
Your Guide to the Wild Side Of the ACA

FPHRA 2015 Annual Conference

Presented by:
Kate Grangard, CPA, CFO

August 4, 2015

GEHRING  **GROUP**
INSURANCE BROKERS & CONSULTANTS



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The Wild Side of the ACA

ESRP & Measurement



Section 4980H
Compliance & Penalties

Cadillac Tax



Section 4980I
Compliance, Taxes & Penalties

MEC & ALE Reporting



Sections 6055 & 6056
Compliance & Penalties



The Lion – ESRP & Measurement



The Lion – ESRP & Measurement

The ESRP (Section 4980H) states that “large” employers who do not offer coverage that is “affordable” and of “minimum value” to “full-time employees” and their “dependents” may be subject to an assessable penalty.

P
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(a)

- If employer is a “large” employer - 50 full time equivalent employees (FTE), & fails to offer **minimum essential coverage** to eligible employees (30 hrs/week or 130 hrs/month) may be assessed \$167 monthly penalty for not offering coverage if 1 or more employees received PTC or cost sharing reduction
- Margin of Error Rule: Must offer coverage to substantially all eligible full-time employees and dependents, a.k.a., the 95% Rule or subject to penalty if 1 or more employees receives a PTC or cost sharing reduction (70% for 2015 only)

(b)

- Inadequate Coverage Penalty - Large employer may be assessed \$250 monthly penalty per EE who receives premium tax credit or cost sharing reduction if employer does not provide **affordable (9.5% of income-3 safe harbors), minimum value coverage (60% actuarial value)**, coverage to eligible FT EE



The Lion – ESRP & Measurement

(Annual) Penalty Calculation Exposure Example-2016 Plan Year Example

	Employer Does Not Offer Coverage or Less than 95% Elig Offered Coverage	Employer Offers Coverage
Number of Full-time Employees	300	300
Number of Full-time EEs enrolled in Marketplace-elig & receiving premium credits	20	10
Penalty per assessable Employee	\$2,000	\$3,000
Total Assessed Penalty	$300 - 30 \times \$2,000 = \$540,000$ If fail Substantially All Test – Plus Cost of Coverage	Lesser of: $10 \times \$3,000 = \$30,000$ OR $300 - 30 \times \$2,000 = \$540,000$



The Lion – ESRP & Measurement



Question 1

What are the safe harbors for Employers to calculate affordability?

- A. 9.5% Rate of Pay
- B. 9.5% Federal Poverty Level
- C. 9.5% W-2 Income
- D. All of the Above
- E. None of the Above



The Lion – ESRP & Measurement

Time to Measure!

Measurement Method Options:

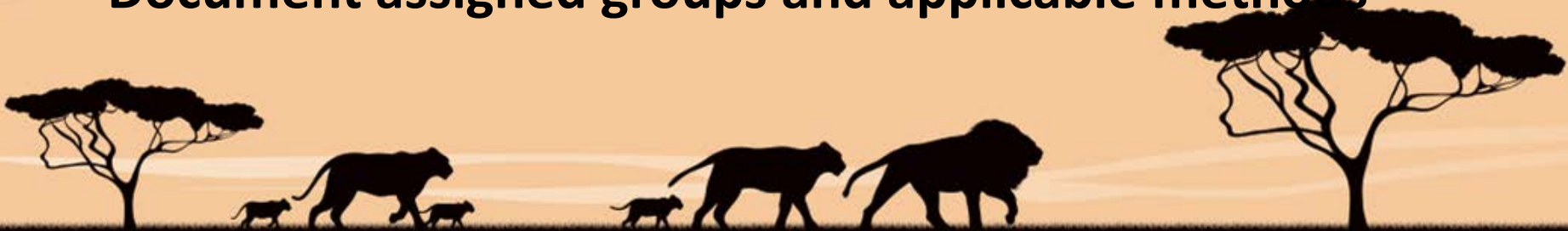
1. Monthly Measurement Method – actual count of hours worked in each month
2. Look-back Measurement Method
 - Standard Measurement Period
 - Administration Period
 - Stability Period



The Lion – ESRP & Measurement

All Employees **MUST** be Assigned a Measurement Method

- Governs Rules of Transition
- Assign within allowable classes
 - Salaried
 - Hourly
 - Employees in different states
 - Separately Collectively and Non Collectively Bargained
 - Employees of different entities
- May not need to “Tally” Hours if benefit eligible
- **Document assigned groups and applicable methods**



The Lion – ESRP & Measurement

1. Monthly Measurement Method

Must offer coverage for every month in which employee qualifies – 130 hours in month

- Terminate coverage when employee no longer (monthly measurement to monthly measurement classification)
- Challenge = concurrent test
- 1st time eligible (ONLY!) – 1st day of 4th month EE 1st becomes eligible=compliant
- Give benefit of 2 rules if move from monthly measurement to look back measurement



The Lion – ESRP & Measurement

2. Look-back Measurement Method

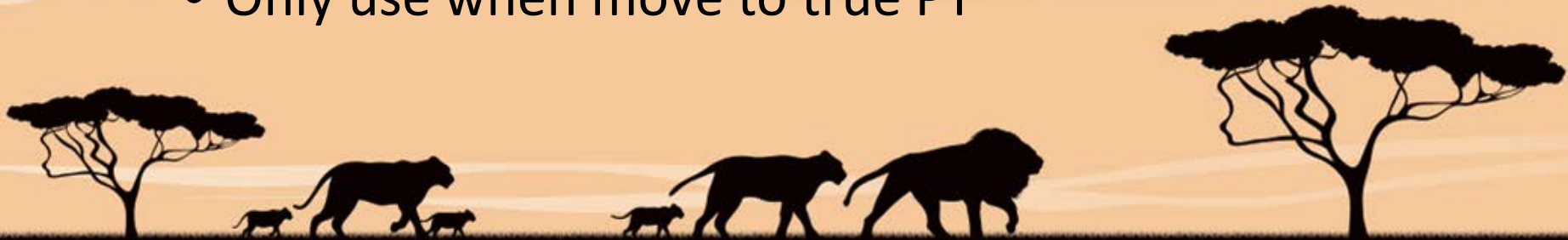
Must offer coverage during stability period when qualify during the measurement period

- Look-back test – if pass, then must offer coverage for stability period

- Loosened rules for FT to PT:

As long as factors satisfied (started as FT, offered benefits w/in 3 months, offered MV, MEC continuously), then can drop coverage 3 months after the switch

- Only use when move to true PT



The Lion – ESRP & Measurement



Question 2

What was the name of the regal Lion killed in the beginning of July in Zimbabwe?

