



**Gallagher**

Insurance | Risk Management | Consulting

## Understanding the Essentials: Sections 6055 and 6056 Final Forms

The Patient Protection and Affordable Care Act (the ACA) added Sections 6055 and 6056 to the Internal Revenue Code. Under these provisions, employers and other sponsors of minimum essential coverage (MEC) must comply with certain reporting and disclosure requirements. To assist employers as they strive to understand the nuances of the reporting and disclosure requirements, below we have summarized the highlights of the Instructions and Forms.

### **Background**

Section 6055 requires insurers, self-insured health plan sponsors, certain governmental agencies, and any other entity that provides MEC to report information on that coverage to the IRS and to covered individuals. Section 6056 requires applicable large employers subject to the Employer Mandate under the ACA to report information about coverage offered to full-time employees to the IRS and individuals covered if coverage is self-insured. The reporting is intended to assist the IRS in determining which individuals are eligible for premium assistance for coverage obtained through the Marketplace and which employers have complied with the Employer Mandate.

### **Purpose of the Forms**

The general purpose of Forms 1094-B and 1095-B is to report information related to whether individuals are covered under MEC under Section 6055. Insurers and small employers with self-insured health coverage are required to use Forms 1094-B and 1095-B to report applicable information. Additionally, Forms 1094-B and 1095-B may be used by applicable large employers providing MEC to non-employees (e.g., non-employee directors or COBRA qualified beneficiaries).

The general purpose of Forms 1094-C and 1095-C is for employers with 50 or more full-time and full-time equivalent employees (i.e., applicable large employers) to report information required under Section 6056 about offers of, and



enrollment in, health coverage. Self-insured applicable large employers also use Forms 1095-C to fulfill their obligations under Section 6055, even for employees who were terminated or retired during the year.

Forms 1094-B and 1094-C are the “transmittal forms” that are used to provide the IRS with summary information for the employer and to transmit Forms 1095-B and 1095-C to the IRS.

Form 1095-B has two purposes. The first purpose is for insurers, small self-insured employers who offer MEC, and self-insured employers offering MEC to non-employees to report to the IRS that the covered individuals have MEC. The second purpose is to serve as a disclosure statement to responsible individuals who were included in the report to the IRS.

Form 1095-C also has two purposes. The first purpose is to establish an employer’s compliance with the Employer Mandate. The second purpose is to assist the IRS in determining whether an individual is eligible for premium assistance when obtaining coverage through a Marketplace. Form 1095-C may also be used to fulfill an applicable large employer’s obligation to furnish a statement to employees who were included in the report to the IRS, and Form 1095-C may be used to report offers of MEC to non-employees.

## **Coverage Included**

In general, the IRS reporting obligations involve MEC, which includes employer-sponsored health insurance coverage. That coverage may be fully-insured or self-insured, grandfathered or non-grandfathered. However, excepted benefits are not MEC. Thus, most dental, vision, health flexible spending accounts, Employee Assistance Programs, and wellness programs are not included in this reporting, and instead, the focus is on major medical coverage. When an individual has coverage in more than one type of MEC, specifically health reimbursement arrangements (HRAs), coverage in more than one type of MEC is excepted from reporting so long as: (1) an individual is covered by more than one type of MEC provided by the same provider (e.g., a self-insured primary medical plan and a self-insured HRA), or (2) an individual is eligible for a type of MEC only because that individual is eligible for another type of MEC for which reporting is required (e.g., an employee is only eligible for a self-insured HRA if enrolled in the employer’s fully insured primary medical plan, or

a retiree is enrolled in Medicare supplemental coverage only because she is enrolled in Medicare). However, if an individual is covered by an HRA sponsored by one employer and a primary medical plan sponsored by another employer, both employers must report the coverage each provides to that individual. Health savings accounts are not considered to be group health plans; thus, they are not subject to the reporting requirements. The 2021 instructions provide guidance on reporting with respect to Individual Coverage HRAs (ICHRA). Generally, an HRA, including an ICHRA, is a self-insured group health plan and, therefore, is an eligible employer-sponsored plan.

## Forms

The various types of Forms can be a bit confusing at first, but they can basically be broken down into two groups. The B Forms (1094-B and 1095-B) are used by insurers and self-insured employers with less than 50 full-time and full-time equivalent employees providing MEC to report on who is covered by MEC; these Forms may also be used by large and small employers reporting MEC offered to non-employees. The C Forms (1094-C and 1095-C) are used by applicable large employers (whether offering fully-insured or self-insured coverage) to report and disclose (unless qualifying for simplified statement furnishing) information about employer-sponsored coverage offered to their employees. The C Forms may also be used by applicable large employers to report coverage provided to non-employees.

