

Memorandum

Date: June 26, 2015
To: Participating Group Administrators
From: Andrea Still
Subject: **Reporting Requirements Under the Affordable Care Act**

The **Affordable Care Act (ACA)** imposes new reporting requirements on employers and plan sponsors that will assist the Internal Revenue Service in determining compliance with two ACA mandates:

1. **The Employer Mandate** – the requirement for large employers to offer health coverage to their full-time employees (Forms 1094-C/1095-C)
2. **The Individual Mandate** – the requirement for individuals to obtain health coverage (Forms 1094-B/1095-B)

Failure to comply with these mandates may result in the employer and/or individual being subject to additional taxes.

What does this mean to my organization or diocese?

Employer Mandate

If your organization or an organization in your diocese is a “large employer” (as defined below), **you or that organization will be responsible for filing the Employer Mandate tax forms** (Forms 1094-C and 1095-C) in early 2016. See *Reporting Related to the Employer Mandate* for details.

If your organization or an organization in your diocese is NOT a large employer (as defined below), **you or that organization are considered a small employer and will not be required to take any action as a result of these new reporting requirements.**

Individual Mandate

The IRS tax forms (Forms 1094-B/1095-B) required for the **Individual Mandate** must be provided to employees covered by a healthcare plan for both large and small employers. The Individual Mandate tax forms will be filed by either The Episcopal Church Medical Trust (Medical Trust) or in the case of fully insured plans, the insurance carrier. Therefore, **you and organizations within your group that participate in the Medical Trust plans are not responsible for filing the Individual Mandate tax forms.**

We understand that these new reporting requirements may present a challenge for plan sponsors and employers, who must collect and organize the data necessary to complete the forms and then take the necessary steps to file those forms with the IRS and furnish them to individuals. Because of the need to start this process early, we are providing you with information that explains how the reporting requirements will affect you and the organizations in your group and how we at the Medical Trust will help.

Is my organization a large employer or a small employer?

To be a **large employer** under the ACA, an organization must employ at least 50 full-time employees or full-time equivalents.¹

- An employee is considered full-time if he or she works at least 30 hours per week, or at least 130 hours per month.
- The number of full-time equivalents in a month is determined by adding up the monthly hours of all employees who are not considered full-time employees and dividing that sum by 120.
- There are special rules applicable to seasonal workers.

If an organization is not a large employer using the definition above they are considered a **small employer** for the purposes of the ACA mandates and reporting requirements.

To help determine whether an organization participating in a Medical Trust plan is a large employer, we are providing a calculator. To access this calculator, [click here](#).

My organization is a large employer. What are we required to do?

Large employers will be required to complete the following IRS forms:

Employer Action	Employer Mandate Forms	Deadline
Provide a copy to all employees	1095-C (except Part III)	January 31, 2016
File with the IRS	1094-C 1095-C (except Part III)	February 28, 2016 if by paper March 31, 2016 if electronically

Please note: Employers will **not** need to complete Part III of Form 1095-C because that information will be included in the Form 1095-B that either the Medical Trust or the insurer will prepare. (Form 1095-B is required to comply with the Individual Mandate.)

See ***Reporting Related to the Employer Mandate*** for details.

My organization is a small employer. What are we required to do?

Employers that are not large employers under the ACA definition are not required to file any of these new ACA forms.

Reporting Related to the Employer Mandate (Large Employers)

The Internal Revenue Code requires large employers to provide information to the IRS and plan subscribers about whether they have offered employees minimum essential coverage that is affordable and provides minimum value.

- The information must be provided on IRS Forms 1094-C and 1095-C.
- The IRS will use these tax forms to determine whether a large employer is subject to excise taxes under the Employer Mandate and whether an individual qualifies for subsidized coverage through a Health Insurance Exchange (the insurance market set up in each state under the ACA to allow individuals to purchase health insurance coverage).

If you or an organization in your group is a large employer as defined above, you or that organization will be responsible for preparing and filing IRS Forms 1094-C and 1095-C. The Medical Trust will not prepare these tax forms.

¹ You may have heard that a special transition rule applies for 2015 that relieves employers with fewer than 100 full-time employees or full-time equivalents from meeting the Employer Mandate requirements. While that is true, the transition rule does not relieve employers with 50-99 of such employees from these reporting requirements.

What is the reporting process?