- A. Cecil
- B. Leo
- C. Mufasa
- D. Simba
- E. Rory



The Bear – MEC & ALE Reporting



The Lion – ESRP & Measurement



Question 3

The 1095 Reporting is based on what period?

- A. Calendar Year
- B. Plan Year
- C. Either
- D. Neither



The Bear – MEC & ALE Reporting

MEC – Report of Minimum Essential Coverage Form 1095-B and Transmittal Form 1094-B

- Issuer/employer level reporting for ISRP Enforcement
- Member and Dependent coverage by Month
- First year reporting due in 2016 based on Calendar Year 2015
- Combined on Form 1095-C if also Self Insured ALE



The Bear – MEC & ALE Reporting

MEC REPORTING & TRANSMITTAL–The “B” FORMS: Form 1095-B & Form 1094-B

Form **1095-B** Health Coverage
 Department of the Treasury Internal Revenue Service
 OMB No. 1545-2202
 2014

5b0115
 OMB No. 1545-2202
 2014

Information about Form 1095-B and its separate instructions is at www.irs.gov/form1095b.

Part I Responsible Individual (Policy Holder)

1 Name of responsible individual: Jonathan Dough
 2 Social security number (SSN): with dashes
 3 Date of birth (if SSN is not available):
 4 Street address (including apartment no.): 123 Ocean Drive
 5 City or town: Paradise
 6 State or province: Florida
 7 Country and ZIP or foreign postal code: 12345
 8 Small Business Health Options Program (SHOP) Marketplace identifier, if applicable: B

Enter letter identifying Origin of the Policy (see instructions for codes):

Part II Employer Sponsored Coverage (If Line B is A or B, complete this part.)

9 Employer name: Sunshine County Board of County Commissioners
 10 Street address (including room or suite no.): 321 Main Street
 11 City or town: Paradise
 12 State or province: FL
 13 Country and ZIP or foreign postal code: 12345
 14 Employer identification number (EIN): with dashes

Part III Issuer or Other Coverage Provider

15 Name: Cigna
 16 Street address (including room or suite no.): 999 Premium Way
 17 City or town: Hartford
 18 State or province: CT
 19 Country and ZIP or foreign postal code: 99844
 20 Employer identification number (EIN): with dashes
 21 Contact telephone number: (800) 222-2222

Part IV Covered Individuals (Enter the information for each covered individual(s).)

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered (all 12 months)	(e) Months of coverage												
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
23 Jonathan Dough	with dashes		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
24 Lotti Dough	with dashes		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
25 Cookie Dough	with dashes		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60704B Form 1095-B (2014)

Form **1094-B** Transmittal of Health Coverage Information Returns
 Department of the Treasury Internal Revenue Service
 OMB No. 1545-2202
 2014

1115
 OMB No. 1545-2202
 2014

Information about Form 1094-B and its separate instructions is at www.irs.gov/form1094b.

1 Filer's name
 2 Employer identification number (EIN)
 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 1095-B submitted with this transmittal: _____

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.

Signature: _____ Title: _____ Date: _____

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 61570P Form 1094-B (2014)

Rule of Thumb:
 1094 = Transmittal
 1095 = Report



The Bear – MEC & ALE Reporting

ALE – Applicable Large Employer Reporting Form 1095-C Employer Provided Offer & Coverage

- Employer level self reporting for ESRP Enforcement
- 50+ employees (FT + FTE) – Fully Insured & Self Insured
- Offer of Coverage & Coverage Code/Safe Harbor
- Reporting due 2016 based on Calendar Year 2015
- Comprehensive Transmittal including various elections



The Bear – MEC & ALE Reporting



Question 4

For purposes of the Form 1094-C & 1095-C, what is required for a plan to be eligible under the Qualifying Offer Method?

- A. MV plan that is offered to eligible employees**
- B. MV plan that is offered to eligible employees & MEC to dependents**
- C. MV plan that is offered to eligible employees, & MEC to spouse and dependents**
- D. MV plan that is offered to eligible employees, & MEC to spouse and dependents and affordable under FPL**



The Bear – MEC & ALE Reporting

ALE (PARTICIPANT) REPORT - The "C" FORMS: Form 1095-C & Form 1094-C

Form 1095-C Department of the Treasury Internal Revenue Service		Employer-Provided Health Insurance Offer and Coverage				<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		600115 OMB No. 1545-2251 2014																																																																																																																													
Part I Employee						Applicable Large Employer Member (Employer)																																																																																																																															
1 Name of employee Jenna Johnson		2 Social security number (SSN) with dashes		7 Name of employer Loggerhead County Tax Collector		8 Employer identification number (EIN) with dash																																																																																																																															
3 Street address (including apartment no.) 999 9th Street		5 State or province FL		6 Country and ZIP or foreign postal code 22222		9 Street address (including room or suite no.) 123 Turtle Street		10 Contact telephone number (305)444-4444		13 Country and ZIP or foreign postal code 22222																																																																																																																											
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15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage																																																																																																																																					
16 Applicable section 4980H safe harbor (enter code, if applicable)																																																																																																																																					
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For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.				Cat. No. 60705M				Form 1095-C (2014)																																																																																																																													

Fully Insured:

Complete one form per full time employee including year of termination

Self Insured:

Complete one for per full time employee, cobra, retiree, and non full time plan participants



The Bear – MEC & ALE Reporting

ALE TRANSMITTAL REPORT - The "C" FORMS: Form 1095-C & Form 1094-C

Form 1094-C		Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns		<input type="checkbox"/> CORRECTED	120115 OMB No. 1545-2251
Department of the Treasury Internal Revenue Service		Information about Form 1094-C and its separate instructions is at www.irs.gov/1094c .		2014	
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 Country 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 Country and ZIP or foreign postal code	
15 Name of person to contact		16 Contact telephone number			
17 Reserved					
18 Total number of Forms 1095-C submitted with this transmittal					
Part II ALE Member Information					
19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions		<input type="checkbox"/>			
20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member					
21 Is ALE Member a member of an Aggregated ALE Group? If "No," do not complete Part IV.		<input type="checkbox"/> Yes <input type="checkbox"/> No			
22 Certifications of Eligibility (select all that apply):					
<input type="checkbox"/> A. Qualifying Offer Method		<input type="checkbox"/> B. Qualifying Offer Method Transition Relief		<input type="checkbox"/> C. Section 4980H Transition Relief	
				<input type="checkbox"/> D. 98% Offer Method	
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.					
Signature		Title		Date	
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.		Cat. No. 01571A		Form 1094-C (2014)	