To illustrate which forms must be completed and by whom, please see the following chart:

Type of Reporting	Who Reports	Transmittal	Return
<b>6055</b>	Self-insured employers with less than 50 full-time and full-time equivalent employees	1094-B	1095-B
<b>6055</b>	Employers with 50 or more full-time and full-time equivalent employees who must report coverage provided to non-employees (e.g., non-employee directors, COBRA qualified beneficiaries, and retirees) who were not an employee for all 12 months of the year	1094-B or 1094-C Note: If using Form 1094-C as a transmittal, use Form 1095-C for reporting and disclosure.	1095-B or 1095-C Note: If using Form 1094-C as a transmittal, use Form 1095-C for reporting and disclosure.



Type of Reporting	Who Reports	Transmittal	Return
<b>6055</b>	Insurers (including insurers providing coverage through the SHOP Exchange for small employers)	1094-B	1095-B
<b>6056</b>	Fully-insured employers with 50 or more full-time and full-time equivalent employees	1094-C	1095-C (except Part III)
<b>6055 &amp; 6056</b>	Self-insured employers with 50 or more full-time and full-time equivalent employees (including coverage provided to non-employees that were employed 1 or months of the year)	1094-C	1095-C

### Forms 1094-B and 1095-B

Form 1094-B is the transmittal form for Form 1095-B returns. This means that Form 1094-B is essentially the cover sheet to the IRS for the associated Forms 1095-B. Form 1094-B is only filed with the IRS; it is not distributed to covered individuals. A copy of Form 1095-B must be provided to the responsible individual named on the Form 1095-B.

### Information required on Form 1094-B

Form 1094-B has only nine lines. The first eight lines solicit information related to identification of the filing party, which may be an employer, an insurance carrier, a governmental entity, or another type of organization providing MEC. The ninth line solicits the number of Forms 1095-B submitted with the Form 1094-B.



## **Information required on Form 1095-B**

Form 1095-B has four parts. Part I, lines 1 - 7 solicit information about the individual for whom the Form 1095-B is filed, including the name, address, and Social Security number of the responsible individual. The responsible individual is the primary insured employee, former employee, parent, or other person through whom another individual is enrolled.

Part I, line 8 requires the entry of a code to identify the “Origin of the Policy.” This is meant to identify who provides the coverage. Code “B” is to be used for employer-sponsored coverage. Thus, an employer completing the Form would enter code “B” for line 8; however, code G must be entered on line 8 to identify an ICHRA.

Part II, lines 10 - 15 will not be completed by an employer sponsoring self-insured coverage. Only an insurance carrier or a carrier for insured group health coverage, including SHOP coverage will complete Part II.

Part III, lines 16 - 22 require information about the coverage provider. If the coverage is self-insured, then the employer will enter its information in this section. If the coverage is fully-insured, then the information will relate to the insurance carrier. If an employer uses Form 1095-B to report coverage provided to a non-employee, it should complete Part III. Note: All individuals covered due to the non-employee’s enrollment must be included on the same Form as the non-employee. In other words, if the health coverage for the non-employee is reported on Form 1095-B, then coverage to the non-employee’s spouse and dependents, if any, must be included on that same form.

Part IV, lines 23 - 28 solicit information about the covered individuals, including the names, Social Security numbers (or dates of birth if the Social Security number is not available), and months of coverage. A “continuation sheet” to allow employers to report more than six covered individuals – extending Part IV to lines 23 - 40.

## **Forms 1094-C and 1095-C**

Form 1094-C is the transmittal form for Form 1095-C returns. This means that Form 1094-C is essentially the cover sheet for the Forms 1095-C filed with the IRS. Form 1094-C will not be distributed to employees, but will only be filed with the IRS.



An applicable large employer member must file one Form 1095-C with the IRS for each full-time employee. According to the final Instructions, an employee who had a break in service is treated as an employee during that break in service for reporting purposes so long as the individual’s employment did not terminate. For example, an employee on unpaid leave during a break in service would be treated as an employee for reporting purpose during the break in service, while a former employee whose employment had been terminated during the break in service would not be treated as an employee for reporting purposes.

A copy of the Form 1095-C must be provided to each employee for whom a Form 1095-C is filed with the IRS, unless the employer is eligible to use an alternative furnishing method under the Qualifying Offer Method.

Employers may truncate employee Social Security numbers on Part I of Form 1095-C when furnishing statements to employees (but not the Form 1095-C filed with the IRS) by using only the last four digits of the individual’s Social Security number and either asterisks or Xs for the other numbers. Statements are to be furnished on paper by mail unless the employee affirmatively consents to electronic distribution. However, statements to employees covered under an expatriate plan can be provided electronically unless the employee explicitly refuses or requests a paper copy. (This is the same delivery requirement as for Forms W-2.)

