

Health Insurance Market Overview & Affordable Care Act Compliance

2015 IRS 1094-C / 1095-C Reporting Obligation

HB | SOLUTIONS LLC



Agenda

- Marketplace Update
- Benchmarks
- Introduction to HB Solutions LLC
- Brief Overview of the ACA
- IRS 6055 and 6056 Reporting Requirements
- Cadillac Plan Explanation & Penalties
- ACA Beyond 2015
- Questions



Health Insurance Market Overview



Brown & Brown of New York

WHO WE ARE - LOCALLY:

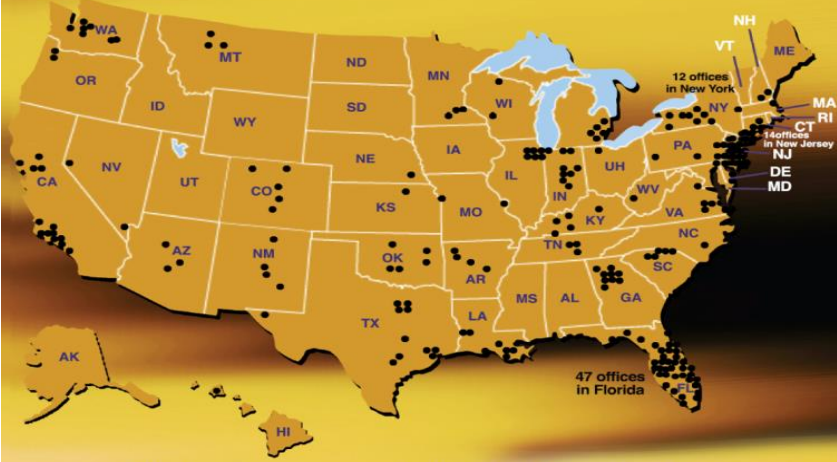
- ✓ *Largest insurance intermediary in Upstate New York*
- ✓ Over 160 professionals, including 45 dedicated to employee benefits
- ✓ Provide employee benefit consulting to over 800 Upstate New York clients comprising over \$750 million in premium under management
- ✓ Have access to virtually all insurance and administration markets
- ✓ Excel locally through community involvement and position of leadership
- ✓ **Full range of brokerage/consulting services include:**
 - Employee Benefits
 - Property & Casualty
 - Surety
 - Personal Lines
 - Directors & Officers Liability

✓ Website: <http://www.bbnewyork.com>

WHO WE ARE - NATIONALLY:

- ✓ **Founded in 1939**
- ✓ **Over 200 Offices in 46 States**
- ✓ **Currently 6th largest in the US & 7th largest in the world**
- ✓ **Publically Traded- NY Stock Exchange (BRO)**
- ✓ **Have access to virtually all carrier markets**

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Marketplace Update

Inflation:

Most carriers indicate that aggregate healthcare inflation is between 9% and 14% (medical & Rx combined) .

Factors Increasing Cost	Factors Decreasing Cost
HealthCare Trends: 8%-11%, RX Trends: 10%-14%, Specialty RX: 20%- 25%	Cost Transparency
Aging Population	Health Care Delivery to lower cost settings
Hospital Mergers	Concerted effort to remove waste from healthcare system
Technology	Population Health Management / ACO's
ACA Compliance	Pharmacy Benefit Management Preferred and limited RX Networks, 4 tier RX benefit (% Based)
Carrier Administration Challenges	
State and Federal Laws continue to change	
ICD 10	
PPACA Compliance	
Marketplace Confusion (Consumer misinformation, Exchanges, etc.)	

Marketplace Update

- **Collective Purchasing:** Like organizations are purchasing healthcare together to give themselves greater buying power, economies of scale and additional plan choice.
- **Private Exchanges:** Many employers are evaluating the new opportunities that exist in the private exchange arena. This enables employers to:
 - Technology based platform/online enrollment- decision making tools
 - Set a defined contribution strategy
 - Provide more benefit choice to employees



Marketplace Update

- **Financial Arrangement:** Employers are beginning to entertain different funding options in order to potentially decrease costs (assume more risk).
 - Fully Insured (minimum contracts may be required)
 - Community Rating (2-99 FTE's for 2016)
 - Retrospective
 - Contingent Premium
 - Minimum Premium
 - Self Funding
 - Stop Loss Purchasing (Aggregate and Specific)
 - Captives
- **Technology Advancements:**
 - Online enrollment
 - HR/IRS Reporting
 - PPACA Compliance
 - Carrier Interface
 - 6055/6056 Reporting
 - Telemed
 - Transparency





Marketplace Update

New HSA and HDHP Limits for 2016 were released on May 6, 2015. Below is a summary:

HSA Contribution Limits	2015	2016	Change
Individual Coverage	\$3,350	\$3,350	None
Family Coverage	\$6,650	\$6,750	+\$100
HDHP Qualifications	2015	2016	Change
Individual Min. Deductible	\$1,300	\$1,300	None
Individual Out of Pocket Maximum	\$6,450	\$6,550	+100
Family Min. Deductible	\$2,600	\$2,600	None
Family Out of Pocket Maximum	\$12,900	\$13,100	+\$200

