated as affordable with respect to Bob for 2019 ($900.00 is 5% of $18,000.00).

Example 3 (Form W-2 wages safe harbor).

Cathy is employed by FreshCo. from May 15, 2019, through December 31, 2019. FreshCo. offers Cathy and her dependents minimum essential coverage providing minimum value during the period from August 1, 2019, through December 31, 2019. The employee contribution for self-

only coverage is $100.00 per calendar month, or $500.00 for Cathy's period of employment. For 2019, Cathy's Form W-2, Box 1 wages with FreshCo. are $15,000.00. For purposes of applying the affordability safe harbor, the Form W-2, Box 1 wages are multiplied by 5/8 (5 calendar months of coverage offered over 8 months of employment during the calendar year). Accordingly, affordability is determined by comparing the adjusted Form W-2, Box 1 wages of $9,375.00 ($15,000.00 x (5 ÷ 8[1])) to the employee contribution for the period for which coverage was offered, $500.00.

Conclusion.

Because the employee contribution of $500.00 is less than 9.86% of $9,375.00 (Cathy's adjusted Box 1 Form W-2 wages for 2019), the coverage offered is treated as affordable with respect to Cathy for 2019 ($500.00 is 5.33% of $9,375.00).

Example 4 (Rate of pay safe harbor).

Fargo offers its full-time employees and their dependents minimum essential coverage providing minimum value. For the 2019 calendar year, Fargo is using the rate of pay safe harbor to establish premium contribution amounts for full-time employees at a rate of $7.25 per hour (the minimum wage in Fargo's jurisdiction) for each calendar month of the entire 2019 calendar year. Fargo can apply the affordability safe harbor by using an assumed monthly income amount based on an assumed 130 hours of service multiplied by $7.25 per hour ($942.50 per calendar month). To satisfy the safe harbor, Fargo would set the employee monthly contribution amount at a rate that does not exceed 9.86% of the assumed monthly income of $942.50. Fargo sets the employee contribution for self-only coverage at $90.00 per calendar month for 2019.

Conclusion.

Because $90.00 is less than 9.86% of the employees' assumed monthly income at a $7.25 rate of pay, the coverage offered is treated as affordable under the rate of pay safe harbor for each calendar month of 2019 ($90.10 is 9.86% of $942.50).

Example 5 (Rate of pay safe harbor).

Alex is employed by Chambers Mfg. from May 1, 2019, through December 31, 2019. Chambers Mfg. offers Alex and her dependents minimum essential coverage providing minimum value from May 1, 2019, through December 31, 2019. The employee contribution for self-only coverage is $100.00 per calendar month. From May 1, 2019, through October 31, 2019, Alex is paid at a rate of $10.00 per hour. From November 1, 2019, through December 31, 2019, Alex is paid at a rate of $12.00 per hour. For purposes of applying the affordability safe harbor for the calendar months May 2019 through October 2019, Chambers Mfg. may assume that Alex earned

[1] .625 or 62.50%

$1,300.00 per calendar month (130 hours of service multiplied by $10.00). Accordingly, affordability is determined by comparing the assumed income ($1,300.00 per month) to the employee contribution ($100.00 per calendar month).

For the calendar months November 2019 through December 2019, Chambers Mfg. must assume that Alex earned $1,300.00 per calendar month (130 hours of service multiplied by $10.00 (which is the lower of the employee's hourly rate of pay at the beginning of the coverage period ($10.00) and the lowest hourly rate of pay for the calendar month ($12.00)). Accordingly, affordability is determined by comparing the assumed income ($1,300.00 per month) to the employee contribution ($100.00 per calendar month).

Conclusion. Because $100.00 is less than 9.86% of Alex's assumed monthly income for each calendar month from May 2019 through December 2019, the coverage offered is treated as affordable with respect to Alex for May 2019 through December 2019 ($100.00 is 7.69% of $1,300.00).