



ACA Health Insurance Coverage Reporting Information - EMPLOYERS - Answers to Frequently Asked Questions

1. Why do I need to provide my employees with a form? What is the intent of the Affordable Care Act (ACA) reporting requirements?

The 1095-C and 1095-B forms contain information about your employees' health insurance coverage during 2015. The health insurance coverage reporting requirements are intended to help the Internal Revenue Service (IRS) administer several provisions under the Affordable Care Act. Specifically, the IRS will use the information reported by employers to determine whether:

- Individuals are enrolled in coverage that meets the ACA's individual mandate;
- Individuals are (or are not) eligible for subsidies to purchase health insurance in the individual Health Insurance Exchange (Marketplace or kynect); and
- Health coverage offered by a large employer meets the requirements of the ACA's employer mandate or whether the large employer is subject to potential penalties.

2. When do the new reporting requirements start?

The health insurance coverage reporting requirements first apply for calendar year 2015. Employers will be responsible for reporting information to the IRS and to employees beginning in 2016 for coverage offered (or not offered) in 2015.

3. What form must an employer use?

Applicable large employers (ALE) with 50 or more full-time employees or full-time equivalents are required to report health insurance offer and coverage information on the IRS Form 1095-C. The coverage information on Form 1095-C is required to be delivered to the covered employee. In addition, each Form 1095-C must be transmitted to the IRS using Form 1094-C.

Employers participating in the Kentucky Employees' Health Plan (KEHP) with fewer than 50 full-time employees are considered "providers of minimum essential coverage" and are required to report health insurance coverage information to their employees on the IRS Form 1095-B. In addition, each Form 1095-B must be transmitted to the IRS using Form 1094-B.

4. For which employees must an ALE provide Form 1095-C?

Generally, an ALE must file Form 1095-C for each employee who was a full-time employee of the ALE for any month of the calendar year. In addition, an ALE that sponsors a self-insured health plan must file Form 1095-C for each employee who enrolls in the self-insured health coverage or enrolls a family member in the coverage, regardless of whether the employee is a full-time employee for any month of the calendar year.

For more information regarding Reporting by Employers on Form 1094-C and Form 1095-C, go to <https://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-about-Information-Reporting-by-Employers-on-Form-1094-C-and-Form-1095-C>.

5. For which employees must a provider of minimum essential coverage provide a Form 1095-B?

"Providers of minimum essential coverage" must furnish the Form 1095-B to the responsible individual. The

responsible individual may be the primary insured or a related person, such as a parent or spouse who submitted the application for coverage. Refer to Question #3 to determine who is a “provider of minimum essential coverage”.

6. When must individuals receive their forms?

Originally, the IRS determined that employers or providers of minimum essential coverage must furnish the forms to individuals no later than February 1, 2016. The IRS recently extended the deadline for reporting health insurance coverage information to individuals to March 31, 2016. Barring any unforeseen circumstances, the Personnel Cabinet intends to send the forms by early February 2016 to state agency employees.

Other employers may have different delivery timeframes. See the answers to Question 7 to determine who is responsible for delivering forms to the employees and the IRS if you are not a state agency of the Commonwealth.

7. Who will be responsible for providing these forms to employees and to the IRS?

The Kentucky Employees' Health Plan (KEHP) is a self-insured health plan. As sponsors of the KEHP, all employers participating in the KEHP will be required to report health insurance coverage information to employees and to the IRS. Applicable large employers (ALEs), those with 50 or more full-time employees or full-time equivalents, will be responsible for reporting health insurance offer of coverage information, as well as coverage information to employees and to the IRS. According to the ACA, a “full-time employee” is an employee who was employed on average at least 30 hours of service per week (or 130 hours of service per month).

a. For state agencies:

The ACA requires each ALE to provide forms for any individual who was a full-time employee with the employer at any time during the preceding calendar year. In addition, the ALE must also provide a form to any employee who enrolls in health coverage, whether or not the employee is a full-time employee for any month. If you are in a state agency or division, you are part of the ALE that is "The Commonwealth" ALE and the Personnel Cabinet, Department of Human Resources Administration (DHRA) will report on all state agency employees.

