

ACA REVIEW

12.05.2024

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

Part I Employee						Applicable Large Employer Member (Employer)					
1 Name of employee (first name, middle initial, last name)			2 Social security number (SSN)			7 Name of employer			8 Employer identification number (EIN)		
3 Street address (including apartment no.)						9 Street address (including room or suite no.)					
4 City or town		5 State or province		6 Country and ZIP or foreign postal code		11 City or town		12 State or province		13 Country and ZIP or foreign postal code	
Part II Employee Offer of Coverage				Employee's Age on January 1				Plan Start Month (enter 2-digit number)			
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
14 Offer of coverage (enter required code)											
15 Employee cost (enter amount, if any)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Employee cost for self-only coverage (enter amount, if any)											
17 Employee cost for family coverage (enter amount, if any)											
18 Employee cost for other coverage (enter amount, if any)											
19 Code											

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60705M

AGENDA

- Compliance & Date Reminders
- Important Terminology
- Penalties
- Codes
- Live examples in the system



COMPLIANCE REMINDERS

- New in 2024 and 2025
 - There is an increase in the penalty for non-offer and unaffordable coverage in 2024. The penalty is slightly decreasing in 2025.
 - Change in affordability percentages
 - 2024: 8.39%
 - 2025: 9.02%
 - No more paper filing
 - “Good faith” is officially dead
 - IRS would not penalize (or penalize as greatly) if an employer struggled through ACA but was making an effort to complete it, just maybe missed the deadline.
 - Permanent change to due dates
 - Due dates used to always be 1/31 each year, but congress would pass an extension through the end of March. The due dates have permanently been moved to the end of March now.



DATE REMINDERS

- 1095s due to employees
- Electronic filing with IRS due
- Extensions can be requested via Form 8809
 - provides a 30-day filing extension; does not change when forms are due to employees
- Paper filing with IRS due
- 03/03/2025 (01/31/2025 in CA)
- 03/31/2025
- No paper filing anymore



DATE REMINDERS (CONTINUED)

- While forms are not due to employees until March 3, 2025, APS is asking that you have your 1095s complete by 12/31/2024.
- If your 1095s are ready to be printed at the same time as W-2s, we can ship everything together and save you a second shipping fee.
 - (W-2s are due to employees 01/31/2025, so we cannot hang onto those to wait for your 1095s to be done. If 1095s are not done by the time your W-2s are ready to be printed, we will send W2s without 1095s and you'll incur the second shipping fee for your 1095s).



KEY TERMS

- Measurement period (Lookback period): Period for which you look back to see how many hours employees average per month. (above/below 30 hours/week)
 - Only required to offer benefits to FT employees (FT = 30+ hr/wk avg)
 - Can be anywhere from 3-12 months; 12 months is most common
- Stability period: Amount of time that benefits must be offered to a qualified employee
 - “Qualified” – met the 30 hr/wk requirement for the measurement period
 - Stability period must be at least as long as the measurement period
- Administrative period: Time that is allotted to do record keeping, open enrollment, etc for newly eligible employees



PENALTIES

- Non-Offer Penalty

- If coverage is not offered to at least 95% of full-time employees and at least one eligible employee receives a health insurance subsidy...
 - Annual: \$2,970 per FTE, minus the first 30 FTE's
 - Ex: $75 - 30 = 45 * \$2,970/\text{FTE} = \$133,650$ penalty for not offering coverage
 - Penalties are assessed for each month that coverage was not offered to an eligible employee; the penalty is \$247.50/month/FTE

*2025 Non-Offer Penalty: \$2,900 annually/\$241.67 monthly



PENALTIES (CONTINUED)

- Affordability Penalty
 - If coverage is offered but doesn't meet the minimum value or affordability requirements...
 - \$4,460/FTE receiving a health insurance subsidy
 - Ex: 5 FTE's whose offer was not affordable * \$4,460 = \$22,300

*2025 Affordability Penalty: \$4,350



PENALTIES (CONTINUED)

- Late/Failure to File Penalties
 - Late Filing: \$310/form up to \$3,000,000
 - Intentional Failure to File: \$630/form with no cap
 - “Intentional Failure to File” is deemed by the IRS
 - Example: You know your business is right along the cusp of the 50 FTE requirement, but you choose not to file so as to avoid the cost of producing 1095-C’s for your employees and/or because you have not been “caught” in years past. – This would be considered an intentional failure to file since you knew about ACA, knew what your FTE count was, yet chose not to file.
 - Note: Just because the IRS does not send penalty notices in the same year you filed does not mean they won’t send you anything. At this time, it seems the IRS is reviewing 2021 and 2022 data and sending out audit notices as needed, so you may still receive notices in the future for prior years.



