

**The Affordable Care Act
What You Need to Know for 2016**

Tax Reporting and Compliance

Valerie Middlebrooks, CPA
Partner

2751 Centerville Road, Suite 300 * Wilmington, Delaware 19808
302.225.5000 * www.gunnip.com

General Landscape

- Applicable Large Employers (ALE) - (50+ employees) must provide health coverage or face penalties
- Coverage must be "affordable" and provide "minimum value"
- Employer Shared Responsibility Payments – if one or more employees receive a premium tax credit
 - No Coverage - \$2,000 per employee (excludes first 30 employees) – 80 employees 2015 transition
 - Insufficient Coverage - \$3,000 per employee

General Landscape

- Transition relief for shared responsibility payments for 2015 (50-99 employees)
- Multiple employers/controlled groups determine applicability as a group
 - Reporting and payments are done by each ALE member
- Also subject to information reporting responsibilities – starting in 2015
- Penalty relief may be available – good faith efforts or reasonable cause

Health Care Coverage Reporting

- Health Coverage Providers - Health Insurance Issuers or Carriers/Plan Sponsors of Self-Insured Groups/Government Sponsored Plans – providing minimum essential coverage (MEC)
- Required for 2015:
 - Employee Reporting due 1/31/16
 - IRS Reporting due 2/29/16 if paper filed
 - IRS Reporting due 3/31/16 if electronically filed (250+ returns required – AIR Program)



Experience is the Difference®

Health Care Coverage Reporting

- Generally health coverage providers file Form 1094-B & Form 1095-B
- Exception – large employers and providers of coverage through self-insured plans file Form 1094-C & Form 1095-C
- Regardless of size self-insured plans have annual return filing requirements (B's or C's)
- Written statements are also required to be furnished to employees/covered participants



Experience is the Difference®

IRS Form 1094-B – Transmittal of Health Coverage Information Returns

Form 1094-B	Transmittal of Health Coverage Information Returns	1115 OMB No. 1545-0047 2015
<small>Department of the Treasury Internal Revenue Service</small>		
<small>Information about Form 1094-B and its separate instructions is at www.irs.gov/form1094b.</small>		
1. Filer's name	2. Employer identification number (EIN)	For Official Use Only
3. Name of person to contact	4. Contact telephone number	
5. Street address (including room or suite no.)	6. City or town	
7. State or province	8. Country and ZIP or foreign postal code	
9. Total number of Forms 1094-B submitted with this transmittal		
<small>Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct and complete.</small>		
Signature	Title	Date
<small>For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 61515P Form 1094-B (2015)</small>		



Experience is the Difference®

IRS Form 1094-B – Transmittal of Health Coverage Information Returns

- Transmittal to submit Forms 1095-B reporting health coverage (by health care providers)
- Similar to a Form 1096 – how many forms are being submitted



Experience is the Difference®

IRS Form 1095-B – Health Coverage

Form 1095-B		Health Coverage		OMB No. 1545-0045 2015
<input type="checkbox"/> VOID		<input type="checkbox"/> CORRECTED		
<small>Department of the Treasury Internal Revenue Service</small>				
<small>Information about Form 1095-B and its separate instructions is at www.irs.gov/form1095b.</small>				
Part I Responsible Individual				
1 Name of responsible individual	2 Social security number (SSN)	3 Date of birth (if SSN is not available)		
4 Street address (including apartment no.)	5 City or town	6 State or province	7 Country and ZIP or foreign postal code	
8 Enter letter identifying Origin of the Policy (see instructions for codes):				
9 Small Business Health Options Program (SHOP) Marketplace identifier, if applicable				
Part II Employer Sponsored Coverage (see instructions)				
10 Employer name	11 City or town	12 State or province	11 Employer identification number (EIN)	
12 Street address (including room or suite no.)	13 City or town	14 State or province	15 Country and ZIP or foreign postal code	
Part III Issuer or Other Coverage Provider (see instructions)				
16 Name	17 City or town	18 State or province	17 Employer identification number (EIN)	
19 Street address (including room or suite no.)	20 City or town	21 State or province	18 Contact telephone number	
20 Country and ZIP or foreign postal code				
Part IV Covered Individuals (Enter the information for each covered individual)				
(a) Name of covered individual	(b) SSN	(c) SSN if SSN is not available	(d) Covered (if 12 months)	(e) Months of coverage
				Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
23			<input type="checkbox"/>	<input type="checkbox"/>