- DGE – Line 11
- Designation of Authoritative Transmittal
- Control Group Selection
- Qualified Plan Election
- Transitional Relief Election
- Number of Forms



The Bear – MEC & ALE Reporting

ALE TRANSMITTAL REPORT - The “C” FORMS: Form 1095-C & Form 1094-C

Form 1094-C (2014)

120215

Page 2

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Section 4980H Transition Relief Indicator
		Yes	No				
23	All 12 Months	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
24	Jan	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
25	Feb	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
26	Mar	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
27	Apr	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
28	May	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
29	June	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
30	July	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
31	Aug	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
32	Sept	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
33	Oct	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
34	Nov	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
35	Dec	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	

Form 1094-C (2014)

- MEC Coverage per month affirmation
- Full Time (Eligible) Count
- Total Employee Count
- Transitional Relief Election Code
- Months part of Control group



The Bear – MEC & ALE Reporting

Sending the Reports

1) IRS

By February 28 if paper, by March 31 if electronic (mandated for 250+ returns) through AIR system

2) Employees

By January 31 of each year (for prior calendar year) to last known address

- Must have affirmative participant consent to send electronically

Tips!

- *Let your Employees know they're coming!*
- *Deliver with the W-2*



The Bear – MEC & ALE Reporting

?

Question 5

Which of the following is not a well known Bear?

- A. Fozzie
- B. William Perry
- C. Winnie
- D. K.T.
- E. Baloo



The Bear – MEC & ALE Reporting

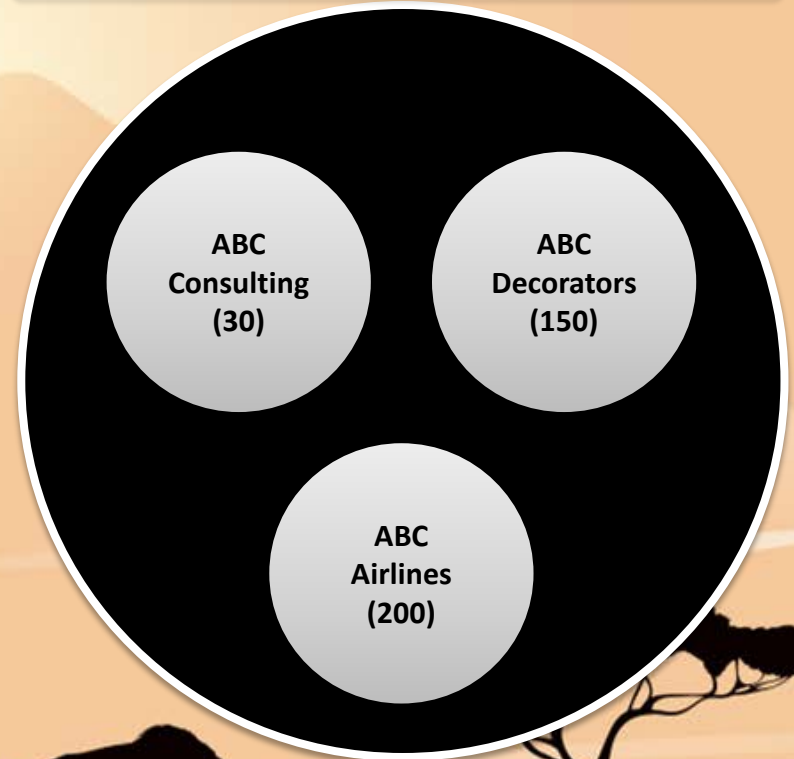
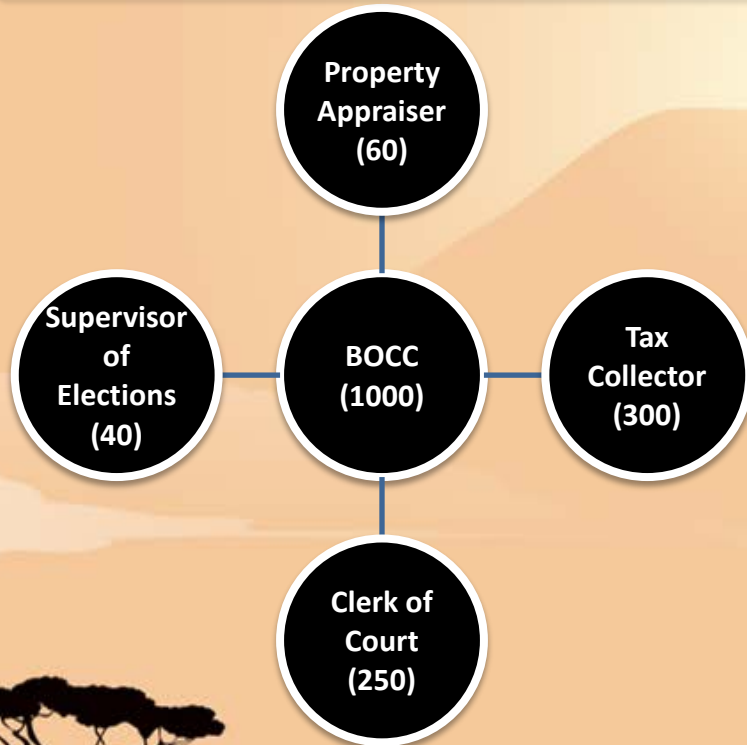
Determining who files what report:

(Employer level reporting)

Choices: a) 1095-B (MEC) b) 1095-C (ALE)