### Sections to be completed on Form 1094-C when using Simplified Reporting

Type of Employer	Form 1094-C Part to Complete	Code
<b>Applicable large employer eligible for simplified reporting under Qualifying Offer Method</b>	I, II, III, and IV*	In Part II, line 22, check box for “A.”
<b>Applicable large employer eligible for simplified reporting under 98% Offer Method</b>	I, II, III, and IV*	In Part II, line 22, check box “D.” Do not complete part III, column (b).

\* Part IV should only be completed by an applicable large employer who is part of an Aggregated ALE Group. An “Aggregated ALE Group” refers to a group of applicable large employer members treated as a single employer under



section 414(b), 414(c), 414(m), or 414(o) of the Internal Revenue Code. Government entities and churches are to use a reasonable, good faith interpretation of the aggregation rules noted above in determining their status as an ALE or member of an Aggregated ALE Group.

### Sections to be completed on Form 1095-C

Type of Employer	Form 1095-C Part to Complete
Applicable large employer sponsoring self-insured health plan	I, II, and III**
Applicable large employer sponsoring fully-insured health plan without additional minimum essential coverage that must be reported separately***	I, II
Applicable large employers sponsoring fully-insured health plan with additional minimum essential coverage that must be reported separately***	I, II, and III**

\*\* Parts I and II should be completed for any employee that is full-time for any month of the calendar year. Parts I, II, and III should be completed for any full-time employee for any month of the calendar year who enrolls in self-insured coverage. Only Parts I and III are required to be completed for any employee who was not a full-time for every month of the calendar year and for non-employees. If the individual is a non-employee for all 12 months but enrolls in self-insured coverage for one or more months of the calendar year, the employer is required to complete Parts I and III and only line 14 of Part II by entering code “1G” in the “All 12 months” column. If an employee does not enroll in self-insured coverage, the employer is not required to complete Part III.

\*\*\* See explanation beginning on page 2 regarding which additional MEC coverage must be reported.

### Information required on Form 1094-C

Part I, lines 1 - 8 seek information about the applicable large employer filing the transmittal form (i.e., Form 1094-C), including the name, address, and EIN of the employer, as well as the name and number of the person to contact for more



information. In addition, if an employer is a governmental employer that has designated another governmental entity to report on its behalf, that “Designated Governmental Entity” will be identified in lines 9-16 of that section. Line 17 is reserved, and line 18 seeks the total number of Forms 1095-C submitted with the Form 1094-C.

Part I, line 19 asks whether the Form 1094-C is the “authoritative transmittal” for the applicable large employer. The authoritative transmittal contains aggregate employer information for each employer. For example, an employer with two subdivisions may prepare separate Forms 1094-C for each subdivision. In such cases, the employer must designate one of the 1094-C Forms as the authoritative transmittal that contains aggregate employer data for all employees of the employer (i.e., the report for all employees of both divisions).

Part II, line 20 seeks the number of Forms 1095-C filed by or on behalf of the employer.

Part II, line 21 seeks information as to whether the applicable large employer is a member of an Aggregated ALE group. If so, the employer must complete Part IV for Form 1094-C, which requires identification of all members within the group.

Part II, line 22 seeks information about whether the Qualifying Offer Method or the 98% Offer Method apply. A section for an individual to sign on behalf of the applicable large employer follows line 22.

Part III, lines 23 - 35 seeks information about the months during which offers of coverage were made, whether the coverage offered was MEC, the total number of full-time employees, and the total number of employees.

Part IV, lines 36 - 65 seeks information (name and EIN) about other members of the Aggregated ALE group, if applicable.

### **Information required on Form 1095-C**

Form 1095-C has three parts. Part I, lines 1 – 13, provides information about the employee and the applicable large employer member. Part II, lines 14 – 17, involves information about the offer of coverage (if any) made to the employee, and the months of coverage or Limited Non-Assessment periods. Part II also contains a field titled “Plan Start Month.” To





complete the box, employers should enter the two-digit number (i.e., “01” through “12”) indicating the calendar month during which the plan year begins. If more than one plan year could apply, for example due to a change in plan year, an employer should enter the earliest applicable month. If the employer does not offer health coverage to its full-time employees, then the employer should enter “00.” Part III, lines 18 – 30 provide information about the individual(s) covered under the employer-sponsored plan and to whom the form relates.

### General Reporting

If an employer does not qualify for simplified reporting or disclosure, it must use the general reporting method, which simply means that the employer must complete all applicable sections of Forms 1094-C and 1095-C and must provide copies of Forms 1095-C to employees included in the reporting.