Age 55 Catch up Contribution remains at \$1,000

Contribution Benchmarks

Single Contracts by size

	Employer Contribution	Employer Contribution	Employee Contribution	Total
Size	\$	%	\$	
<50	\$284	73%	\$106	\$390
50-99	\$291	70%	\$126	\$416
100-199	\$334	74%	\$117	\$451
200-999	\$363	75%	\$121	\$484
1000+	\$386	80%	\$94	\$479
Combined	\$327	74%	\$116	\$444

Family Contracts by size

	Employer Contribution	Employer Contribution	Employee Contribution	Total
Size	\$	%	\$	
<50	\$656	61%	\$427	\$1,083
50-99	\$648	55%	\$526	\$1,174
100-199	\$825	65%	\$441	\$1,266
200-999	\$874	66%	\$441	\$1,314
1000+	\$1,048	79%	\$285	\$1,332
Combined	\$787	64%	\$445	\$1,232

Single Contracts by Classification

	Employer Contribution	Employer Contribution	Employee Contribution	Total
Size	\$	%	\$	
Business Service	\$305	73%	\$116	\$420
Healthcare	\$400	80%	\$98	\$498
Human Service	\$373	77%	\$113	\$486
Manufacturing	\$307	71%	\$123	\$430
Combined	\$327	74%	\$116	\$444

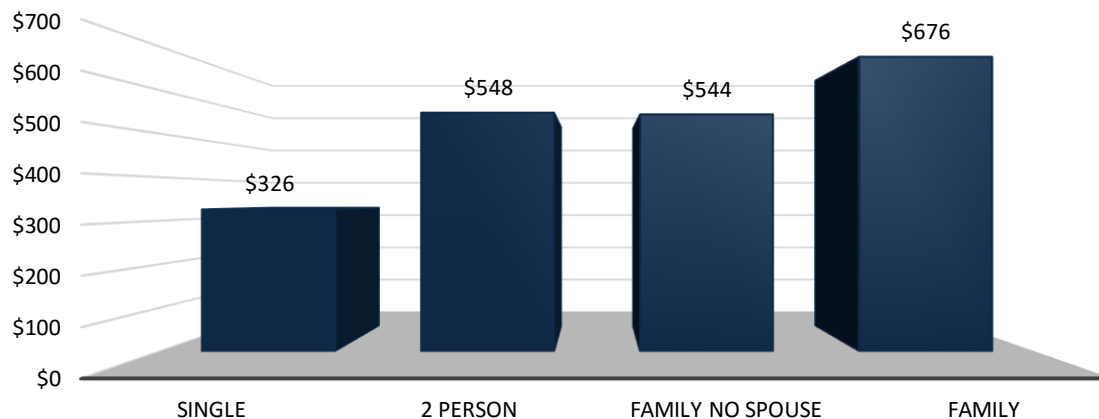
Family Contracts by Classification

	Employer Contribution	Employer Contribution	Employee Contribution	Total
Size	\$	%	\$	
Business Service	\$700	60%	\$460	\$1,159
Healthcare	\$1,009	74%	\$354	\$1,363
Human Service	\$790	59%	\$548	\$1,338
Manufacturing	\$818	67%	\$394	\$1,212
Combined	\$787	64%	\$445	\$1,232

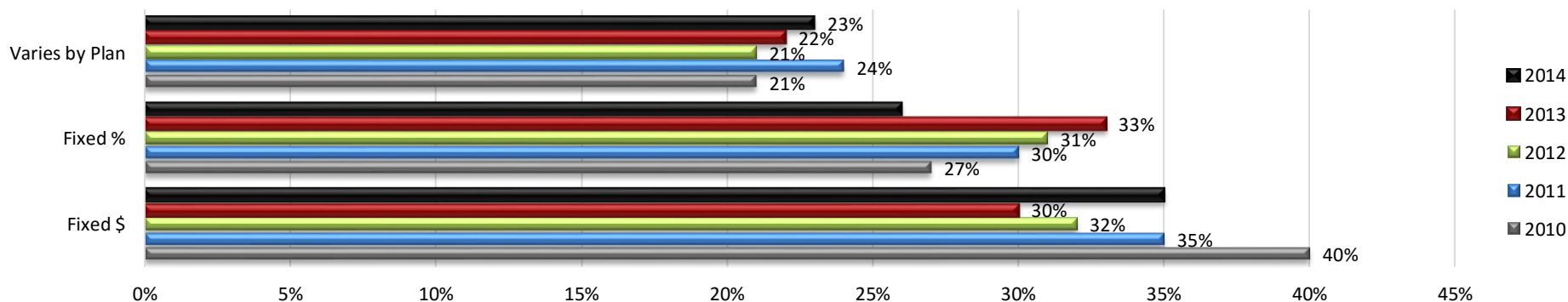
* 2014 Health Benefits Survey, Rochester Business Alliance