Related Group

Controlled Group: Aggregated Group



The Bear – MEC & ALE Reporting

FORM COMPLETION:		MEC Coverage (Health Coverage)				ALE Reporting (Offer & Coverage)		
Size	Coverage Type	1095 B Part I	1095 B Part II	1095 B Part III	1095 B Part IV	1095 C Part I	1095 C Part II	1095 C Part III
Under 50 MEC	Fully Insured	Carrier	Carrier		Carrier	N/A	N/A	N/A
Under 50 MEC	Self Insured	DGE or Employer	DGE	DGE or Employer	DGE or Employer	N/A	N/A	N/A
Over 50 MEC & Offer	Fully Insured	Carrier	Carrier		Carrier	Employer or DGE	Employer Or DGE	N/A
Over 50 MEC & Offer	Self Insured	N/A (1095-C Part III)		N/A (1095-C Part III)	N/A (1095-C Part III)	Employer or DGE	Employer Or DGE	Employer or DGE



The Bear – MEC & ALE Reporting

Employee Form(s) Receipt			MEC Coverage (Health Coverage)	ALE Reporting (Offer & Coverage)
Size	Coverage Type	# Forms Received	1095-B	1095-C
Under 50-MEC	Fully Insured	1	Carrier	N/A
Under 50-MEC	Self Insured	1	Sponsor of Employer	N/A
Over 50-MEC & Offer	Fully Insured	2	Carrier	Employer
Over 50-MEC & Offer	Self Insured	1	None	Employer



The Bear – MEC & ALE Reporting

SAMPLE 1 – Self-Funded Large Employer

Form **1095-C** Department of the Treasury Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

Information about Form 1095-C and where to get it is at www.irs.gov/1095c.

VOID CORRECTED

OMB No. 1545-2251

2014

Part I Employee

1 Name of employee: Jenna Johnson

2 Social security number (SSN): with dashes

3 Street address (including apartment no.): 999 9th Street

4 City or town: Blissville

5 State or province: FL

6 Country and ZIP or foreign postal code: 22222

7 Name of employer: Loggerhead County Tax Collector

8 Employer identification number (EIN): with dash

9 Street address (including room or suite no.): 123 Turtle Street

10 Contact telephone number: (305) 444-XXXX

11 City or town: Blissville

12 State or province: FL

13 Country and ZIP or foreign postal code: 22222

Part II Employee Offer and Coverage

14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	1H	1H	1H	1H	1H	1A	1A	1A	1A	1A	1A	1A
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)		2A	2A	2D	2D	2D	2C	2C	2C	2C	2C	2C	2C

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the month for each covered individual. Part III for Self-funded large employer only

(a) Name of covered individual	(b) SSN	(c) DOB (if SSN not available)	(e) Months of Coverage											
			Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17 Jenna Johnson	with dashes		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
18 Fred Johnson	with dashes		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
19 Rocco Johnson	with dashes		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
20 Julia Johnson		10/08/2015	<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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
21			<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"/>
22			<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"/>

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

Cat. No. 60705M

Form **1095-C** (2014)

Include dashes in SSN

Include dash in EIN

No offer of coverage

Qualifying Offer – FPL safe harbor. Ln 15 Left blank

If codes 1B, 1C, 1D, or 1E here – line 15 \$ required. Use 0.00 for none

Employee Enrolled

Hired 3/18/2014

Include dashes in SSN

DOB only when no SSN

The Bear – MEC & ALE Reporting

SAMPLE 2 – Self-Funded Large Employer - Waived

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.

VOID
 CORRECTED

600115
OMB No. 1545-2251
2014

Part I Employee

1 Name of employee Jenna Johnson		2 Social security number (SSN) with dashes	
3 Street address (including apartment no.) 999 9th Street			
4 City or town Blissville	5 State or province FL	6 Country and ZIP or foreign postal code 22222	

Applicable Large Employer Member (Employer)

7 Name of employer Loggerhead County Tax Collector		8 Employer identification number (EIN) with dash	
9 Street address (including room or suite no.) 123 Turtle Street			
11 City or town Blissville	12 State or province FL	13 Country and ZIP or foreign postal code 22222	

Part II Employee Offer and Coverage

14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
			1A	1A	1A	1A	1A	1A	1A	1A	1A	1A	1A
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)		2C	2C	2C	2C	2C	2C	2G	2G	2G	2G	2G	2G

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17 Jenna Johnson	with dashes		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 Fred Johnson	with dashes		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<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"/>
20			<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"/>
21			<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"/>
22			<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"/>

The Bear – MEC & ALE Reporting



Question 6

What Code is used on line 14 when a self-insured employer is reporting coverage in Part III of the 1095-C for a plan participant who was NOT a full time employee at any time during the year?

A. 1A

B. 1G

C. 1H



The Bear – MEC & ALE Reporting

Frequently Asked Questions

- Designated Governmental Entity
 - Confirmed completes Form 1095-B as if Issuer
- Reporting Offers of Cobra Coverage
 - Self Funded ALE must report enrollment of former employee or family member under COBRA. Examples provided for:
 - Codes when employee terminates & coverage declined
 - Codes when employee terminates & coverage accepted
 - Codes when employee gets COBRA due to reduction in hours
 - Form completion when Spouses and dependents of EE separately elect COBRA

<http://www.dol.gov/ebsa/pdf/faq-aca26.pdf>

<http://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-on-Reporting-of-Offer-of-Health-Insurance-Coverage-by-Employers-Section-6056>



The Bear – MEC & ALE Reporting

Q 16: Example 1 – Declines Cobra

- Self-insured plan
- Full time employee covered under group health plan with family coverage terminates employment on 6/15
- Coverage ends on date of termination
- Does NOT enroll in COBRA

Form 1095-C Department of the Treasury Internal Revenue Service		Employer-Provided Health Insurance Offer and Coverage Information about Form 1095-C and its separate instructions is at www.irs.gov/f1095c .				<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		600115 OMB No. 1545-2251 2014							
Part I Employee						Applicable Large Employer Member (Employer)									
1 Name of employee Steve Johnson			2 Social security number (SSN) with dashes			7 Name of employer ABC Company			8 Employer identification number (EIN) with dash						
3 Street address (including apartment no.) 999 9th St.						9 Street address (including room or suite no.) 123 Turtle Street			10 Contact telephone number (305)444-4444						
4 City or town Blissville		5 State or province FL		6 Country and ZIP or foreign postal code 22222		11 City or town Blissville		12 State or province FL		13 Country and ZIP or foreign postal code 22222					
Part II Employee Offer and Coverage															
14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec		
		1E	1E	1E	1E	1E	1H	1H	1H	1H	1H	1H	1H		
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$ 130.00	\$ 130.00	\$ 130.00	\$ 130.00	\$ 130.00	\$	\$	\$	\$	\$	\$	\$		
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)		2C	2C	2C	2C	2C	2B	2A	2A	2A	2A	2A	2A		
Part III Covered Individuals															
If Employer provided self-insured coverage, check the box and enter the information for each covered individual. <input checked="" type="checkbox"/>															
(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
17 Steve Johnson	with dashes		<input type="checkbox"/>	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18 Jenna Johnson	with dashes		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 Rocco Johnson	with dashes		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<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"/>
21			<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"/>
22			<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"/>