Search [HERE](#) for your employer name to determine reporting responsibilities.

More information about the employer's reporting responsibilities can be found at <https://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-on-Reporting-of-Offers-of-Health-Insurance-Coverage-by-Employers-Section-6056>.

b. For select state agencies that share the Commonwealth's employer identification number (EIN):

These agencies are considered an applicable large employer and are a part of the ALE that is “The Commonwealth”. If the agency participates in the KEHP, the Personnel Cabinet, Department of Human Resources Administration (DHRA) will report on the agency's employees. Click [HERE](#) to view the letter and other documents that were sent by the Personnel Cabinet, to these agencies.

For any agency that shares the Commonwealth's EIN but does not participate in KEHP, the agency will be responsible for reporting health insurance coverage on the 1095-C form to each of its employees. These agencies must supply employee count information to the Personnel Cabinet for the purposes of filing the 1094-C form with the IRS. Click [HERE](#) to view the letter and other documents that were sent by the Personnel Cabinet, to these agencies, including instructions for submitting employee count information to the Personnel Cabinet.

Search [HERE](#) for your employer name to determine reporting responsibilities.

c. *For select non-state agencies and health departments that participate in KEHP:*

Each employer is responsible for furnishing either the 1095-B or the 1095-C forms to their employees. Each employer is also responsible for filing the applicable 1094-B or 1094-C form with the IRS. The KEHP will make available health insurance coverage information to assist these employers with completing the forms for their employees.

8. I am an employer that offers a Waiver General Purpose HRA or Waiver Dental Vision HRA to my employees who waive health insurance coverage that I offer. Do I have to furnish forms to employees that waive health insurance coverage and choose an HRA?

An ALE should report the offer of health insurance coverage to all employees that waive the coverage and elected a Waiver HRA or a waiver with no HRA. Employers should report the Waiver General Purpose HRA as health insurance coverage in the "Covered Individuals" parts of the 1095-C or 1095-B forms. The Personnel Cabinet will provide employers participating in KEHP with health insurance coverage information for those employees enrolled in the Waiver General Purpose HRA administered by the KEHP.

9. What additional resources are available?

You should check the IRS website regularly for updated frequently asked questions, forms, instructions, and guidance. To access resources from the IRS that will assist you with completing Forms 1094-C and 1095-C, go to irs.gov. You may search "1094" and "1095" under the "Forms and Publications" tab. You may access additional guidance by searching "6056" or "6055" (Internal Revenue Code section numbers) under the "Help and Resources" tab.

10. Will there be penalties for incorrect reporting in 2016 for the 2015 plan year?

Employers must report employee health insurance coverage information for 2015 by early 2016 to employees and to the IRS. The IRS has stated that employers that make a good faith effort to comply with the reporting requirements will not be subject to penalties in 2016. We expect the IRS to provide feedback or additional guidance after the reports are reviewed to ensure that future reports are in accordance with the IRS requirements and standards. This feedback may result in reporting changes in 2017 for the 2016 health plan year. The Personnel Cabinet will keep you advised should any reporting requirements or processes change in the future.

11. May a Health Department, Quasi or select non-state agency employer hire a third party vendor to assist with reporting requirements?

Yes. The Personnel Cabinet is providing health insurance coverage data to employers participating in the KEHP solely for the purpose of complying with the ACA reporting requirements. Should you expect to supply this information to a third party vendor that will assist you in carrying out your reporting responsibility, it is imperative that you ensure that you have adequate agreements in place to properly protect the confidentiality of the health insurance coverage information regarding your employees and their dependents.

Reporting arrangements between employers, issuers, and other parties are not prohibited. Each employer must make its own assessment of the value of hiring an outside provider to prepare the statements for employees and/or file the information return(s) with the IRS. The employer is still responsible for providing the correct information and ensuring the accuracy of the reporting, and will still be liable for any penalties assessed by the IRS.

12. The Personnel Cabinet is providing health insurance coverage data to employers

participating in the KEHP. How and when will this data be provided?