The timing and process for meeting the new reporting requirements is modeled after the process for reporting employee compensation annually on Form W-2.

- Forms must be provided to individuals by January 31 of the following year.
- Forms must be filed with the IRS by February 28 (if paper) and March 31 (if electronic), accompanied by a transmittal form.
- Forms may be filed in paper or electronic format, but if more than 250 forms are filed, they must be submitted electronically.

Need help?

The **IRS has published instructions** to assist in meeting this reporting obligation, and employers should review the tax forms, along with their instructions, carefully. To access these forms and instructions, click on the following links:

- [Form 1094-C](#) – for large employers to transmit Form 1095-C
- [Form 1095-C](#) – for large employers to report coverage offered to individuals under the Employer Mandate
- [Instructions for Forms 1094-C and 1095-C](#)

Please note: Employers will **not** need to complete Part III of Form 1095-C because that information will be included in the Form 1095-B that either the Medical Trust or the insurer will prepare. (Form 1095-B is required to comply with the Individual Mandate.)

The **Medical Trust** has provided a guide to help large employers understand the Employer Mandate. It is available on **cpg.org** for administrators who have access to one of our administrative web applications.

- Sign in to your CPG account.
- You'll find a link to the document on the Administration page after you sign in.

Reporting Related to the Individual Mandate (Large & Small Employers)

The Internal Revenue Code requires insurers and the sponsors of self-funded plans to disclose whether plan subscribers have obtained minimum essential coverage in compliance with the Individual Mandate.

- **You and other organizations in your diocese that participate in the Medical Trust plans will not be responsible for meeting this reporting requirement.**
- As the designated plan sponsor of the self-funded plans, the Medical Trust will prepare IRS Forms 1094-B and 1095-B tax forms or, in the case of fully insured plans, the insurer will prepare these tax forms.

Specifically, the Medical Trust will report for each plan subscriber and their covered dependents the required information to the IRS on Form 1095-B, with a transmittal form – Form 1094-B. The Medical Trust will also provide this tax form to plan participants. The relevant insurance carrier will meet this requirement for each fully insured plan. The IRS will use these tax forms to determine whether individuals and their dependents are subject to excise taxes under the Individual Mandate.

The responsibility for and filing deadlines for the Individual Mandate forms are summarized below:

Third-Party Action	Individual Mandate Forms	Deadline
The Medical Trust or insurer will provide to the plan subscriber	1095-B	January 31, 2016
The Medical Trust or insurer will file with the IRS	1094-B 1095-B	February 28, 2016 if by paper March 31, 2016 if electronically

To avoid the filing of duplicate tax forms with the IRS, it is important that you inform the organizations in your group that participate in the Medical Trust self-funded plans that we will prepare and file the Form 1095-B and provide a copy to plan participants. Insurers are to take these actions for fully insured plans.

We have prepared a [sample letter](#) that you may email to the organizations in your group that explains some of the new tax reporting rules and may help them get started in complying with these requirements.

As the information contained in the letter is technical in nature, we recommend you make no content changes and only modify it to address to your related entity employer contacts and to provide your contact information.

Additional Considerations

It is important to keep attuned to new developments.

- For 2014, the filing of these tax forms was strictly voluntary; for 2015, it is **required**.
- The tax forms that are currently available apply to tax year 2014. **New forms will be issued by the IRS for tax year 2015.** Few changes are expected, but it will be necessary to use the correct forms.

The rules can be complicated. However, the IRS has stated that it will not impose penalties on those who make a good faith effort to comply with these reporting requirements. A good faith effort does include timely reporting.

In Summary

To summarize the action steps for Medical Trust Participating Groups:

Mandate	Employer Size	Action Steps
The Employer Mandate	Small Employers Less than 50 full-time employees or full-time equivalent employees	<ul style="list-style-type: none">• No reporting requirement
	Large Employers 50 or more full-time or full-time equivalent employees	<ul style="list-style-type: none">• Complete required reporting for Forms 1094-C and 1095-C, as described above
The Individual Mandate	All	<ul style="list-style-type: none">• No employer action• The Medical Trust or fully insured plan will provide required reporting for Forms 1094-B and 1095-B, as described above

We hope that this information is helpful, but we must emphasize that we are simply conveying information. Nothing in this memorandum, the attached letter, or the calculator is intended to serve as legal or tax advice.

If you have any questions, please contact your [IBAMS Regional Account Specialist or Director](#).