The Bear – MEC & ALE Reporting

Q 16: Example 2 – Enrolls in Cobra (Family)

- Self-insured plan
- Full time employee covered under group health plan with family coverage terminates employment on 6/15
- Coverage ends on date of termination
- Enrolls in COBRA family coverage

Form 1095-C Department of the Treasury Internal Revenue Service		Employer-Provided Health Insurance Offer and Coverage ▶ Information about Form 1095-C and its separate instructions is at www.irs.gov/f1095c .				<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		500115 OMB No. 1545-2251 2014							
Part I Employee					Applicable Large Employer Member (Employer)										
1 Name of employee Steve Johnson			2 Social security number (SSN) with dashes		7 Name of employer ABC Company			8 Employer identification number (EIN) with dash							
3 Street address (including apartment no.) 999 9th St.					9 Street address (including room or suite no.) 123 Turtle Street			10 Contact telephone number (305)444-4444							
4 City or town Blissville		5 State or province FL		6 Country and ZIP or foreign postal code 22222		11 City or town Blissville		12 State or province FL		13 Country and ZIP or foreign postal code 22222					
Part II Employee Offer and Coverage															
14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec		
	1E														
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage															
	\$	\$ 130.00	\$ 130.00	\$ 130.00	\$ 130.00	\$ 130.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00		
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)	2C														
Part III Covered Individuals															
If Employer provided self-insured coverage, check the box and enter the information for each covered individual. <input checked="" type="checkbox"/>															
(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
17 Steve Johnson	with dashes		<input checked="" type="checkbox"/>	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18 Jenna Johnson	with dashes		<input checked="" 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"/>
19 Rocco Johnson	with dashes		<input checked="" 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"/>
20			<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"/>
21			<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"/>
22			<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"/>

The Bear – MEC & ALE Reporting

Q 18: Example 1 – Ex Spouse Offered Cobra

- Self-insured plan
- Full time employee covered under group health plan with EE+Spouse coverage gets divorced on 5/15
- Employer offers COBRA to ex-spouse
- Ex-spouse enrolls in COBRA

Form 1095-C Department of the Treasury Internal Revenue Service		Employer-Provided Health Insurance Offer and Coverage ▶ Information about Form 1095-C and its separate instructions is at www.irs.gov/ft1095c .				<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	600115 OMB No. 1545-2251 2014								
Part I Employee			Applicable Large Employer Member (Employer)												
1 Name of employee Keri Johnson		2 Social security number (SSN) with dashes		7 Name of employer ABC Company		8 Employer identification number (EIN) with dash									
3 Street address (including apartment no.) 999 9th St.				9 Street address (including room or suite no.) 123 Turtle Street		10 Contact telephone number (305)444-4444									
4 City or town Blissville		5 State or province FL		6 Country and ZIP or foreign postal code 22222		13 Country and ZIP or foreign postal code 22222									
11 City or town Blissville		12 State or province FL													
Part II Employee Offer and Coverage															
14 Offer of Coverage (enter required code)	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec		
	1E														
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00		
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)	2C														
Part III Covered Individuals															
If Employer provided self-insured coverage, check the box and enter the information for each covered individual. <input checked="" type="checkbox"/>															
(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17 Keri Johnson	with dashes		<input checked="" 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"/>
18 Gerald Johnson	with dashes		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<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"/>
20			<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"/>
21			<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"/>
22			<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"/>



The Bear – MEC & ALE Reporting

Q 18: Example 1 – Ex Spouse Offered Cobra

- Self-insured plan
- Full time employee covered under group health plan with EE+Spouse coverage gets divorced on 5/15
- Employer offers COBRA to ex-spouse
- Ex-spouse enrolls in COBRA

Form 1095-C Department of the Treasury Internal Revenue Service		Employer-Provided Health Insurance Offer and Coverage						<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		600115 OMB No. 1545-2251																																																																																																																																			
▶ Information about Form 1095-C and its separate instructions is at www.irs.gov/f1095c .								2014																																																																																																																																					
Part I Employee						Applicable Large Employer Member (Employer)																																																																																																																																							
1 Name of employee Gerald Johnson			2 Social security number (SSN) with dashes			7 Name of employer ABC Company			8 Employer identification number (EIN) with dash																																																																																																																																				
3 Street address (including apartment no.) 999 9th St.						9 Street address (including room or suite no.) 123 Turtle Street			10 Contact telephone number (305)444-4444																																																																																																																																				
4 City or town Blissville		5 State or province FL		6 Country and ZIP or foreign postal code 22222		11 City or town Blissville		12 State or province FL		13 Country and ZIP or foreign postal code 22222																																																																																																																																			
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The Bear – MEC & ALE Reporting

Updated Draft 2015 Form 1095-C (Individual Form)

Form **1095-C** **Employer-Provided Health Insurance Offer and Coverage** VOID CORRECTED **2015**
 Department of the Treasury Internal Revenue Service OMB No. 1545-2251
 Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.