While much of the information is basic, the Instructions include codes that must be used to complete certain sections of Form 1095-C. It will be important for employers to know what the applicable codes are in advance in order to appropriately capture that data.

### Meaning of Codes for Form 1095-C, Part II, Line 14

As noted above, Form 1095-C requires the use of special codes. Some of the most important codes are found in Part II on line 14. For that section, employers must use certain codes to indicate what type of coverage was offered to an employee. Below is an explanation of each code.

Code	Reason	Line	Comments
1A	Qualifying Offer	14	Use this code when the employer has offered MEC providing minimum value to full-time employees with a contribution that is affordable using the mainland federal poverty line safe harbor (i.e., employee-only coverage cost is equal to or less than 9.5%, indexed annually) of the mainland single federal poverty level safe harbor), and at least MEC has been offered to dependent children and spouses. Code may be used whether



Code	Reason	Line	Comments
			or not the employer makes a Qualifying Offer for all 12 calendar months, but employer may not use alternative furnishing method for any employee who did not receive a Qualifying Offer for all 12 months.
<b>1B</b>	Minimum essential coverage with minimum value offered only to employee	14	Use this code when the employer has offered MEC providing minimum value to the employee, but MEC was not offered to a spouse or dependent children. Employer will not qualify for simplified reporting.
<b>1C</b>	Minimum essential coverage providing minimum value offered to the employee and at least minimum essential coverage was offered to dependent children but not spouse	14	Use this code when the employer has offered MEC providing minimum value to the employee and at least MEC is offered to dependent children, but not spouses. Employer will not qualify for simplified reporting based upon Qualifying Offer Method, but may qualify for 98% Offer Method simplified reporting.
<b>1D</b>	Minimum essential coverage providing minimum value offered to the employee and at least minimum essential coverage was offered to spouse, but not dependent children	14	Use this code when the employer offers MEC providing minimum value to the employee and at least minimum essential coverage is offered to the spouse, but not dependent children. Employer will not qualify for simplified reporting. Do not use code 1D if spousal coverage was offered conditionally, use code 1J instead.
<b>1E</b>	Minimum essential coverage providing minimum value was offered to the employee and at least minimum essential coverage offered to spouse and dependent children	14	Use this code when offering MEC providing minimum value to the employee and at least minimum essential coverage is provided to the spouse and dependent children. Do not use code 1E if spousal coverage was offered conditionally, use code 1K instead. Employer may qualify for simplified reporting based upon the 98% Offer Method.
<b>1F</b>	Minimum essential coverage NOT providing minimum value was offered to the employee, or the employee and spouse or dependent children, or the	14	Use this code when offering MEC that does not provide minimum value (e.g., a “skinny” plan). Employer will not qualify for simplified reporting.



Code	Reason	Line	Comments
	employee, spouse, and dependent children		
<b>1G</b>	Offer of coverage to the employee who was not a full-time employee for <i>any</i> month of the calendar year who enrolled in self-insured coverage for one or more months of the calendar year or offer of coverage to an individual who was not an employee for any month of the calendar year	14	Use this code when offering self-insured coverage to an employee who was not a full-time employee for <i>any</i> month during the calendar year. This may include one or more months in which the individual was not an employee. Enter code 1G in the “All 12 months” box, or in the monthly boxes, but not both.
<b>1H</b>	No offer of coverage (i.e., employee not offered any coverage considered to be minimum essential coverage)	14	Use this code when an employee was not offered coverage or was not offered coverage that is considered to be MEC (e.g., a limited benefit plan). This may include one or more months in which the individual was not an employee. Employer will not qualify for simplified reporting. This code may be used in connection with reporting of COBRA continuation coverage offered to former employees that terminated employment.
<b>1I</b>			Reserved.
<b>1J</b>	Offer of coverage to employee, conditional offer of coverage to spouse, no offer of coverage to dependents	14	Use this code when an employee was offered coverage, there was a conditional offer of coverage to the spouse, and no offer of coverage made to dependents. A conditional offer of spousal coverage is an offer of coverage that is subject to one or more reasonable, objective conditions (e.g., 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).
<b>1K</b>	Offer of coverage to employee and dependents, conditional offer of coverage to spouse	14	Use this code when an employee and dependents were offered coverage and there was a conditional offer of coverage to the spouse. A conditional offer of spousal coverage is an offer of coverage that is subject to one or more reasonable, objective