Contribution Benchmarks

Average Monthly Employer Contributions for those Using a Fixed Dollar Contribution Strategy

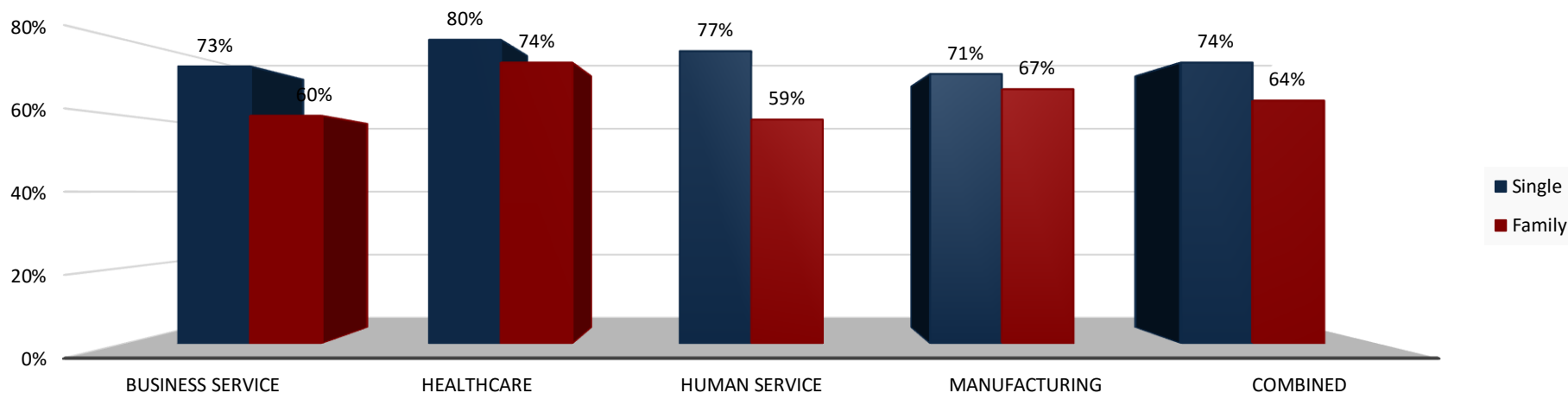


Employee Health Plan Contribution Strategies

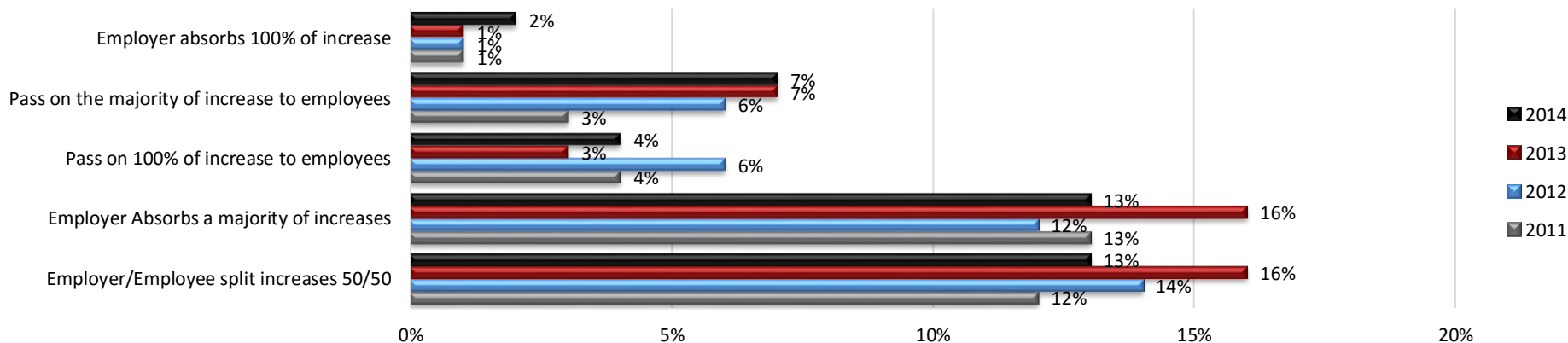


Contribution Benchmarks

2014 Average Employer Premium Contribution % (Single & Family)

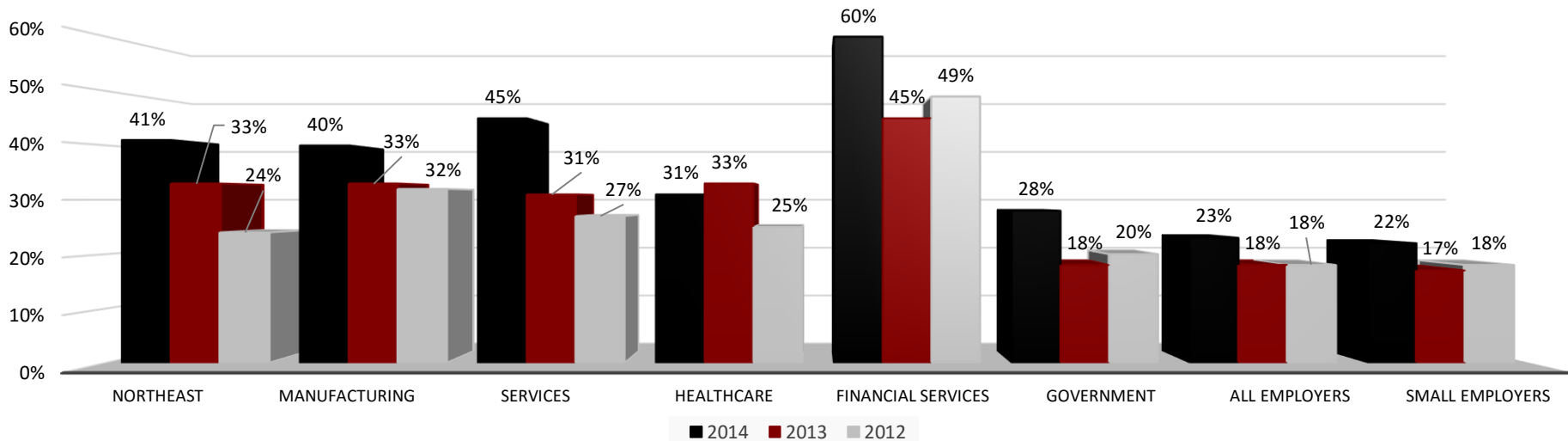


Anticipated Contribution Changes for 2014 in Response to Premium Increases

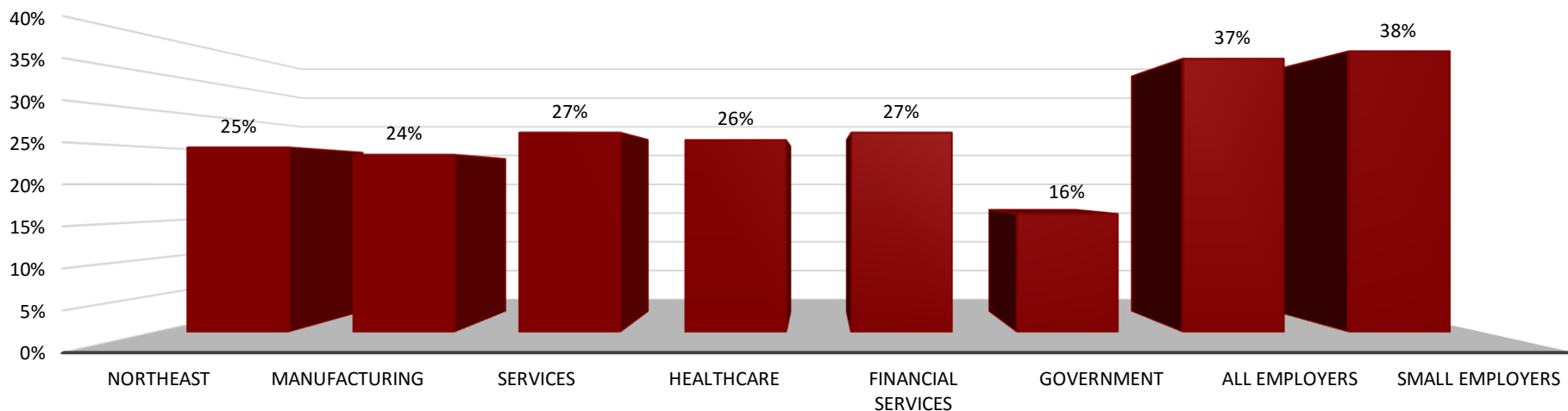


HDHP Benchmarks

% of Employers Offering a HDHP

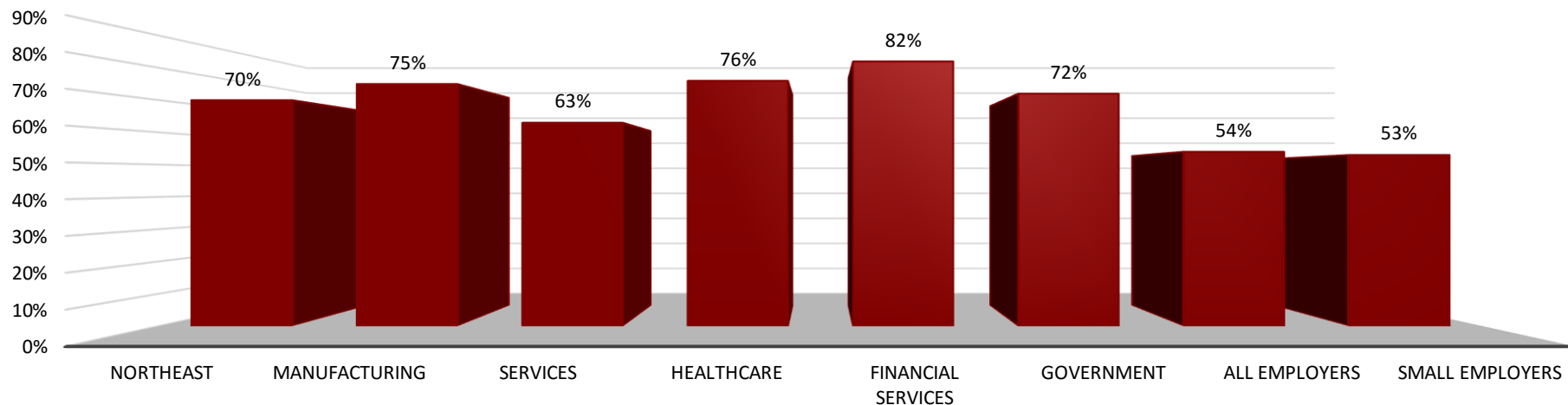


% of Eligible Employees Enrolled in a HDHP with an HSA or HRA

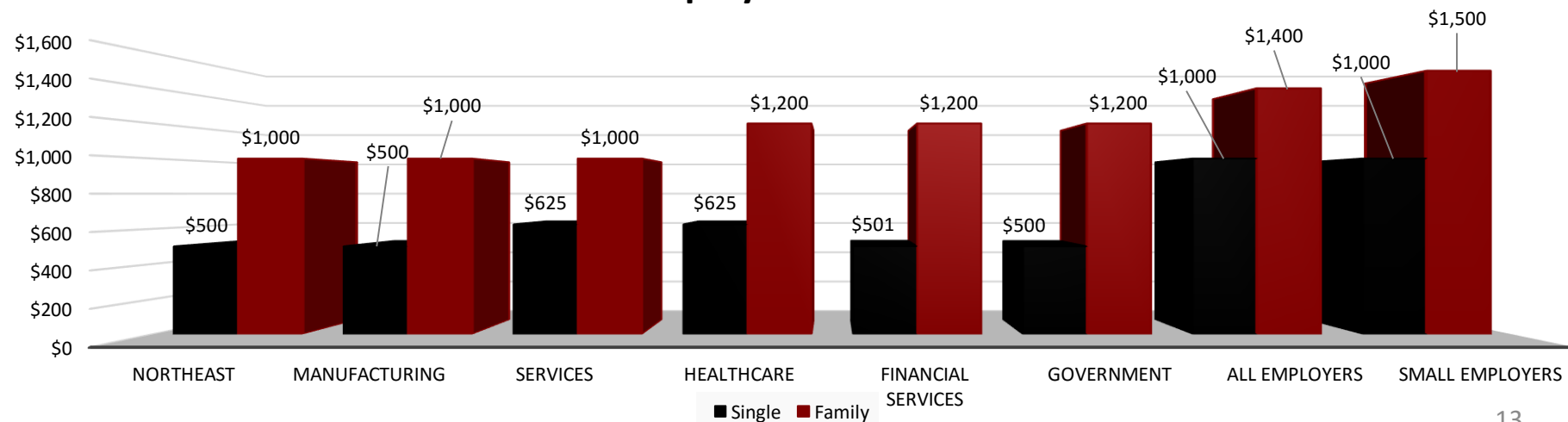


Contribution Benchmarks

Percentage of Employers Contributing to Employee HSA Accounts



Median Employer HSA Contribution



Introduction to HB Solutions LLC

WHO WE ARE: We are consultants with a legal background and innovative IT professionals dedicated to providing employers with Affordable Care Act (ACA) compliance consulting services.