Experience is the Difference®

IRS Form 1095-B – Health Coverage

- Report to the IRS and employees about individuals who are covered by MEC and therefore not liable for a Shared Responsibility Payment
- For SHOP, self-insured employer groups, government, market coverage



Experience is the Difference®

IRS Form 1095-B – Health Coverage

- Reports the following:
 - Responsible Individual Identification – employee & type of coverage (Part I)
 - Employer Sponsor Identification (Part II)
 - Issuer/Coverage Provider Identification (Part III)
 - Covered Individuals and months of coverage (Part IV)


Experience is the Difference®

Employer Health Insurance Coverage Reporting

- Applicable Large Employers report whether they offer health care coverage and the details of coverage offered
- Form 1094-C and Form 1095-C
- Same reporting due dates as Health Coverage Reporting


Experience is the Difference®

IRS Form 1094-C – Employer Coverage

Form **1094-C** Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns CORRECTED OMB No. 1545-0047
Department of the Treasury Internal Revenue Service

2015

Part I Applicable Large Employer Member (ALE Member)

1 Name of ALE Member (Employer)		2 Employer identification number (EIN)	
3 Street address (including room or suite no.)			
4 City or town	5 State or province	6 County and ZIP or foreign postal code	
7 Name of person to contact		8 Contact telephone number	
9 Name of Designated Government Entity (only if applicable)		10 Employer identification number (EIN)	
11 Street address (including room or suite no.)			
12 City or town	13 State or province	14 County and ZIP or foreign postal code	
15 Name of person to contact		16 Contact telephone number	

For Official Use Only

17 Reserved

18 Total number of Forms 1095-C submitted with this transmittal ▶

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions


Experience is the Difference®

IRS Form 1094-C – Employer Coverage

- Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns
- Used to report to the IRS summary information for each employer and to transmit Forms 1095-C
- Similar to a Form 1096

Gunnip & company LLP
Certified Public Accountants and Consultants

Experience is the Difference®

IRS Form 1094-C – Employer Coverage

- Reports the following:
 - Applicable Large Employer (ALE) Identification (Part I)
 - Total Forms Submitted (Part I)
 - ALE Member Information & Certifications (Part II)
 - Monthly Employer & Plan Information (Part III)
 - ALE Member Information if applicable (Part IV)

Gunnip & company LLP
Certified Public Accountants and Consultants

Experience is the Difference®

IRS Form 1095-C – Employer-Provided Health Insurance Offer and Coverage

Form 1095-C		Employer-Provided Health Insurance Offer and Coverage		VOID	OMB No. 1545-0045										
Department of the Treasury		Information about Form 1095-C and its separate instructions is at www.irs.gov/irm1095c		CORRECTED	2015										
Part I Employee			Applicable Large Employer Member (Employer)												
1 Name of employer	2 Social security number (SSN)	7 Name of employer	8 Employee identification number (EIN)												
3 Street address (including apartment no.)	6 Country and ZIP or foreign postal code	9 Street address (including room or suite no.)	10 Contact telephone number												
4 City or town	5 State or province	11 City or town	12 State or province	13 Country and ZIP or foreign postal code											
Part II Employee Offer and Coverage			Plan Start Month (Enter 2-digit number):												
14 Offer of Coverage (see instructions)	15 Employee Share of Covered Cost (Monthly Premium, Self-Only Coverage)	16 Applicable Section 501(c)(29) State Paid Employer Costs	17	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
	\$	\$													
Part III Covered Individuals			If Employer provided self-insured coverage, check the box and enter the information for each covered individual.												
18 Name of covered individual	19 SSN	20 COB or date not available	21 Covered all 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Gunnip & company LLP
Certified Public Accountants and Consultants

Experience is the Difference®

IRS Form 1095-C – Employer-Provided Health Insurance Offer and Coverage

- Report information about offers of health coverage and enrollment in health coverage for self-insured plans
- Employers with 50 or more full-time employees – ALE's
- Alternative methods available – specific identified groups with simplified reporting

Gunnip & company LLP
Certified Public Accountants and Consultants

Experience is the Difference®

IRS Form 1095-C – Employer-Provided Health Insurance Offer and Coverage

- Alternative Reporting Methods include:
 - Qualifying Offer Method
 - 98% Offer Method
- May furnish simplified statements to employees