The KEHP cannot report on behalf of the employers participating in the plan. However, the Personnel Cabinet, on behalf of the KEHP, is supporting the participating employers by making available employee and dependent health insurance coverage information required by the IRS reporting forms. The information includes employee and dependent names, social security numbers, and health insurance coverage by month.

Insurance Coordinators can now access report ZBNR032, Covered Lives for ACA Reporting, through KHRIS. A quick reference guide (QRG) to assist in retrieving the reports will be available the week of January 11, 2016. Employers should wait until that QRG is available to ensure the report runs accurately.

13. The Personnel Cabinet is providing health insurance coverage data to employers participating in KEHP. What will this data look like?

a. 1095-B

Employers participating in the KEHP that have fewer than 50 full-time employees must report health insurance coverage information to the covered employee and to the IRS using Forms 1095-B and 1094-B.

The health coverage information is reported on Part IV, Lines 23-28, Columns (a) through (e) on Form 1095-B. The Personnel Cabinet will make available health insurance coverage information for the employees and their dependents in a format that corresponds to Part IV, Lines 23-28, Columns (a) through (e) of Form 1095-B.

Click [HERE](#) for an example of what the health insurance coverage information in KHRIS will look like.

b. 1095-C

Employers participating in the KEHP and that have 50 or more full-time employees or full-time equivalents must report health insurance coverage information to the covered employee and to the IRS using Forms 1095-C and 1094-C.

The health coverage information is reported on Part III, Lines 17 through 22, Columns (a) through (e) on Form 1095-C. The Personnel Cabinet will make health coverage information for your employees and their dependents available in a format that corresponds to Part III, Lines 17-22, Columns (a) through (e) of Form 1095-C.

Click [HERE](#) for an example of what the health insurance coverage information in KHRIS will look like.

14. How will the Personnel Cabinet provide health insurance coverage information for employees that elected the cross-reference payment option under KEHP?

In a cross-reference payment option, one spouse is designated as a primary planholder and the other spouse is designated as a secondary planholder.

For the employers of the primary planholder, the Personnel Cabinet will provide health insurance coverage information for the primary planholder, the secondary planholder (the spouse), and any other dependents under the plan. For the employers of the secondary planholder, the Personnel Cabinet will provide health insurance coverage information for the secondary planholder only.

15. Will the Personnel Cabinet provide examples of how to complete Lines 14, 15, and 16 of the 1095-C?

The instructions for populating Part II of the 1095-C form, Lines 14, 15, and 16 begin on page 9 of the IRS instructions located at <https://www.irs.gov/pub/irs-pdf/i109495c.pdf>.

In general, if an employee was full time for all 12 months and was offered KEHP coverage for all 12 months, the employer would enter code 1A (Qualifying Offer) in Line 14 in the “All 12 months” box and no other codes would be entered. Note, Lines 15 and 16 are left blank if code 1A is used in Line 14. [Note: If you are an employer that offers coverage other than KEHP coverage, be sure to check the definition of code 1A (Qualifying Offer) in the instructions to be sure you can use this code].

The codes, however, change depending on the circumstances of the employee. Take, for instance, a full-time employee that was hired on June 15, 2015 and becomes eligible for health insurance in August. If the employer offers KEHP coverage to the employee, the coding might look like the following:

Line 14 (January through July) would be coded as 1H (no offer of coverage) and August through December would be coded as 1A (Qualifying offer)

Line 15 would be left blank for all 12 months

Line 16 (January through May) would be coded as 2A (employee not employed during the month). (June through July) would be coded as 2D (Employee in a Limited Non-Assessment – or “waiting” period). (August through December) would be blank.

As you can see, there’s no one answer for completing Lines 14, 15, and 16 that applies to all employees. The codes to be used are an employer decision, based on the circumstances of each individual employee. The instructions at pages 9, 10, and 11 will help you determine which code to choose for these lines.

Note that the 1095-C form will be used only by employers with 50 or more full-time employees (or full-time equivalents). Except for employers that share the Commonwealth’s EIN, if you have fewer than 50 full-time employees, you can use the 1095-B form and avoid lines 14, 15, and 16 on the “C” form.

16. I am employer that is completing the 1095-B forms to furnish to my employees. What code do I enter in Line 8?

Line 8 of the Form 1095-B will require an entry of “B” – representing Employer Sponsored Coverage.