Part I Employee **Applicable Large Employer Member (Employer)**

1 Name of employee 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.) 10 Contact telephone number
 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 and Coverage

14 Offer of Coverage (enter required code)

15 Employee Share of Lowest Cost Monthly Premium, for Self-Only, Minimum Value Coverage

16 Applicable Section 4980H Safe Harbor (enter code, if applicable)

Plan Start Month (Enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14													
15	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Part III Covered Individuals
 If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17			<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"/>
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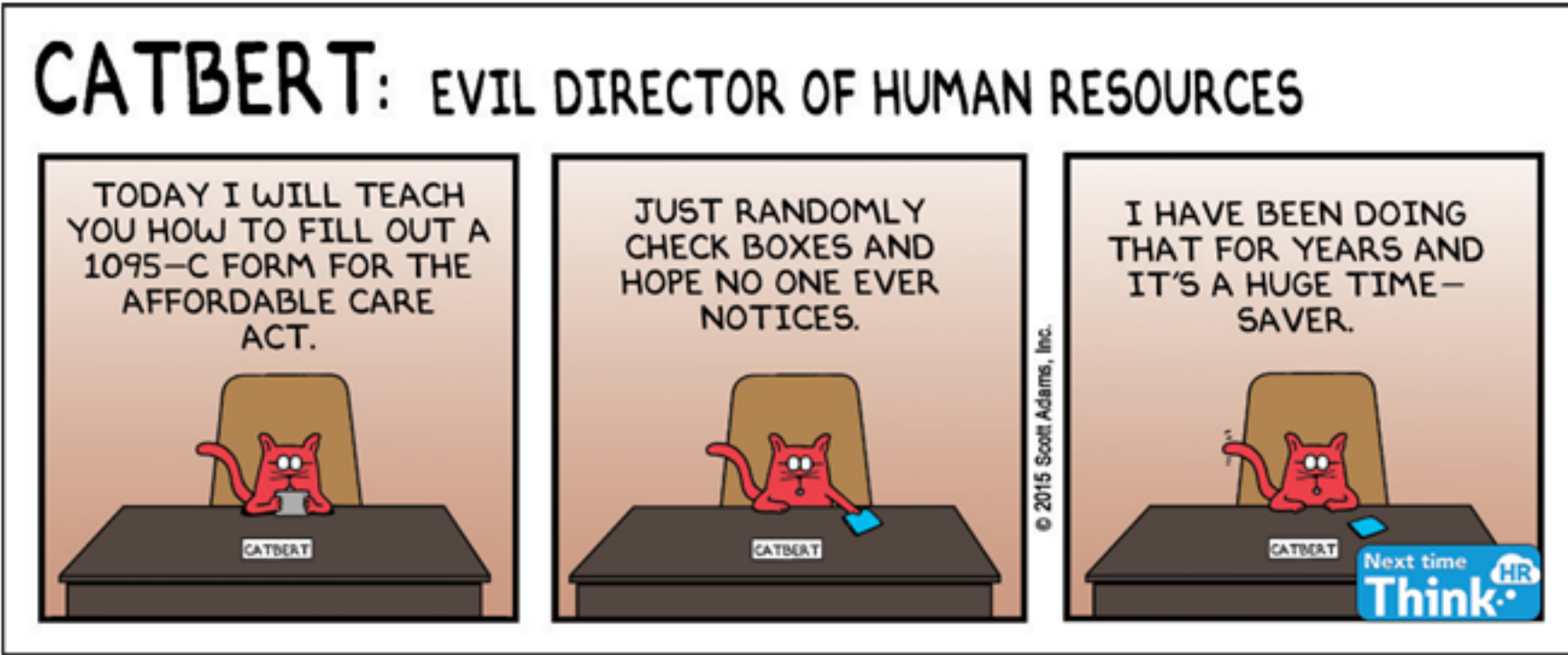
For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form 1095-C (2015)

Updates include:

- New field for “Plan Start Month” (Optional for 2014 and 2015 filings)
- New form includes addition of continuation sheet for those with more than 6 covered
- 2016 forms will include two additional codes to indicate whether offer to spouse is conditional offer (if applicable)



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Trade Promotion Authority Bill – increased penalties

Penalty	Old Amount	New Amount
Failure to file/furnish an annual IRS return or provide individual statements to all full-time employees	\$100	\$250
Annual cap on penalties	\$1,500,000	\$3,000,000
Failure to file/furnish when corrected within 30 days of the required filing date	\$30	\$50
Annual cap on penalties when corrected within 30 days of required filing date	\$250,000	\$500,000
Failure to file/furnish when corrected by August 1 of the year in which the required filing date occurs	\$60	\$100
Cap on penalties when corrected by August 1 of the year in which the required filing date occurs	\$500,000	\$1,500,000
Lesser cap for entities with gross receipts of not more than \$5,000,000	\$500,000	\$1,000,000
Lesser cap for entities with gross receipts of not more than \$5,000,000 when corrected within 30 days of required filing date	\$75,000	\$175,000
Lesser cap for entities with gross receipts of not more than \$5,000,000 when corrected by August 1 of the year in which the required filing date occurs	\$200,000	\$500,000
Penalty per filing in case of intentional disregard. No cap applies in this case.	\$250	\$500

<https://www.congress.gov/114/bills/hr1295/BILLS-114hr1295enr.pdf?elqTrackId=3d8f383c69614727a7601244c2f57972&elq=b833967000dc49ba98e7a500586d6ad4&elqCampaignId=2347&elqaid=9563&elqat=1>



The Bear – MEC & ALE Reporting

New Requirement, New Forms, New IRS Systems

- Employers tasked with compiling information to comply before systems are available.
- AIR System (Not Fire System) – software developers &/or employers need new TCC & testing
- Existing vendor system data still emerging, being updated
- New independent vendors & products emerging
- Employers encouraged to identify reporting system - ERP/HRIS/Benefits Admin, Payroll vendor or 3rd party vendor



The Bear – MEC & ALE Reporting

Various Third Party Reporting Options Emerging

- Software Companies in Payroll /Tax Filing Space – Reporting Only
- Developers/Retailers of Logic Based Systems with Measurement
- Developers/Retailers of Logic Based Systems with Reporting Only
- Additional Considerations:
 - Companies offering Call In Number and Coding Assistance
 - a) PDF to Employer or b) PDF to Employer & Mail to Employees
 - Support – telephone, chat, e-mail & hours
 - Multi year agreements & Guarantees
 - Commencement Deadlines
 - Cost – PEPM/PY/Implementation Fee
 - User Interface & ongoing Access