Code	Reason	Line	Comments
			conditions (e.g., 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).
<b>1L</b>	Individual coverage HRA offered to employee only using employee’s primary residence ZIP code	14	Use this code when only the employee is offered an Individual Coverage HRA and employer uses the employee’s primary residence ZIP code to determine affordability.
<b>1M</b>	Individual coverage HRA offered to employee and dependent children (not spouse) using employee’s primary residence ZIP code	14	Use this code when the employee and employee’s dependent children (but not employee’s spouse) are offered an Individual Coverage HRA and employer uses the employee’s primary residence ZIP code to determine affordability.
<b>1N</b>	Individual coverage HRA offered to employee, spouse and dependent children using employee’s primary residence ZIP code	14	Use this code when the employee, spouse, and dependent children are offered an Individual Coverage HRA and employer uses the employee’s primary residence ZIP code to determine affordability.
<b>1O</b>	Individual coverage HRA offered to employee only using employee’s primary employment ZIP code	14	Use this code when only the employee is offered an Individual Coverage HRA and employer uses the employee’s primary place of employment ZIP code to determine affordability.
<b>1P</b>	Individual coverage HRA offered to employee and dependent children (not spouse) using employee’s primary employment ZIP code	14	Use this code when the employee and employee’s dependent children (but not employee’s spouse) are offered an Individual Coverage HRA and employer uses the employee’s primary place of employment ZIP code to determine affordability.
<b>1Q</b>	Individual coverage HRA offered to employee, spouse and dependent children using employee’s primary employment ZIP code	14	Use this code when the employee, spouse, and employee’s dependent children are offered an Individual Coverage HRA and employer uses the employee’s primary place of employment ZIP code to determine affordability.
<b>1R</b>	Individual coverage HRA offered is NOT affordable offered to employee; employee and spouse, or dependent(s); or employee, spouse and dependents.	14	Use this code if the Individual Coverage HRA coverage offered to employee, spouse, and dependent children is not affordable using either the employee’s primary residence or primary place employment ZIP code safe harbor.



Code	Reason	Line	Comments
<b>1S</b>	Individual coverage HRA offered to an individual who was not a full-time employee	14	Use this code for any non-full-time employees offered Individual Coverage HRA coverage.
<b>1T</b>	Individual coverage HRA that is affordable is offered to employee and spouse (not dependents) using employee's primary employment ZIP code	14	Use this code when only the employee and spouse (but not dependents) are offered an ICHRA that is affordable and employer uses the employee's primary residence location ZIP code to determine affordability.
<b>1U</b>	Individual coverage HRA that is affordable is offered to employee and spouse (not dependents) using employee's primary employment site ZIP code	14	Use this code when the employee and spouse (but not dependents) are offered an ICHRA that is affordable and employer uses the employee's primary place of employment ZIP code to determine affordability.
<b>1V</b>	Reserved for future use		
<b>1W</b>	Reserved for future use		
<b>1X</b>	Reserved for future use		
<b>1Y</b>	Reserved for future use		
<b>1Z</b>	Reserved for future use		

Employers are able to use two codes – 1J or 1K - indicating that the employer's offer to the spouse is a conditional offer. An offer of coverage to a spouse includes an offer that is subject to a reasonable, objective condition regardless of whether the spouse meets that condition. For example, an offer of coverage that is available to a spouse only if the spouse certifies that the spouse does not have access to health coverage from another employer is treated as an offer of coverage to the spouse for reporting purposes. This treatment is for reporting purposes only. It generally will not affect the spouse's eligibility for a premium tax credit if the spouse did not meet the condition and therefore did not actually receive an offer of coverage.

### Information to be completed for Form 1095-C, Part II, Line 15

Line 15 of Form 1095-C seeks information about the cost to an employee for the lowest-cost self-only coverage with minimum value offered by the employer. Employers may determine the monthly employee contribution by dividing the employee’s total cost for the plan year by the number of months in the plan year. If the employee is not required to contribute any amount towards the premium, employers should enter 0.00 (do not leave blank). If the employee share for the lowest-cost self-only coverage is not the same for all 12 months, the appropriate amounts should be entered into each calendar month.

Line 15 should only be completed if the employer uses codes 1B, 1C, 1D, 1E, 1J, 1K, 1L, 1M, 1N, 1O, 1P, 1Q, 1T, or 1U for line 14. Line 15 should not be completed if code 1A is used for line 14 because that code requires that the coverage be affordable using the mainland federal poverty line safe harbor. Moreover, the section should not be completed if codes 1F, 1G, or 1H are used for line 14. Code 1F is for minimum essential coverage that does not provide minimum value. Code 1G means that coverage was offered to a non-full-time employee who thus could not trigger a penalty; therefore, affordability is irrelevant for that employee. Code 1H indicates that minimum essential coverage sufficient to forego an Employer Shared Responsibility penalty was *not* offered to the employee for the applicable period of time.