1095-C CODES FOR LINES 14, 15, & 16

- Line 14 – *was the employee offered coverage?*
 - Note: codes 1L – 1U apply to those offering an HRA
 - If you do not have an HRA, you'll use codes 1A – 1K
- Line 15 – *what is the monthly amount of the lowest cost employee-only coverage?*
 - Note: only need to complete line 15 if the following codes are used on line 14: 1B, 1C, 1D, 1E, 1J, 1K, 1L, 1M, 1N, 1O, 1P, 1Q, 1T, or 1U.
- Line 16 – *what did the employee do with their offer of coverage?*



MOST COMMON CODES

- 1E – Employee was offered benefits
- 1H – Employee was not offered benefits
- 1A – Employee was given a qualifying offer of benefits

- 2C – Employee enrolled in coverage; it was affordable
- 2B – Employee was not full-time (also seen when an employee terminates before the last day of the month)
- 2A – Employee was not employed during the month
- 2D – Employee was in their waiting period



REQUIRED INFO FOR ACA IN THE SYSTEM

Benefit Profile – must be assigned to the employee with the date that the employee became eligible for benefits.

Reminder: DO NOT assign the benefit profile in the default slot where you cannot edit the date. Leave that BLANK, then select +Add to enter the benefit profile with the eligible date for the employee.

Medical Benefit Plan – a medical benefit plan must be assigned to the employee, including if they waived benefits. (This is how the system knows whether the employee has enrolled in or waived benefits).

ACA Profile – an ACA profile must be assigned in order for the system to calculate ACA data for the employee.



LIVE DEMO

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14 Offer of coverage (enter required code)											
15 Employee required contribution (see instructions)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Code 4980H (see instructions) (enter if applicable)											
17 Code 4980B (see instructions) (enter if applicable)											
18 Code 4980C (see instructions) (enter if applicable)											
19 Code 4980D (see instructions) (enter if applicable)											
20 Code 4980E (see instructions) (enter if applicable)											
21 Code 4980F (see instructions) (enter if applicable)											
22 Code 4980G (see instructions) (enter if applicable)											
23 Code 4980H (see instructions) (enter if applicable)											
24 Code 4980I (see instructions) (enter if applicable)											
25 Code 4980J (see instructions) (enter if applicable)											
26 Code 4980K (see instructions) (enter if applicable)											
27 Code 4980L (see instructions) (enter if applicable)											
28 Code 4980M (see instructions) (enter if applicable)											
29 Code 4980N (see instructions) (enter if applicable)											
30 Code 4980O (see instructions) (enter if applicable)											
31 Code 4980P (see instructions) (enter if applicable)											
32 Code 4980Q (see instructions) (enter if applicable)											
33 Code 4980R (see instructions) (enter if applicable)											
34 Code 4980S (see instructions) (enter if applicable)											
35 Code 4980T (see instructions) (enter if applicable)											
36 Code 4980U (see instructions) (enter if applicable)											
37 Code 4980V (see instructions) (enter if applicable)											
38 Code 4980W (see instructions) (enter if applicable)											
39 Code 4980X (see instructions) (enter if applicable)											
40 Code 4980Y (see instructions) (enter if applicable)											
41 Code 4980Z (see instructions) (enter if applicable)											

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LIVE EXAMPLES

- Example 1
 - FT employee for all of 2024
 - Enrolled in benefits for all of 2024
 - Should have codes 1E & 2C for all 12 months in 2024.
- Example 2
 - PT employee for all of 2024
 - Waived/not offered benefits for all of 2024
 - Should have codes 1H & 2B for all 12 months in 2024.



LIVE EXAMPLES (CONTINUED)

- Example 3
 - Hire Date: 10/15/2023
 - Hired on as Full Time, but will work variable hours
 - Waiting period is 90 days FOFM (eligible 02/01/2024)
 - Measurement period is 12 months
 - Stability period is 12 months
 - Should have codes 1H & 2D for Jan, 1E & 2C for Feb-Dec
 - Since this employee was hired on as full time, they should be offered benefits for the stability period after fulfilling waiting period. Then, after first measurement period is complete, evaluate eligibility, then discuss with employee if no longer eligible. Continue doing this as long as employee is working variable hours.



LIVE EXAMPLES (CONTINUED)

- Example 4
 - Full Time
 - Termination date: 08/19/2024
 - Enrolled in benefits from 01/01/2024 – 08/19/2024
 - Should have codes 1E & 2C for Jan-Jul, 1E & 2B for Aug, 1H & 2A for Sept-Dec