The “Tip” in Part II of the instructions states that “Employers reporting self-insured group health plan coverage on Form 1095-B enter code “B” on line 8, but don’t complete Part II.” “If you entered code “B” for self-insured coverage, skip Part II and go to Part III.” Based on this instruction, the employer would leave Part II blank.

For Part III, the employer will enter the employer name and other employer information in this part as the “provider of the coverage” since the provider of the coverage is the “sponsor of a self-insured employer plan”. The sponsor is the employer. You will not enter KEHP, Department of Employee Insurance, or Anthem information on the form.

The instructions for completing the 1095-B form can be found at <https://www.irs.gov/pub/irs-pdf/i109495b.pdf>.

17. I am an employer participating in KEHP. Am I required to report coverage information for retirees and COBRA subscribers?

Although retirees and COBRA subscribers are not employees, the IRS reporting instructions indicate that employers offering employer-sponsored self-insured health insurance coverage to non-employees are required to report health insurance coverage information regarding those non-employees. Non-employees include persons who were retired during the entire plan year, as well as COBRA subscribers. For the purposes of this memorandum, “retirees” means a retiree under the age of 65 who participates in one of the retirement systems (KRS, KTRS, JRP, LRP) and has health insurance coverage through the KEHP.

The KEHP maintains health insurance coverage information for certain retirees and COBRA subscribers. The Personnel Cabinet considered several options to ensure the proper reporting of health insurance coverage information for these non-employees. The options considered led to concerns such as the protection of personal health information, identification of the proper former employer, and compilation of former employer information not currently in KHRIS. Given the totality of the circumstances and in the best interests of the Commonwealth, the KEHP will report health insurance coverage information for non-employees as an “issuer” of the coverage. This “issuer” reporting role is limited to non-employees for the 2015 plan year only. Reporting procedures will be reevaluated and may change for future health insurance coverage reporting.

As an “issuer”, the KEHP will issue an IRS Form 1095-B to each applicable retiree and COBRA subscriber to report the retiree’s and COBRA subscriber’s KEHP health insurance coverage. The KEHP will also submit Forms 1095-B to the IRS using the transmittal Form 1094-B.

18. Why are the amounts reported on the 1095 forms different than the amount in block 12 of the W-2?

Box 14 on the 1095-C reflects the best offer of coverage made to an individual in the month, if any. It does not reflect the actual coverage the individual enrolled in.

Box 15 on the 1095-C reflects the employee’s monthly cost for employee only coverage under that employees’ best offer of coverage. It is not reflective of the actual deductions paid by an employee for coverage during that month, as the employee may have enrolled in another offer of coverage, enrolled additional family members, or waived enrollment. This box will only be completed if Box 14 has a value of 1B, 1C, 1D, or 1E.

19. May an employer furnish a statement to an employee by hand delivery?

Yes. Form 1095 may be delivered to employees in any manner permitted for delivery of Form W-2.

20. May an employer furnish a statement to an employee electronically?

Yes, however, there are specific IRS guidelines for notice, consent, and hardware and software requirements for furnishing statements to employees electronically. Refer to the IRS instructions for completing and furnishing the 1095-C and 1095-B forms to employees.

<https://www.irs.gov/pub/irs-pdf/i109495b.pdf>

<https://www.irs.gov/pub/irs-pdf/i109495c.pdf>

21. What if I mailed the statement and it is returned for a bad address?

According to the IRS instructions, if mailing the statements, the statements should be mailed to the employee's last known permanent address, or if no permanent address is known, to the employee's temporary address.

22. What if an employee has dependents who are not U.S. citizens and do not have Social Security numbers (SSN)?

The IRS requires that an employer use an individual's taxpayer identification number (TIN), which is usually the SSN, to identify the individual on the reports. The rules require that employers make reasonable efforts to obtain the SSN. There are specific steps an employer must take in order for it to be treated as having made reasonable efforts. Please consult your legal counsel to ensure you take these steps. If an SSN is not available after an employer takes reasonable efforts to obtain one, the employer may use the date of birth to help the IRS confirm an individual's identity.