### Meaning of Codes for Form 1095-C, Part II, Line 16

Line 16 of Form 1095-C seeks information about any safe harbors from Section 4980H penalties that may apply. The chart below shows the available codes and their meaning.

Code	Reason	Line	Comments
<b>2A</b>	Employee not employed during the month	16	Enter Code 2A if the employee was not employed on any day of the month. Do not use Code 2A if the individual is an employee of the employer on any day of the month. Do not use this code for the month during which an employee terminates employment with the employer.



Code	Reason	Line	Comments
<b>2B</b>	Employee not a full-time employee	16	Use this code 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. Use this code if a full-time employee's offer of coverage terminated before the end of the month solely because the employee terminated employment during the month, but coverage would otherwise have extended until the last day of the month.
<b>2C</b>	Employee enrolled in coverage offered	16	Use this code for any month in which the employee enrolled in health coverage offered by the employer, regardless of whether any other 2 series code might also apply (other than code 2E). Do not use code 2C if code 1G is entered in the All 12 Months Box in line 14 because the individual was not an employee for any month of the calendar year. Do not enter code 2C in line 16 for any month in which a terminated employee is enrolled in COBRA coverage (enter code 2A). Do not enter 2C for any month in which the employee is enrolled in coverage that is not MEC.
<b>2D</b>	Employee in a Section 4980H Limited Non-Assessment period	16	Use this code when an employee is in a Limited Non-Assessment period. Limited Non-Assessment periods include: (1) January through March of the first year an employer is an applicable large employer; (2) a waiting period under the monthly measurement method ending no later than two full calendar months after the end of the first calendar month the employee is eligible for coverage; (3) a waiting period under the look-back method ending not later than the end of the employee's third full calendar month of employment; (4) an initial and administrative period under the look-back method; (5) a period following a change in status that occurs during an initial measurement period under the look-back method; and (6) the employee's first calendar month of employment. Note that



Code	Reason	Line	Comments
			the first five Limited Non-Assessment periods are only non-assessment periods if affordable health coverage providing minimum value is offered by the first day of the first month following the Limited Non-Assessment period. (Do not use if multiemployer interim guidance also applies – see “2E.”)
<b>2E</b>	Multiemployer interim relief rule	16	Use this code for any month in which the multiemployer interim rule relief applies, regardless of whether any other Code Series 2 applies (including 2C). Under the multiemployer interim relief rule, an employer is treated as offering health coverage to an employee if the employer is required by a collective bargaining agreement or related participation agreement to make contributions for that employee to a multiemployer plan that offers health insurance coverage that is affordable and provides minimum value and is also offered to that employee’s dependent children.
<b>2F</b>	Section 4980H affordability Form W-2 safe harbor	16	Use this code if affordability for the purposes of Section 4980H was determined by the Form W-2 safe harbor. If this safe harbor is used, then it must be used for all months of the year that the employer offered coverage. (Do not use if multiemployer interim guidance also applies – see “2E.”)
<b>2G</b>	Section 4980H affordability federal poverty line safe harbor	16	Use this code if affordability for the purposes of Section 4980H was determined by the federal poverty line safe harbor. (Do not use if multiemployer interim guidance also applies – see “2E.”)
<b>2H</b>	Section 4980H affordability rate of pay safe harbor	16	Use this code if affordability for the purposes of Section 4980H was determined by the rate of pay safe harbor. (Do not use if multiemployer interim guidance also applies – see “2E.”)
<b>2I</b>			Reserved.





There is no specific code to enter on Line 16 to indicate that a full-time employee who was offered coverage either did not enroll in or waived the coverage.

### Qualifying for Simplified Reporting and/or Furnishing

Some employers may qualify for simplified reporting, and in some cases may provide simplified statements. Relief is available for organizations that have made “Qualifying Offers” A Qualifying Offer is an offer of coverage to an employee that offers minimum value and is affordable using the mainland federal poverty line safe harbor under Section 4980H and includes an offer of at least minimum essential coverage to the employee’s spouses and dependents. Employers sponsoring fully insured health coverage who qualify for the Qualifying Offer method also qualify for simplified reporting and may furnish simplified statements. Employers sponsoring self-insured health coverage may qualify for simplified reporting, but are permitted to furnish simplified statements only to employees and other individuals who did not enroll in coverage. Employees who did not receive a Qualifying Offer for all 12 months and any employee enrolled in self-insured coverage must receive a copy of the Form 1095-C. For more information on simplified furnishing, please our [“Sample Simplified 1095-C Employee Statements for Applicable Large Employers with Fully Insured Plans using one of the Qualifying Offer Methods.”](#)

In addition, an employer who makes an offer of coverage with minimum value that is affordable using any Section 4980H safe harbor to at least 98% of all employees that are not in a Limited Non-Assessment Period (and their dependent children) for whom the employer must file a Form 1095-C, may forego reporting its number of full-time employees for each month on Form 1094-C, but the employer is not granted any relief from providing a copy of the Form 1095-C as part of its disclosure requirements.