WHAT WE DO: We have a comprehensive solution available to help employers comply with the ACA, including all tracking requirements and completion of the complex IRS filings.



Overview of ACA

- The Employer Shared Responsibility Rules (Employer Mandate) provide that “**Applicable Large Employers**”, those with 50 or more full-time/full-time equivalent employees, are subject to a tax penalty if any **full-time employee** received a **premium tax credit or cost-sharing reduction** to purchase coverage through an Exchange.



IRS Reporting Requirements

- Background
- Who Must Report?
- IRS Forms
 - Focus on 1094-C and 1095-C
- Methods/Timing



Background

- The ACA established two types of required reporting under the Internal Revenue Code.
 - **Section 6055** requires insurers and sponsors of self-insured plans to report annually on covered individuals receiving “minimum essential coverage”
 - Provided to individuals and the IRS
 - Used by the IRS to enforce individual mandate
 - **Section 6056** requires “applicable large employers” (ALE) to prepare annual reports regarding coverage offered to full-time employees
 - Provided to individuals and the IRS
 - Used by the IRS to enforce the Employer Shared Responsibility Provisions (“Employer Mandate”)
 - Assists individuals in determining eligibility for premium credits.



IRS Reporting Is Nearly Impossible to Handle Internally

- Section 6056 requires “applicable large employers” (ALE) to prepare annual reports regarding coverage offered to full-time employees
 - These forms must be provided to individuals and the IRS
 - Used by the IRS to enforce the Employer Shared Responsibility Provisions (“Employer Mandate”)

Key Question: Where is the information the employer needs to input on the IRS forms stored and how will the employer convert and process electronically?



Who is Required to Report?