The Bear – MEC & ALE Reporting

EMPLOYEE COUNT	Logic A (Measurement+Reporting)	Logic B (Measurement+Reporting)	Logic A (Reporting Only)	Software C (Reporting Only)
100	\$ 3,500	\$ 1,000	\$3,500	\$ 369
250	\$ 4,000	\$ 2,500	\$3,500	\$ 748
500	\$ 4,000	\$ 5,000	\$3,500	\$ 1,320
750	\$ 4,500	\$ 6,750	\$3,500	\$ 1,463
1,200	\$ 6,768	\$10,200	\$3,500	\$ 1,980
2,500	\$ 12,600	\$21,250	\$3,500	\$ 4,125
Implementation Fee Other	Yes \$\$\$ ER Mails Return, Includes Measurement and pdf file – add'l fee for direct mailing to employees	Yes \$\$+ Includes Measurement & mailing to Employees and employees	Yes \$\$\$ Add'l fee per return to have mailed to Recipient	Low Cost \$ Includes mailing to Employee



The Bear – MEC & ALE Reporting

Selection Recap

- Need for Measurement (PT, Seasonal, Variable Employees?)
- Availability of Current System Capabilities
- Data Availability & Integrity
- Timing of Data
- Preparer Support Needs
- Budget



The Tiger – The Cadillac Tax



The Tiger – The Cadillac Tax

15 Beastly Facts About the Cadillac Tax



The Tiger – The Cadillac Tax

- The ACA was passed in March 2010 with the intent to:
 - Expand coverage
 - Comprehensive Coverage
 - Increase Transparency
 - Control Costs
- The Cadillac Tax is the final scheduled major provision of the ACA to be implemented.
- The Cadillac Tax is the media dubbed name for the Excise Tax on High Cost Employer Sponsored Health Coverage
- The goals of the Cadillac tax are to slow the rate of growth of health costs and finance the expansion of health coverage



1

The Tiger – The Cadillac Tax

Notice 2015-16 – Internal Revenue Service
Notice 2015-52 – Internal Revenue Service

Excise Tax on High Cost Employer-Sponsored Health Coverage

Commences: 2018



The Tiger – The Cadillac Tax



Question 7

According to United Benefit Advisors, how did the 2014 cost of government employer healthcare plans compare to the average citizen's plan?

- A. They were comparable in cost
- B. They cost 8% more
- C. They cost 14% more
- D. They cost 17.5% more



The Tiger – The Cadillac Tax

2

Tax Rate = 40 %

of “Excess Benefit”

=

**Applicable Coverage Less Cost of Coverage
Threshold**



The Tiger – The Cadillac Tax

3

COST OF COVERAGE THRESHOLD

	Self-Only	Other Than Self-Only
Standard	\$10,200	\$27,500
Qualified Retiree (55+) or Plan Majority High Risk	\$11,850	\$30,950

Adjusted: 2018 Health Cost Adjustment Percentage
2019 Forward - COLI Adjustment
Age & Gender Adjustment



4

The Tiger – The Cadillac Tax

CALCULATED ON EMPLOYEE BY EMPLOYEE BASIS, BY MONTH AT BEGINNING OF MONTH IN WHICH ENROLLED IN COVERAGE

High Risk Employees:

Police, firefighters, EMS & first responders, longshoreman, individuals in construction, mining, agriculture, forestry and fishing industries, linemen/telecommunications, retirees of these professions with 20 \geq years employed in industry.



5

The Tiger – The Cadillac Tax

**DEFINING “APPLICABLE EMPLOYER
SPONSORED COVERAGE”**

COBRA Rate

Based on a 12-month “determination period”

TBD = To Be Defined...



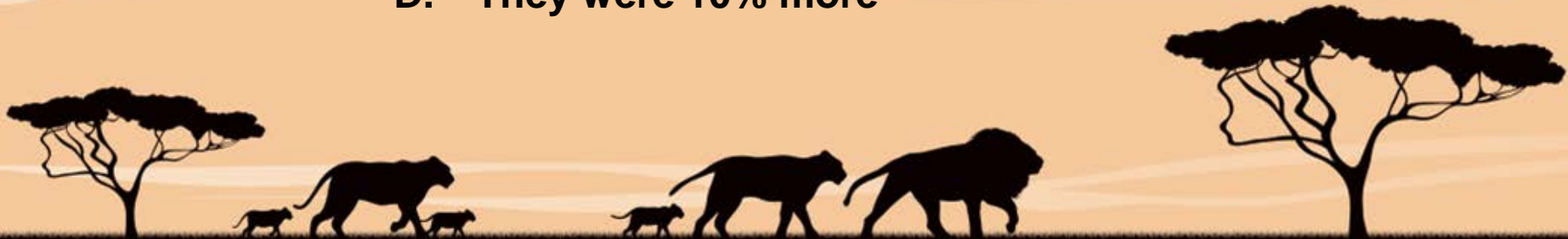
The Tiger – The Cadillac Tax



Question 8

According to United Benefit Advisors, how did the 2014 employee contributions in government employer healthcare plans compare to the average citizen's employer plan?

- A. They were 20% less
- B. They were 45% less
- C. The employee contributions were comparable
- D. They were 10% more



6

The Tiger – The Cadillac Tax

“APPLICABLE COVERAGE” NOT SAME AS W-2

**Cadillac Tax vs. W-2 Reporting of
Employer Sponsored Health Coverage**



7

The Tiger – The Cadillac Tax

APPLICABLE COVERAGE INCLUDES:

**Pre-tax employer group coverage,
regardless of who pays.**

**Includes coverage that is eligible to be excludable under §106
(Critical Illness, Cancer – even if paid post-tax)**



8

The Tiger – The Cadillac Tax

APPLICABLE COVERAGE INCLUDES:

FSA's, HSA's, MSA's, HRA's

Onsite Clinics

(Unless DeMinimis)

Comment requested – How to value?



The Tiger – The Cadillac Tax



Question 9

What is the maximum FSA limit for 2015?

- A. \$1,550
- B. \$2,550
- C. \$5,000
- D. There is no limit



9

The Tiger – The Cadillac Tax

APPLICABLE COVERAGE EXCLUDES:

Vision, Dental Excluded If Under Separate Policy, Certificate, Contract Of Insurance

Employee Assistance Program (EAP)

Comment requested – if self-insured

Comment requested – EAP exclusion



10

The Tiger – The Cadillac Tax

COBRA APPLICABLE PREMIUM

Valuation Methods:

- Actuarial basis method
- Past cost method

Once elected, required for five years.