Below is a chart summarizing what requirements must be met in order for an employer to qualify for simplified reporting.

Minimum Essential Coverage with Minimum Value Must Be:	Qualifying Offer Method	98% Offer Method
Offered to the employee	X	X



<b>Offered to at least 98% of all employees for whom a Form 1095-C is filed and who are not in a Limited Non-Assessment period</b>		X
<b>Offered to the spouse</b>	X	
<b>Offered to dependent children</b>	X	X
<b>Affordable for employee-only using mainland federal poverty line</b>	X	
<b>Affordable for employee-only coverage using any Section 4980H safe harbor</b>		X

## Information to submit on Forms 1094-C and 1095-C if qualifying for Simplified Reporting

Employers qualifying for simplified reporting must complete Forms 1094-C and 1095-C using certain codes. Below is a summary of those special codes and where the codes must be used.

Type of Employer	Code	Method to Furnish Statement
<b>Applicable large employer eligible for simplified reporting under Qualifying Offer Method</b>	Form 1094-C, Part II, line 22, check box for "A."	For an employee who received a Qualifying Offer for any month, an employer may enter code 1A on line 14 for the applicable month(s).
	Form 1095-C, Part II, line 14 enter code 1A. Form 1095-C, Part II, line 15, do not enter a dollar amount. Form 1095-C, Part II, line 16, column (d) enter appropriate Series 2 code (2B, 2C, or 2G).	Must enter a different code on line 14 and complete lines 15 and 16 (as applicable) for employees who did not receive a Qualifying Offer for all 12 months.
<b>Applicable large employer eligible for simplified reporting under 98% Offer Method</b>	Form 1094-C, Part II, line 22, check box "D." Form 1094-C, Part III, do not complete column (b) of lines 23 – 35.	Provide Forms 1095-C to all employees included in Form 1095-C reporting to IRS.



Type of Employer	Code	Method to Furnish Statement
	Form 1095-C, Part II, line 14, enter code 1A, 1C, or 1E.	
<b>Applicable large employer eligible for multiemployer interim rule relief (Note: This approach may be subject to change in future years.)</b>	Form 1095-C, Part II, line 14, enter code 1H. Form 1095-C, Part II, line 16, enter code 2E. Form 1095-C, leave Part III blank.	Provide Forms 1095-C to all employees included in Form 1095-C reporting to IRS.

### Information to include in simplified statements under Simplified Furnishing method

If eligible for the Qualifying Offer Method, in lieu of furnishing a Form 1095-C, employers may provide simplified statements to employees who received a Qualifying Offer for all 12 months of the calendar year – unless an employee enrolled in self-insured health coverage. Employers cannot provide simplified statements to individuals who actually enroll in self-insured health coverage. In addition, employees who did not receive a Qualifying Offer for all twelve months (including those who did not receive a Qualifying Offer at all or who were in a Limited Non-Assessment Period for part of the year or who were not employed during the entire twelve months) must receive a Form 1095-C and cannot be provided a simplified statement. Limited Non-Assessment Periods are periods during which the employer is not required to make an offer of coverage to the employee and include: (1) January through March of the first year an employer is an applicable large employer; (2) a waiting period under the monthly measurement method ending no later than two full calendar months after the end of the first calendar month the individual is eligible for coverage; (3) a waiting period under the look-back method ending not later than the end of the employee’s third full calendar month of employment; (4) an initial measurement period and corresponding administrative period under the look-back method; (5) a period following a change in status that occurs during an initial measurement period under the look-back method; and (6) the employee’s first calendar month of employment. Note that the first five non-assessment periods are only non-assessment periods if affordable health coverage providing minimum value is offered by the first day of the first month following the non-assessment period.



Employers that meet the requirements of the Qualifying Offer Method will also be able to use simplified reporting – regardless of whether the coverage is fully insured or self-insured – when completing line 14 of Form 1095-C. Employers will enter Code 1A on line 14 of Form 1095-C, but employers are not required to complete lines 15 and 16 on Form 1095-C when using Code 1A because a Qualifying Offer indicates that coverage is affordable.

### Deadlines associated with the Forms

In addition to knowing which Forms to file and how to complete those Forms, it is also important to understand when specific Forms must be filed or furnished. Remember that reporting and furnishing of the Forms are due the year following the calendar year of coverage.

