

2023 ACA Codes "Cheat Sheet"

Line 14 Codes

1A	The employee, spouse, and dependents were offered coverage that meets the FPL safe harbor standard.*
1B	MEC/MV coverage offered to employee only.
1C	MEC/MV coverage offered to employee and MEC coverage offered to dependents.
1D	MEC/MV coverage offered to employee and MEC coverage offered to spouse.
1E	MEC/MV coverage offered to employee and MEC coverage offered to spouse & dependents.
1F	MEC offered to employee, spouse, & dependents, but it does not provide MV.
1G	A non-employee** was offered coverage and they enrolled in self-insured coverage***
1H	The employee was not offered coverage, or the coverage was not MEC.
1J	MEC/MV coverage offered to the employee and MEC offered conditionally to the spouse (not dependents).
1K	MEC/MV coverage offered to the employee, MEC was offered to the dependents, and MEC was offered conditionally to the spouse.
1L	ICHRA offered to employee only. Affordability determined using employee's primary residence zip code.
1M	ICHRA offered to employee and dependents. Affordability determined using employee's primary residence zip code.
1N	ICHRA offered to employee, spouse & dependents. Affordability determined using employee's primary residence zip code.
1O	ICHRA offered to employee only. Affordability determined using federal safe harbor rate.
1P	ICHRA offered to employee and dependents. Affordability determined using federal safe harbor rate.
1Q	ICHRA offered to employee, spouse & dependents. Affordability determined using federal safe harbor rate.
1R	ICHRA offered to employee, spouse, and/or dependents, but coverage was not affordable.
1S	ICHRA offered to a non-full-time employee.****
1T	ICHRA offered to employee and spouse. Affordability determined using employee's primary residence zip code.
1U	ICHRA offered to employee and spouse. Affordability determined using federal safe harbor rate.

*See below "****FPL safe harbor calculation method..." under the Line 16 section for the calculation using the FPL SH method.

**Non-employee examples: A 1099, sole proprietor, partner, S Corp shareholder, a leased employee, or qualified real estate agent/direct seller. The IRS considers someone an "employee" if they meet the requirements under the common-law standards for employer-employee relationships. More information can be found on the IRS website for 'Employee (Common-Law Employee)'.

***Code 1G applies to the entire year or not at all. If using code 1G, it must be entered in the "All 12 Months" column.

**** Full time, according to the IRS, is at least 130 hours per month.

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Line 16 Codes**

2A	Employee was not employed during the month.
2B	Employee was not a full-time employee during the month.*
2C	Employee enrolled in coverage.
2D	Employee is in their waiting period.
2E	Multiemployer interim rule relief. (Applies most commonly to union situations)
2F	W-2 Safe Harbor calculation method used to calculate affordable coverage.***
2G	FPL Safe Harbor calculation method used to calculate affordable coverage.****
2H	Rate of Pay Safe Harbor calculation method used to calculate affordable coverage.*****

*Use code 2B if (a) the employee was not full-time and did not enroll in coverage or (b) the employee was full-time but their coverage/offer of coverage ended due to employment termination in the month.

**If the employee did not enroll in coverage/waived the coverage, use code 2F, 2G, or 2H to describe the affordability of the coverage to the employee. (Typically the system will pull in 2H). A line 16 code is not required if the employee waived, but APS strongly recommends that you complete all line 14 and 16 codes.

***W-2 Safe Harbor calculation method: Multiply W-2 Box 1 Amount by the safe harbor percentage for the current year. If the employee wasn't employed for all 12 months of the year, multiple the amount by the fraction of months they were employed. (This is the max annual premium that the employee can pay and still have the coverage be considered affordable). Then, divide the amount by the number of months that the employee received coverage. (This is the maximum monthly premium that the employee could pay and still have the coverage be considered affordable.) Example: Johnny has \$50,000 in W-2 Box 1. The 2023 SH Rate is 9.12%. $\$50,000 \times 9.12\% = \$4,560$. He was employed for 8 months, so $\$4,560 \times 8/12 = \$3,041.52$. (Annual max). $\$3,041.52 / 8 = \380.19 (monthly max).

****FPL Safe Harbor calculation method: Multiply the current year's FPL by the safe harbor percentage for the current year. Then, divide it by 12. This will give you the maximum monthly premium that the employee can pay in order for the coverage to be considered affordable. Example: 2023 Mainland FPL (\$14,580) x 2023 Safe Harbor rate (9.12%) / 12 = \$110.81. This is the maximum monthly premium that the employee can pay and still have coverage be considered affordable.

*****Rate of Pay Safe Harbor calculation method: This method uses the employee's lowest hourly rate in the year and the federal safe harbor rate to calculate the affordability. Example: Johnny's lowest hourly rate this year was \$10/hour. $\$10/\text{hour} \times 130 \text{ hours per month (ACA full time)} \times 2023 \text{ safe harbor rate (9.12\%)} = \$10/\text{hour} \times 130 \text{ hours} \times 9.12\% = \118.56 . This is the maximum monthly premium that the employee can pay and still have their coverage considered affordable.

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Common situations and their Line 14 & Line 16 codes*

1) An employee was offered coverage and they enrolled in coverage.	1E, 2C
2) An employee was offered coverage and they waived it.	1E, (2F/2G/2H - whichever applicable)
3) Employee was hired part-way through the year	1H, 2A for months not employed; 1H, 2D for months during waiting period; see situation 1 for enrolled or 2 for waived.
4) Employee moves from part-time to full-time	1H, 2B for part-time months; 1H, 2D for months during waiting period; see situation 1 for enrolled and 2 for waived.
5) An employee terminates part-way through the year.	Situation 1 for enrolled months or 2 for waived months; 1H, 2A for months employee was terminated.

*Each of these situations are ones that APS has seen employers encounter the most. Each one assumes that a MEC/MV offer was made to employee, spouse, and dependents. Not all employees will fall under one of these five situations.

Important Terms and Their Definition

MEC (Minimum Essential Coverage)	Most employer-sponsored health care plans are considered MEC. A few examples of plans that do not qualify as MEC are: plans that simply provide discounted health care services, plans that only cover dental or vision (not medical), plans that only cover worker's comp care, or plans that only provide coverage for a specific condition rather than general medical coverage.
Minimum Value (MV)	A plan is considered to provide minimum value coverage if it pays for at least 60% of the benefit cost and if it provides substantial coverage for in-patient hospital services.
ICHRA	Individual Coverage HRA (Health Reimbursement Arrangements)
FPL	Federal Poverty Line
SH	Safe Harbor