



EXPECT AN EXPERT

New IRS Draft Instructions for 1094-C and 1096-C Forms

By Shari Herrle, Director of Compliance

Draft instructions to help employers complete the 2015 Forms 1094-C and 1095-C have been released by the IRS. While Applicable Large Employers (ALEs) may use the new forms for their 2015 calendar year filing, they will also still be permitted to use the final 2014 forms.

Comparing 2014 and 2015 forms

We recommend employers consider using the 2015 version of the 1095-C employee statement, since the new form contains an additional field for “Plan Start Month” and a “Continuation Sheet” for families with more than six enrolled members.

Employers who have been collecting raw data for the completion of Form 1095-C will find no change in what information is needed if they decide to use the 2015 version. The IRS is expected to release the final 2015 forms shortly.

Employees covered by a multiemployer plan

Employers relying on the interim transition relief for multiemployer plans for the 1095-C can avoid penalties by entering the “no offer of coverage” code (1H) on line 14 and the applicable Multiemployer plan code (2E) on Line 16 . This means that for the 2015 filing, employers do not have to determine whether particular employees were eligible to enroll in coverage under the multiemployer plan.

The draft instructions report that multiemployer plan administrators are required to furnish health plan enrollment information to participants. As a result, employers should not complete Part III of Form 1095-C for those employees.

Employees who are not full-time employees and non-employees

The draft 1095-B instructions report that ALEs sponsoring self-insured plans may use either the 1095-B or 1095-C form (Part III) to report month-by-month enrollment for individuals who are not full-time employees during any month of the year. The 1095-C instructions indicate that self-insured ALEs must use the C forms to report for non-full-time employees. This is confusing and implies that the B forms may be used only for non-employees. We will keep our clients updated as we receive further clarification from the IRS.

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COBRA

An offer of COBRA coverage to a former employee upon termination is reported as an “offer of coverage” only if the former employee enrolls in COBRA. If the terminated employee declines COBRA, use code 1H for “no offer of coverage”. An offer of coverage to an active employee after plan eligibility is lost should be reported with code 1E.

IRS Transmittal

ALEs will be permitted to exclude employees in a limited non-assessment period when calculating whether it has offered coverage to 98% of its employees. As a result, many large employers may find it easier to satisfy the 98% offer method requirements.

Extension of Time for Filing

The due date for filing paper forms to the IRS is February 29, 2016. The electronic filing deadline is March 1, 2016. According to the draft instructions, filers can obtain an automatic 30-day extension for B or C forms by submitting Form 8809 to the IRS on or before the original due date. However, this automatic filing extension may be eliminated for the 2016 calendar year filing. We will be able to provide more information as additional regulations are released.

Furnishing Statements

1095-B filers must provide the 1095-B employee statement to the employee (i.e., subscriber). ALE’s must provide the 1095-C to their full-time employees. Self-insured ALE plan sponsors are also required to provide statements to their enrolled part-time employees and enrolled non-employees.

Employee statements must be furnished on paper by either mail or hand-delivery; they may also be distributed electronically in accordance with the DOL’s policy for electronic disclosures. Please contact your HBI consultant or analyst for additional information regarding the DOL requirements for electronic disclosures.

Corrected Returns

When an error is discovered following a filing, a corrected return must be filed to report the error. The draft instructions include examples of errors and the appropriate corrections that are required.

Additional Education

Henderson Brothers plans to provide additional education during the month of October. We will provide several new 1095-C exhibits along with specific information about vendors providing Form preparation, electronic filing and distribution services.

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