(Comments requested)



The Tiger – The Cadillac Tax

ACTUARIAL BASIS METHOD

COBRA APPLICABLE PREMIUM

**Estimate of actual plan cost
(not minimum, not maximum exposure)**

Accreditation of individual:

- 1) Making actuarial assumptions
- 2) Determining COBRA applicable rate



The Tiger – The Cadillac Tax



Question 10

How many exams must be passed to qualify for the Associate of the Society of Actuaries designation?

A. 1

B. 3

C. 5

D. 7



12

The Tiger – The Cadillac Tax

PAST COST METHOD

COBRA APPLICABLE PREMIUM

- **12 month measurement period**
- **Ending not more than 13 months prior to determination period**
- **Applied consistently**

Proposed Costs Include:

- 1) Claims – accrual or cash
- 2) Stop loss premium
- 3) Administrative expenses
- 4) Reasonable overhead of employer
(salary, rent, supplies, utilities)

Proposed Cost Does Not Include:

- 1) Reserves
- 2) Stop loss reimbursements
- 3) Premium subject to excise tax



13

The Tiger – The Cadillac Tax

DISAGGREGATION & AGGREGATION

Defining “Similarly Situated”

- **Mandatory Disaggregation**

- 1) By benefit health plan
- 2) Self only / other than self only

- **Permissive Aggregation**

Employee + Any = Other than Self (comments requested)

- **Permissive Disaggregation (comments requested)**

- 1) Collective Bargaining
- 2) Geographic Location
- 3) Specific Job Categories
- 4) Number of Individuals Covered



13

The Tiger – The Cadillac Tax

DISAGGREGATION & AGGREGATION

Defining “Similarly Situated”

- **Mandatory Disaggregation**

- 1) By benefit health plan
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Employee + Any = Other than Self (comments requested)

- **Permissive Disaggregation (comments requested)**

- 1) Collective Bargaining
- 2) Geographic Location
- 3) Specific Job Categories
- 4) Number of Individuals Covered



14

The Tiger – The Cadillac Tax

TAX PAYING RESPONSIBILITY

If Fully Insured = Issuer (Carrier)

If HSA/Archer MSA = Employer

If any other applicable coverage = Plan Sponsor/TPA

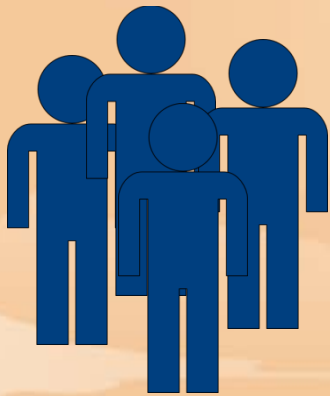
Employer calculation and reporting responsibility - provide to liable paying entity.



The Tiger – The Cadillac Tax

15

THE FUNDING CONUNDRUM



The Tiger – The Cadillac Tax



Question 11

How many republican and democrat candidates are running for their party's nomination for the 2016 Presidential race?

A. 8/3

B. 11/4

C. 14/5

D. 17/5



The Tiger – The Cadillac Tax

Table A-1.
Comparison of CBO and JCT's Current and Previous Estimates of the Effects of the Insurance Coverage Provisions of the Affordable Care Act

	January 2015 Baseline	March 2015 Baseline	Difference
Change in Insurance Coverage Under the ACA in 2025 (Millions of nonelderly people, by calendar year) ^a			
Insurance Exchanges	24	22	-1
Medicaid and CHIP	16	14	-2
Employment-Based Coverage ^b	-9	-7	2
Nongroup and Other Coverage ^c	-4	-4	*
Uninsured ^d	-27	-25	2
Effects on the Cumulative Federal Deficit, 2016 to 2025^e (Billions of dollars)			
Exchange Subsidies and Related Spending and Revenues ^f	1,058	849	-209
Medicaid and CHIP Outlays	920	847	-73
Small-Employer Tax Credits ^g	15	11	-4
Gross Cost of Coverage Provisions	1,993	1,707	-286
Penalty Payments by Uninsured People	-47	-43	3
Penalty Payments by Employers ^g	-164	-167	-3
Excise Tax on High-Premium Insurance Plans ^h	-149	-87	62
Other Effects on Revenues and Outlays ^h	-284	-202	81
Net Cost of Coverage Provisions	1,350	1,207	-142
Memorandum:			
Increases in Mandatory Spending	2,026	1,747	-279
Increases in Revenues	677	540	-137

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Note: ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; * = between -500,000 and zero.

- a. Figures for the nonelderly population include residents of the 50 states and the District of Columbia who are younger than 65.
- b. The change in employment-based coverage is the net result of projected increases and decreases in offers of health insurance from employers and changes in enrollment by workers and their families.
- c. "Other Coverage" includes Medicare; the changes under the ACA are almost entirely for nongroup coverage.
- d. The uninsured population includes people who will be unauthorized immigrants and thus ineligible either for exchange subsidies or for most Medicaid benefits; people who will be ineligible for Medicaid because they live in a state that has chosen not to expand coverage; people who will be eligible for Medicaid but will choose not to enroll; and people who will not purchase insurance to which they have access through an employer, through an exchange, or directly from an insurer.
- e. Except in the memorandum lines, positive numbers indicate an increase in the deficit, and negative numbers indicate a decrease in the deficit. These numbers exclude effects on the deficit of provisions of the ACA that are not related to insurance coverage and effects on discretionary spending of the coverage provisions.
- f. Includes spending for exchange grants to states and net spending and revenues for risk adjustment and reinsurance. The risk corridors program is recorded in the budget as a discretionary program; CBO estimates that payments and collections will offset each other in each year, resulting in no net budgetary effect.
- g. These effects on the deficit include the associated effects of changes in taxable compensation on revenues.
- h. Consists mainly of the effects of changes in taxable compensation on revenues.



The Tiger – The Cadillac Tax



Question 12

What do you think your plan would choose to do to avoid the Cadillac Tax?

- A. Eliminate FSA/HRA/HSA type plans**
- B. Implement a less “rich” benefit plan with regard to covered services**
- C. Implement organizational collaboration and education toward costs**
- D. Reduce plan benefits and increase wages**
- E. Nothing - pay the tax**
- F. Other**



**DANGER: The
Co-Dependency
of the ESRP,
MEC & ALE
Reporting, &
The Cadillac Tax**



Your Guide to the Wild Side Of the ACA

Questions?

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