

# Affordable Care Act Applicable Large Employer Reporting Requirements

## Who is an Applicable Large Employer (ALE)?

- **Greater than 50 Full Time or Full Time Equivalent Employees**
  - Full Time Employee – worked an average of 30 hours per week or 130 hours/month
  - Full Time Equivalent- calculated by adding all of the company’s part-time employees’ hours to obtain their full time equivalence
    - Example- 4 employees working 15 hours per week equal 2 full time equivalents.
  - **If you are a member of an ownership group which when combined has 50 or more employees, the large employer rules apply. These groups are called aggregated applicable large employer groups.**

## What is required to be reported-

Individual or Group Insurance Type	Insurer's Responsibility	Employer's Responsibility
Individual (through marketplace)	N/A (Marketplace will send 1095-A)	N/A
Individual (not through marketplace)	Form 1095-B	N/A
Small Group fully insured (whether through SHOP Marketplace or not)	Form 1095-B	N/A
Small Group self-funded	Form 1095-B (Sent by employer)	N/A
Applicable Large Employer (fully insured)	Form 1095-B	Form 1095-C, Sections I & II
Applicable Large Employer (self-funded)	N/A	Form 1095-C All Sections

## **Form 1095-C (Sent to each Employee)**

- The ALE is required to report the following information **to the IRS and to employees:**
  - Employer contact and EIN, including contact person’s name and phone number.
  - Calendar year for which the information is being reported, as well as a certification that all full time employees were offered an opportunity to enroll in Minimum Essential Coverage (MEC), by calendar month.
  - Months for which the MEC was available to each full time employee.
  - The employee’s share of the cost for coverage under the lowest cost minimum value plan offered by the employer for each full time employee, by month.
  - Name, address and SSN of each full time employee and the months they were offered coverage, if any.

## **Form 1094-C (Summary sent to IRS)**

- The ALE is required to report the following information **to the IRS:**
  - Identifying information about the entity
  - Whether or not 70% of employees and their dependents were offered coverage (95% after 2015)
  - Total number of 1095-C forms issued to employees
  - Information on other members of the aggregated applicable large employer group
  - Full time employees by month
  - Total employees by month
  - Whether the entity was eligible for certain transition relief

**When** – The new reporting requirements were effective January 1, 2015. This means the information for the entire 2015 calendar year is reported on the forms filed in 2016. Statements must be given to full time employees by March 31, 2016. Forms 1095-C and 1094-C are required to be filed with the IRS by May 31, 2016 (June 30, 2016 if filed electronically).

**How-** Form 1095-C is required to be filed with the IRS by May 31, 2016 (June 30, 2016 if filed electronically). **ALE’s with more than 250 employees are required to file electronically.**

When providing statements to employees, the statements may be given to employees in the same envelope as their W2’s. If the employer obtains the employee’s consent, the form can be supplied to employees electronically.

**Why-** This information is reported to the IRS to show that the employer complied with the employer shared responsibility provision. This means employers must offer employees both “affordable” coverage and qualifying coverage (coverage that provides at least 60% of the cost incurred under the plan). The information on the 1095-C is also used by the employees to file their personal taxes.

**Penalties-** \$100 per return (up to \$1,500,000 per calendar year) for the following\*:

- **Failure to file-** entities who:
  - Fail to timely file the returns
  - Fail to include all required information
  - File the return with incorrect information
- **Failure to furnish-** entities who:
  - Fail to supply statement to necessary individuals
  - Fail to include all required information
  - Furnish statements with incorrect information

\*For the 2015 filing, the IRS will not enforce penalties on the reporting entities if the entity can show they tried in good faith to comply with the reporting requirements.