- Section 6055:
 - Self-Insured Plans: Employer
 - Fully-Insured Plans: Health Insurance Carrier
- Section 6056:
 - All applicable large employers (fully-insured and self-insured)
 - Not applicable to employers with fewer than 50 FTEs



IRS Forms

- 1094-B: Transmittal of Health Coverage Information Returns
 - Contains basic identifying information regarding the Insurer/self-insured employer/plan sponsor
- 1095-B: Health Coverage
 - Used to report certain information to the IRS and to taxpayers about individuals who are covered by minimum essential coverage and therefore are not liable for the individual shared responsibility payment.
- 1094-C: Transmittal of Employer Provided Health Insurance Offer and Coverage Information Returns
 - Basic information about the employer and number of 1095-C Forms
- 1095-C: Employer Provided Health Insurance Offer and Coverage
 - Detailed information about full-time employees and offers of coverage made to those employees. Forms are provided to both IRS and employees.



Who is Required to Report?

Type of Employer	IRC Section	IRS Form	Filed By	Recipient
<u>Self-Insured</u> Less than 50 FTE	6055	1094-B	Employer	IRS
		1095-B	Employer	IRS/Employee
<u>Self-Insured</u> More than 50 FTE	6055 & 6056	1094-C	Employer	IRS
		1095-C	Employer	IRS/Employee
<u>Fully-Insured</u> More than 50 FTE	6055	1094-B	Insurer	IRS
		1095-B	Insurer	IRS/Employee
	6056	1094-C	Employer	IRS
		1095-C	Employer	IRS/Employee



Information Needed for Forms 1094-C and 1095-C

- Identification of ACA full-time employees for each calendar month
 - Requires employers to track/record hours of service
- Total number of employees for each calendar month
- Employer Identification Number
- Employee SSN or birth date if no SSN
- Identification of a contact person at each applicable large employer member for the IRS to contact if it requires more information
- Information about offers of coverage, premium cost, and enrollment
- The amount each FT employee pays for the lowest cost monthly premium for self-only coverage each calendar month
- Enrollment data about each covered individual



Form 1094-C

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Transmittal of Employer Provided Health Insurance Offer and Coverage Information Returns

- Submitted to IRS with all 1095-C forms
- Must be completed by each ALE



Part I

- Basic identifying information regarding the ALE

Form 1094-C		Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns		☐ CORRECTED	120116 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/form1094c			
Part I Applicable Large Employer Member (ALE Member)					
1 Name of ALE Member (Employer)		2 Employer identification number (EIN)		For Official Use Only 	
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				►	
19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions				☐	



Part II

- Total number of Form 1095-Cs being submitted
- Certification of eligibility for any transition relief or simplified reporting methods

Part II ALE Member Information

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? ☐ Yes ☐ No

If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

☐ A. Qualifying Offer Method ☐ B. Qualifying Offer Method Transition Relief ☐ C. Section 4980H Transition Relief ☐ 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. 61571A

Form **1094-C** (2015)



Part III

- Which months the employer offered MEC to at least 95% of its full-time employees and dependents.
- The number of full-time employees in each month.
- The total number of employees in each month.
- Whether the employer is part of an Aggregated ALE Group in any month.
- Whether the employer is eligible for any Section 4980H Transition Relief.



Part III Continued

Form 1094-C (2015)

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	☐	☐			☐	
24	Jan	☐	☐			☐	
25	Feb	☐	☐			☐	
26	Mar	☐	☐			☐	
27	Apr	☐	☐			☐	
28	May	☐	☐			☐	
29	June	☐	☐			☐	
30	July	☐	☐			☐	
31	Aug	☐	☐			☐	
32	Sept	☐	☐			☐	
33	Oct	☐	☐			☐	
34	Nov	☐	☐			☐	
35	Dec	☐	☐			☐	

Form **1094-C** (2015)



Part IV

- The name and EIN of other Aggregated ALE Group members.

Form 1094-C (2015)

Page 3

Part IV Other ALE Members of Aggregated ALE Group

Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

Name	EIN	Name	EIN
36		51	
37		52	
38		53	
39		54	
40		55	
41		56	
42		57	
43		58	
44		59	
45		60	
46		61	
47		62	
48		63	
49		64	
50		65	

Form 1094-C (2015)



Form 1095-C

- Form 1095-C: Employer-Provided Health Insurance Offer and Coverage
 - Employers must complete Parts I and II for each employee who was “ACA full-time” for at least one month.
 - Given to full-time employees with copy to IRS.



Part I

- Basic identifying information regarding the employee and the employer

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/form1095c		☐ VOID ☐ CORRECTED		OMB No. 1545-2251 2015	
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

- The applicable code for the offer of coverage made.
- The amount of the employee's share of the cost for the lowest cost monthly premium for self-only coverage.
-If no offer, leave blank.
- To the extent applicable in any month, codes for safe harbors and/or transitional relief each month.

Part II Employee Offer and Coverage							Plan Start Month (Enter 2-digit number):						
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
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)													



Complexity of IRS Coding

Line 14: Employer Offer of Coverage

- Line 14 codes describe the coverage that the employer offered to employee, spouse, and dependent(s), if any.



