



CLARK SCHAEFER HACKETT

CPAs & BUSINESS CONSULTANTS

ACA Update: Know Your Reporting Responsibilities

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Overview of the ACA

- Small v. Large
- Individual Mandate v. Employer Mandate
- Penalty v. Tax
- Reporting



Small Employer

The ACA does not provide a consistent definition

Generally fewer than 50 full-time equivalent (FTE) employees

Full-time = 30 hours per week

Part-time employees are included in the FTE calculation

Penalties may apply if considered a large employer

Common ownership or related ownership rules come into play

Employer Shared Responsibility Rules

Small Employers (fewer than 50 FT/FTE employees)

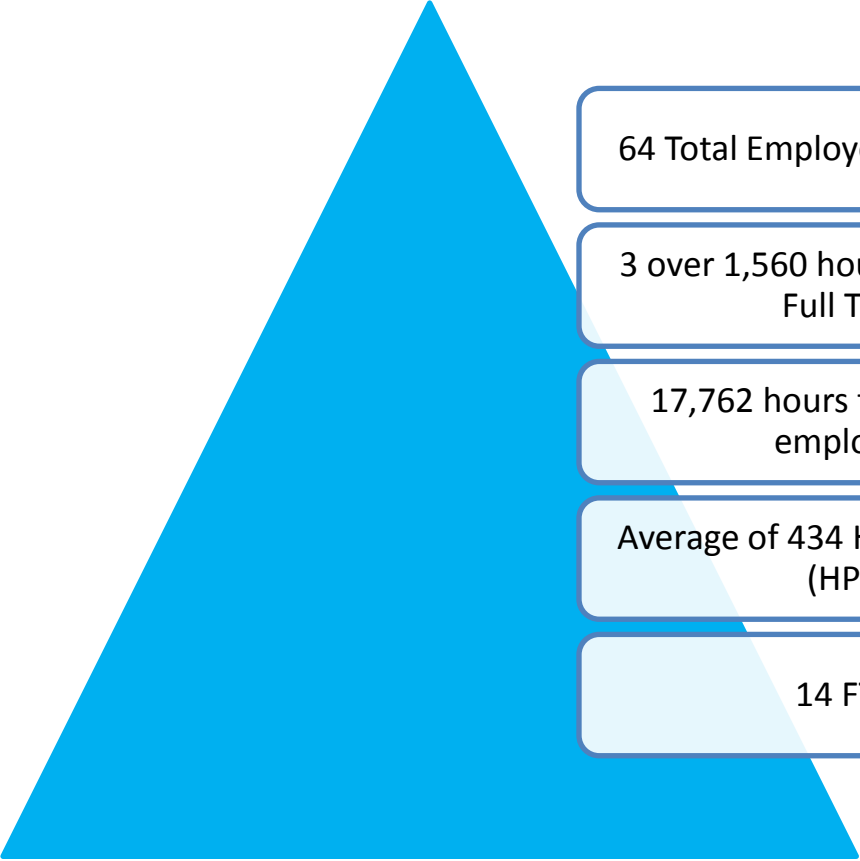
- No requirement to offer coverage
- If coverage offered, must be offered to all full-time eligible employees working 25+ hours per week
- Can get tax credits for providing coverage

Large Employers (50+ FT/FTE employees)

- Must offer coverage to FT employees and dependents to avoid penalties
- Coverage must be **affordable** and provide **minimum value**
- Penalties delayed until 2016 for 51-99 employees
- Special Rule for 2015 – Can pick any 6 months from 2014 to make determination

Employer penalties triggered if any full-time employee receives subsidized coverage in an Exchange

Example 1



64 Total Employees for the Year

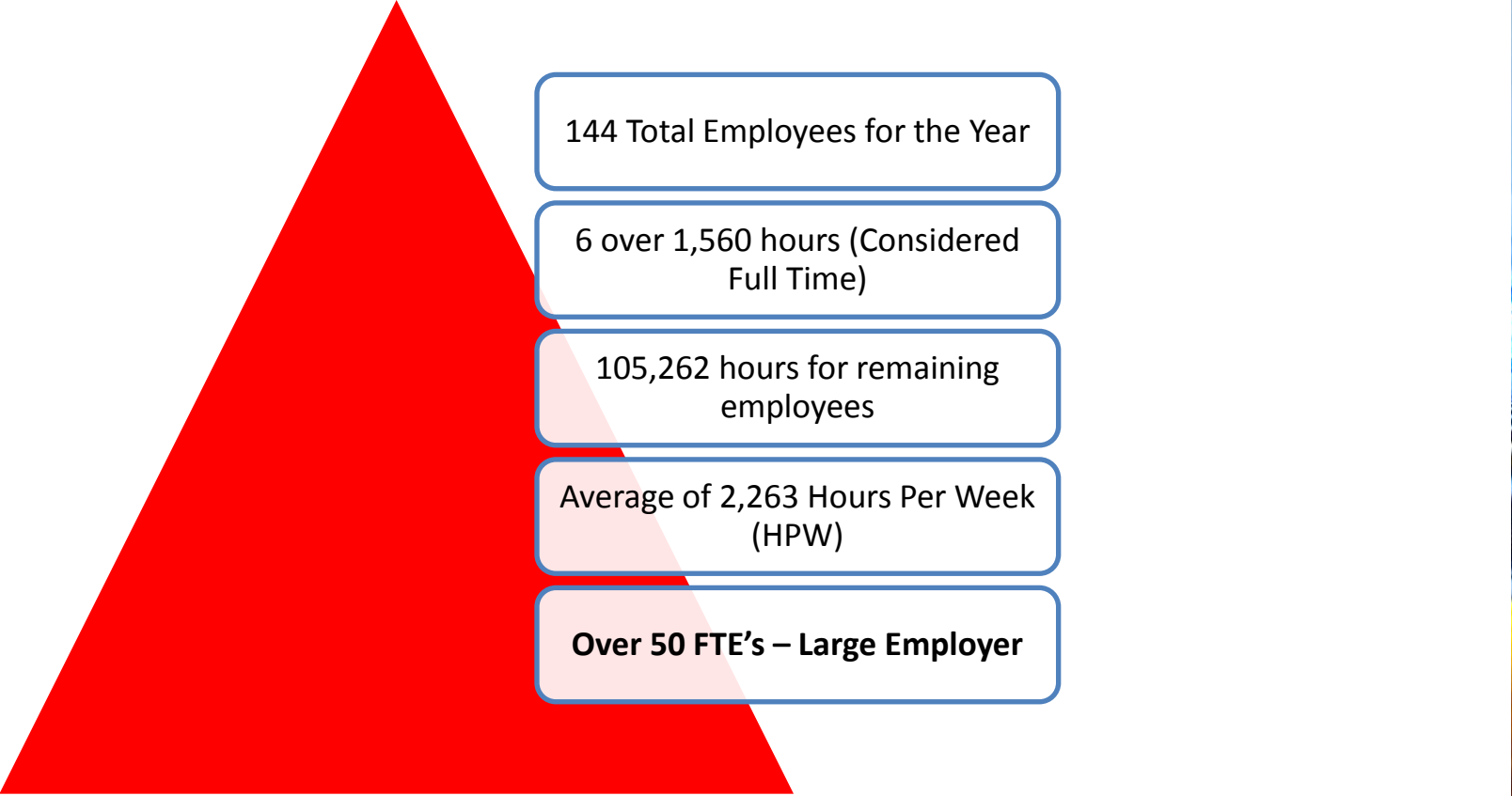
3 over 1,560 hours (Considered Full Time)