The following chart sets forth the standard deadlines for filing with the IRS and furnishing statements to employees, which will apply to the **2021 calendar year**.

Form	Deadline to File with IRS	Deadline to Furnish Statement
<b>1094-B</b>	On or before February 28 (by paper) or March 31 (if filed electronically)	N/A
<b>1095-B</b>	On or before February 28 (by paper) or March 31 (if filed electronically)	Generally, on or before January 31 of year following the calendar year of coverage. However, for the 2021 reporting year (due in 2022) the IRS has extended the deadline to furnish statements to March 2, 2022. No additional extensions permitted for the 2021 reporting year.
<b>1094-C</b>	On or before February 28 (by paper) or March 31 (if filed electronically)	N/A
<b>1095-C</b>	On or before February 28 (by paper) or	Generally, on or before January 31 of year following calendar year of coverage. However, for the 2021 reporting year (due

Form	Deadline to File with IRS	Deadline to Furnish Statement
	March 31 (if filed electronically)	in 2022) the IRS has extended the deadline to furnish statements to March 2, 2022. No additional extensions permitted for the 2021 reporting year.

### Penalties

If an employer fails to timely file complete and accurate returns under Section 6055 or 6056 (i.e., Forms 1095-B or 1095-C) with the IRS, or fails to timely furnish a correct statement to responsible individuals, then the employer could be subject to an indexed penalty up to a calendar year maximum. For returns filed in 2022 for coverage provided in 2021, the penalty is \$280 per return with a maximum of \$3,426,000. The penalties will be doubled if the failure relates to both an IRS information return (e.g., Forms 1094-B, 1095-B, 1094-C, or 1095-C) and an employee statement (e.g., Form 1095-B or 1095-C required to be provided to an individual). However, penalties may be reduced if corrective action is taken within 30 days and may even be waived if the failure to file timely or accurately is due to reasonable cause and not due to willful neglect.

### Resources for more information

The IRS FAQs on Section 6055 reporting are available via this [LINK](#).

The IRS FAQs on Section 6056 reporting are available via this [LINK](#).

The IRS FAQs on Reporting by Employers on Forms 1094-C and 1095-C are available via this [LINK](#).

The Gallagher Sections 6055 and 6056 Reporting Requirements Toolkit is available via this [LINK](#).

### 2021 Final Versions

Form 1094-B is available via this [LINK](#).

Form 1095-B is available via this [LINK](#).



Instructions for Forms 1094-B and 1095-B are available via this [LINK](#).

Form 1094-C is available via this [LINK](#).

Form 1095-C is available via this [LINK](#).

Instructions for Forms 1094-C and 1095-C are available via this [LINK](#).

### Action Steps

- Determine whether your organization is part of a controlled group. This will not only impact Sections 6055 and 6056 IRS reporting, but will also impact the application of the Employer Mandate.
- If your organization is a governmental entity, determine whether another governmental entity will report and furnish statements on your behalf. This must be done pursuant to a written agreement, so make sure you have an appropriate written agreement in place prior to relying upon another entity to report and furnish statements on your behalf.
- Consider whether to hire a third-party vendor to track employee hours of service and/or assist with IRS reporting on behalf of your organization.
- If performing IRS reporting and statement furnishing “in-house,” establish system to timely and accurately complete IRS reporting and statement furnishing. For more information about how see our [“Logistics of Filing and Providing Forms 1094-B, 1095-B, 1094-C and 1095-C, Including Extensions and Waivers”](#) article.
- Consider whether to provide employee statements electronically. If so, establish forms and processes to obtain employee consent for electronic distribution in manner similar to that for obtaining consent for electronic distribution of Forms W-2. For more information please see our article [“Obtaining Electronic Consent Furnishing Statements To Employees and Other Covered Individuals”](#)
- Develop a process to identify and correct errors in IRS returns filed or statements provided to individuals. For more information, please see our [“Procedures for Correcting Errors in Forms 1095-B, 1094-C and 1095-C”](#) article.



# Gallagher

Insurance | Risk Management | Consulting

Gallagher, through its compliance experts and consultants, will continue to monitor developments on healthcare reform legislation and regulation and will provide you with relevant updated information as it becomes available. In the interim, please contact your Gallagher Representative with any questions that you may have.

---

***The intent of this analysis is to provide general information regarding the provisions of current healthcare reform legislation and regulation. It does not necessarily fully address all your organization's specific issues. It should not be construed as, nor is it intended to provide, legal advice. Your organization's general counsel or an attorney who specializes in this practice area should address questions regarding specific issues.***