Line 14:

Indicator Code Series 1 for “Offer of Coverage”

.....

1A.: Qualifying Offer - Minimum essential coverage providing minimum value offered to full-time employee with employee contribution for self-only coverage equal to or less than 9.5% mainland single federal poverty line and at least minimum essential coverage offered to spouse and dependent(s).

1B: Minimum essential coverage providing minimum value offered to employee only.

1C: Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) (not spouse).

1D: Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to spouse (not dependent(s)).

1E: Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse.



Line 14, Continued

.....

1F: Minimum essential coverage NOT providing minimum value offered to employee, or employee and spouse or dependent(s), or employee, spouse and dependents.

1G: Offer of coverage to employee who was not a full-time employee for any month of the calendar year and who enrolled in self-insured coverage for one or more months of the calendar year.

1H: No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage).

1I: Qualifying Offer Transition Relief 2015: Employee (and spouse or dependents) received no offer of coverage, received an offer that is not a qualifying offer, or received a qualifying offer for less than 12 months.



Complexity of IRS Coding

Line 15: Employee Share of Lowest Cost Monthly Premium, for Self-only Minimum Value Coverage

- Line 15 is used to report the employee contribution/cost for toward the lowest cost for self-only MEC and minimum value coverage.
- Only complete Line 15 if you used code 1B, 1C, 1D, or 1E on Line 14 either in the “All 12 Months” box or in any of the monthly boxes.



Complexity of IRS Coding

Line 16: Employer Offer of Coverage

- Information provided to the IRS to administer the employer shared responsibility provisions.



Line 16:

Indicator Code Series 2 for Applicable Section 4980H Safe Harbor Codes and Other Relief for Employers

2A: Employee not employed during any day of the calendar month.

2B: Employee not a full-time employee

- Use if the employee is not a FT employee for the month and did not enroll in minimum essential coverage OR if the employee is a full-time employee for the month and whose offer of coverage ended before the last day of the month only because the employee terminated employment during the month

2C: Employee enrolled in coverage offered.

- Use regardless of whether any other code in Code Series 2 might also apply (For example, the code for a section 4980H affordability safe harbor).

2D: Employee is in a Limited Non-Assessment Period for section 4980H(b).

- Use code 2D, not 2B, if an employee is in an initial measurement period . For an employee in a section 4980H(b) Limited Non-Assessment Period for whom the employer is also eligible for the multiemployer interim rule relief for the month code 2E, enter code 2E (multiemployer interim rule relief) and not code 2D (employee in a Limited Non-Assessment Period).

2E: Use if multiemployer plan interim relief applies (More on that in a moment).



Line 16, Continued

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2F: Section 4980H affordability Form W-2 safe harbor.

- Use if the employer used the W-2 safe harbor to determine affordability for the employee (if used, must be used for all 12 months).

2G: Section 4980H affordability federal poverty line safe harbor.

- Use if the employer used the federal poverty line safe harbor to determine affordability for the employee for any month(s).

2H: Section 4980H affordability rate of pay safe harbor.

- Use if the employer used the rate of pay safe harbor to determine affordability for the employee for any month(s).

2I: Non-calendar year transition relief applies to this employee.

- Enter code 2I if non-calendar year transition relief for section 4980H(b) applies to this employee for the month. To qualify plan must have been non-calendar since before March of 2010.



Multiemployer Interim Rule Relief – Codes 1H & 2E

- Previous instructions for 1094-C/1095-C implied that to complete Lines 14-16 of the Form 1095-C an employer utilizing the multiemployer interim relief rule (MEIRR) was required to obtain detailed information pertaining to which of its union employees were actually enrolled in the multiemployer plan and the nature/cost of the coverage.
- The 2015 draft instructions address these concerns by providing that an employer using the MEIRR should use code **1H** (the “No offer of coverage” code) on Line 14 for any month that the employer uses code **2E** (the “Multiemployer interim rule relief” code) on Line 16.
- Utilizing code 1H on Line 14 eliminates the need to identify the employee’s share of the lowest-cost monthly premium for self-only coverage on Line 15, since Line 15 will only be completed if code 1B, 1C, 1D, or 1E is utilized in Line 14.
- Code 2E can only be utilized in Line 16 when an employer is required to make contributions to a multiemployer plan that offers, to individuals who satisfy the plans eligibility conditions: (1) health coverage that is affordable and provides minimum value; and (2) health coverage to those individuals’ dependents or is eligible for dependent coverage transition relief.



Part III

- Basic identifying information regarding additional covered individuals.
- Only applicable for self-insured ALEs.

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			☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
18			☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19			☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
20			☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
21			☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
22			☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



Section 6055: Who is the Plan Sponsor?