Gunnip & company LLP
Certified Public Accountants and Consultants

Experience is the Difference®

IRS Form 1095-C – Employer-Provided Health Insurance Offer and Coverage

- Reports the following:
 - Employee Identification (Part I)
 - ALE Identification (Part I)
 - Employee Offer & Coverage (Part II)
 - Code for type of coverage offered
 - Includes employee share of lowest cost monthly premium
 - Applicable 4980H Safe Harbor Code
 - Covered Individuals for Self-Insured Plans Only (Part III)

Gunnip & company LLP
Certified Public Accountants and Consultants

Experience is the Difference®

IRS Form 8962 – Premium Tax Credit (PTC)

- Only available if the plan is purchased through the Marketplace and are either:
 - Advance credit payments to provider or
 - Claim credit on tax return
- Must file a tax return to claim/reconcile the credit (under both credit options) – even if no other filing requirements



Experience is the Difference®

IRS Form 8962 – Premium Tax Credit (PTC) – cont.

- Applicable Taxpayer – household income at least 100% but not more than 400% of federal poverty line
- Household Income – MAGI of all household participants required to file a federal return
- $MAGI = AGI + \text{excluded foreign income} + \text{nontaxable social security} + \text{tax-exempt interest}$



Experience is the Difference®

IRS Form 8962 – Premium Tax Credit (PTC) – cont.

- Credit amount is the lesser of two amounts:
 - Monthly premium for the enrolled plan and
 - Monthly premium for the applicable second lowest silver plan minus the taxpayers monthly contribution amount
- Refundable Credit
- For taxpayers below 400% any potential liability due to excess advance credits is limited



Experience is the Difference®

Individual Shared Responsibility Payment (SRP)

- Greater of “% of household income” or a “flat dollar amount”
- Capped at national average premium for a bronze level plan through the Marketplace
- Owe 1/12th of the annual SRP for each month without coverage or exemption
- IRS prohibited from using lien/levies to collect
- IRS may offset liability with any tax refund available


Experience is the Difference®

Individual Shared Responsibility Payment (SRP) – cont.

- SRP Payment greater of:
 - 2% household income above filing threshold or
 - Flat dollar amount - \$325 per adult & \$162.50 per child (maximum of 300%)
 - Maximum is \$975 for 2015 & \$2,085 for 2016
- 2016 – 2.5% - \$695/\$347.50
- After 2016 – flat dollar amount may increase with inflation
- Calculated based on worksheets provided with Form 8965


Experience is the Difference®

Individual Shared Responsibility Payment (SRP) – cont.

- Example:
 - Single, \$40,000 household income, \$10,150 filing threshold
 - Greater Of:
 - % of household income = $(40,000 - 10,150) \cdot .02 = \597
 - Flat dollar amount = \$325
 - Capped at national average premium for a bronze level plan


Experience is the Difference®

Summary – Small Employers

- < 50 FTE's
- <25 FTE's Eligible for Small Business Health Care Credit
- SHOP Coverage available
- No Annual Reporting Requirements
- No Shared Responsibility Payment

Gunnip & company LLP
Certified Public Accountants and Consultants

Experience is the Difference®

Summary – Large Employers

- > 50 FTE's
- Annual Information Reporting Required
- Subject to Shared Responsibility Payment – transition relief available for (50-99) employees for 2015
- May also be subject to W-2 reporting – 250+ forms filed

Gunnip & company LLP
Certified Public Accountants and Consultants

Experience is the Difference®

More Information

- IRC 6055 – insurers/health coverage providers reporting
- IRC 6056 – ALE reporting
- IRC 4980H – employer shared responsibility provisions

Gunnip & company LLP
Certified Public Accountants and Consultants

Experience is the Difference®

Any Questions?

<https://www.irs.gov/Affordable-Care-Act>

Gunnip & company LLP
Certified Public Accountants and Consultants

Experience is the Difference®

Thank You

Gunnip & company LLP
Certified Public Accountants and Consultants

Valerie Middlebrooks, CPA
Partner
302.225.5148 - vmiddlebrooks@gunnip.com

2751 Centerville Road, Suite 300 * Wilmington, Delaware 19808
302.225.5000 * www.gunnip.com
