

## Reporting Requirements for Applicable Large Employers under the Affordable Care Act

Dear Client:

When the Affordable Care Act (ACA) was first enacted, employers were warned that a myriad of new compliance obligations would be phased-in over a number of years. 2015 is no exception. If you're an applicable large employer (ALE), you will need to report information about health coverage you offered to each full-time employee, or to show that you didn't offer coverage to the full-time employee. This information will help the IRS determine whether an employer shared responsibility payment applies to your organization and is also used in determining the eligibility of employees for the premium tax credit.

An ALE are those with **50 or more full-time employees, including full-time equivalent employees**, in the preceding year. Full-time employees are those who work, on average, at least 30 hours per week. Companies who are in a controlled or affiliated service group through common ownership must take their collective workforce into account in order to determine if they are an ALE.

Here are some key points about the information reporting requirements under the health care law:

- If you are an ALE, you are required to report certain information to the IRS, as well as to all of your full-time employees, regardless of whether you offer health insurance coverage. In addition, the employer will complete a Form 1095-C for each non-full-time employee who is enrolled in the employer's self-insured health plan. A Form 1095-C is not required for non-full-time employees who are not enrolled in the employers' health plan.
- These ALE reporting requirements are new. **Your first information reporting returns are due in 2016 for the year 2015.**
- There are new IRS forms that ALEs will use to complete this reporting - Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, and Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns. Form 1094-C is used to report to the IRS summary information and to transmit Forms 1095-C to the IRS. Form 1095-C is used to report information about each full-time employee, and is the form that is furnished to full-time employees.
- If you are an ALE, you are required to furnish each full-time employee with a statement, Form 1095-C, by January 31 of the calendar year following the calendar year to which the information relates. Because January 31, 2016 is a Sunday, the January 31 due date

will shift to February 1, 2016. You will meet the requirement if the form is properly addressed and mailed on or before the due date.

- If you are an ALE, you must file the information returns Forms 1094-C and 1095-C with the IRS no later than February 28 if paper filed or March 31 if electronically filed - of the year immediately following the calendar year to which the return relates.
- Even if you're an ALE that is not liable for an employer shared responsibility payment because of transition relief, you still have to comply with the information reporting requirements for 2015. You use the reporting forms to communicate to the IRS that you are eligible for transition relief under the employer shared responsibility provisions.

Examples of transition relief include:

- o if an employer offered health coverage to at least 70 percent of full-time employees,
- o noncompliance for a portion of a year in which the employer is in a non-calendar year plan, or
- o the ALE has fewer than 100 full-time employees, did not reduce the size of its workforce, and did not eliminate or materially reduce its health coverage.

### **How to Report**

If you file 250 or more information returns during the calendar year, you must file Form 1095-C and Form 1094-C with the IRS electronically. ALEs who file less than 250 forms can paper file.

You will meet your requirement to furnish a statement to your full-time employees if you provide each full-time employee with a copy of the Form 1095-C that you file with the IRS. Statements must be furnished to employees on paper by mail or hand delivered, unless the recipient affirmatively consents to receive the statement in an electronic format. We recommend that you get this consent in writing. **There is a penalty of up to \$500 per return for failing to timely file the returns or furnish statements to employees.**

The compliance obligations can be quite complex as far as compiling data, counting employees, and properly reporting data. Controlled groups who are close to the threshold need to carefully monitor their employee count to ensure that they are in compliance. Your health plan provider may already have a procedure and plan in place to assist you with the reporting obligation, so you should contact them to discuss whether they will handle the filing obligation on your behalf. If this is the case, make sure that you answer any questionnaires that they send to you accurately and completely.

This letter provides an overview of the ALE reporting requirements. For additional information, please call our office. We are here to assist you.

Sincerely yours,  
VT Williams & Associates, LLP