- Self-insured plan maintained by single employer: *Plan Sponsor = Single Employer*
- Self-insured plan maintained by more than one employer that is not a multiemployer plan: *Plan Sponsor = Each Participating Employer*
- Multiemployer Plan under ERISA: *Plan Sponsor = the association, committee, joint board of trustees, or other similar group that establishes or maintains the plan*
- Plan maintained solely by an employee organization: *Plan Sponsor = Employee Organization*



Section 6056 for Multiemployer Plans

- The employer remains solely responsible for reporting under section 6056 for each of its full-time employees.
- The union is not responsible for the 6056 reporting.



Method/Timing of Reporting

All reporting is required on calendar-year basis

- IRS Reporting
 - All forms must be filed with the IRS by February 28 (or March 31 if filed electronically).
 - Entities with 250 or more returns must file electronically
- Statements to Employees
 - All employees must receive 1095-B or 1095-C by January 31.



What's The Purpose of These Forms?

- Both the 1094 and the 1095 B and C series forms are used by the IRS to determine whether an employer is subject to a penalty under the employer shared responsibility provisions of the ACA.



Electronic Filing

- Forms 1094-C and 1095-C are subject to the requirements to file returns electronically.
- Filers of 250 or more information returns must file the returns electronically.
- The 250-or-more requirement applies separately to each type of return and separately to each type of corrected return.



Electronic Filing

- Pub. 5165, **A**ffordable Care Act (ACA) **I**nformation **R**eturns (AIR) Guide for Software Developers and Transmitters, outlines the communication procedures, transmission formats, business rules, and validation procedures for returns filed electronically through the AIR system.
- **Employers ARE transmitters and must follow the AIR procedures and transmission formats** – not just a pdf!



Complexities of the IRS Transmission to AIR

- Each Software Developer, Transmitter and Issuer/Payer (Submitter) must first complete the e-Services Registration to obtain login credentials and then login within 28 days to confirm registration and activate IRS user account.
- Each Software Developer, Transmitter and Issuer/Payer (Submitter) must complete the ACA Information Return Transmitter Control Code (TCC) Application and receive a TCC in the mail prior to electronically filing Affordable Care Act Information Return (AIR) Forms 1094-B, 1094-C, 1095-B and 1095-C.
- AIR forms can be transmitted to IRS using either the Application to Application (A2A) channel or the ACA Web Browser User Interface (UI) channel in Extensible Markup Language (XML) format.
- An A2A Transmitter must complete the Automated Enrollment Process to obtain a certificate prior to transmitting returns to IRS.



AIR Testing

- The AIR Architecture will have two environments: Testing and Production.
- Publication 5164, Test Package for Electronic Filers of Affordable Care Act (ACA) Information Returns (AIR), contains general and program specific testing information for use with ACA Assurance Testing System (AATS).
- Transmitters must use approved software to prepare and transmit AIR returns.
- Transmitters are required to complete an error-free communication test to transmit electronic information returns to the IRS the first year only.
- The AIR System will be available for Production in the fall or winter of 2015; testing now open.



Furnishing Forms 1095-C to Employees

- You will meet the requirement to furnish Form 1095-C to an employee if the form is properly addressed and mailed on or before the due date.
- An employer must furnish a Form 1095-C to each of its full-time employees by January 31 of the year following the year to which the Form 1095-C relates.
- The first Forms 1095-C are due to individuals by February 1, 2016.
- Filers of Form 1095-C may truncate the social security number (SSN) of an individual (the employee or any family member of the employee receiving coverage) on Form 1095-C statements furnished to employees by showing only the last four digits of the SSN and replacing the first five digits with asterisks (*) or Xs. Truncation is not allowed on forms filed with the IRS.



Electronic Transmittal to Employees/Recipients

- Statements must be furnished on paper by mail, unless the recipient affirmatively consents to receive the statement in an electronic format.
- An individual may consent on paper or electronically, such as by email. If consent is on paper, the individual must confirm the consent electronically. A statement may be furnished electronically by email or by informing the individual how to access the statement on the employer's website.



Cadillac Plan

- The definition of a Cadillac plan is one where individual costs exceed \$10,200 or a family plan that exceeds \$27,500 annually.



Cadillac Plan Tax

- 40% Tax applied to Cadillac Plans beginning in 2018.

Example:

An individual plan with an annual premium of \$11,500 would pay a tax of \$520

(\$11,500 - \$10,200 = \$1,300 x 40%)

- The employer pays the tax multiplied by the number of employees who were offered the plan. If in our example 500 employees were offered the plan, the total would equal **\$260,000.**



Isn't 2018 Years Away?

- Why worry if the tax is not effective until 2018?
 - Rate of rising premiums; plans that might be within limits today could trigger the tax in 2018;
 - Employers might have to consider consumer driven plan structures to avoid a costly new expense;
 - Collective bargaining agreements that extend to 2018 and beyond.



ACA Beyond 2015

- Stricter enforcement
 - CBO projects \$7 Billion in employer penalties in 2016 and \$164 Billion over the next 10 years.
 - Cadillac Tax projecting \$5 Billion in 2018 and \$149 Billion over the next 10 years.
 - The IRS budget for 2016 includes:
 - 2500 New ACA Employees
 - 400 Enforcement Personnel
 - \$490 Million in ACA Administration



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Thank you for attending!
Questions?