17,762 hours for remaining employees

Average of 434 Hours Per Week (HPW)

14 FTE's

Example 2



144 Total Employees for the Year

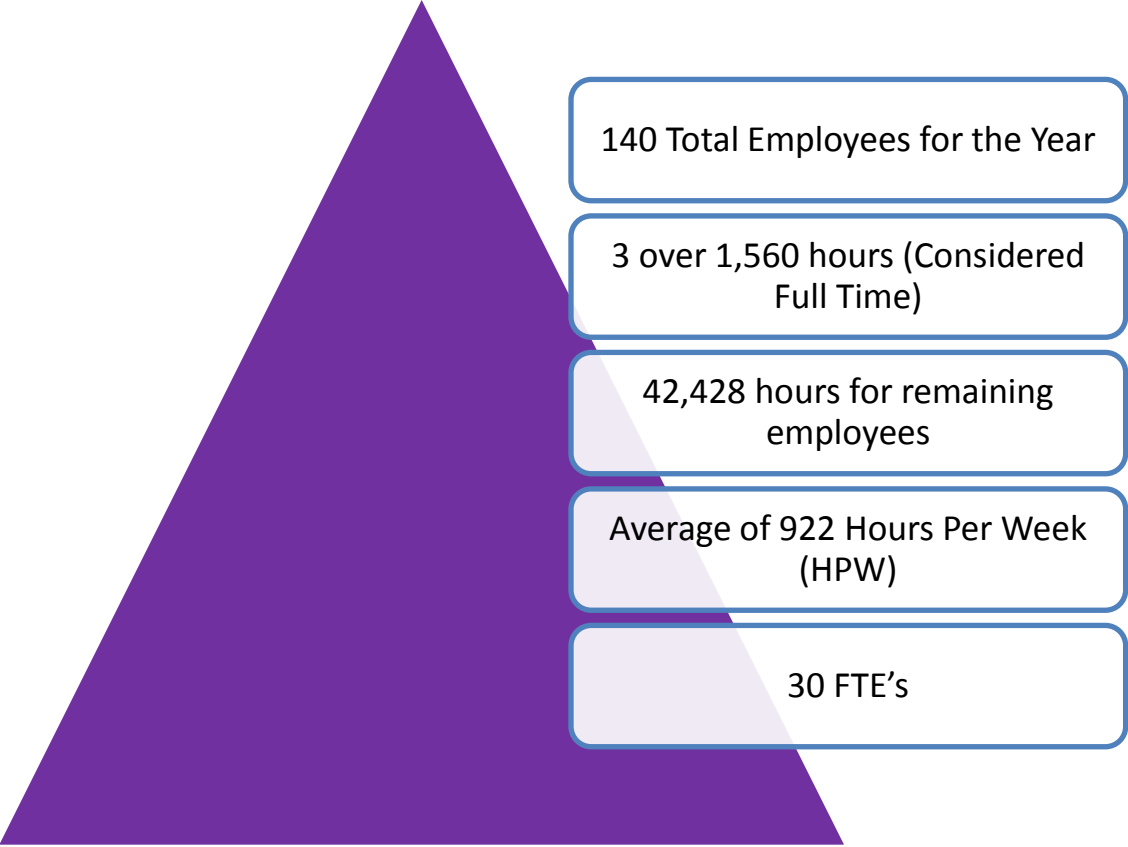
6 over 1,560 hours (Considered Full Time)

105,262 hours for remaining employees

Average of 2,263 Hours Per Week (HPW)

Over 50 FTE's – Large Employer

Example 3



140 Total Employees for the Year

3 over 1,560 hours (Considered Full Time)

42,428 hours for remaining employees

Average of 922 Hours Per Week (HPW)

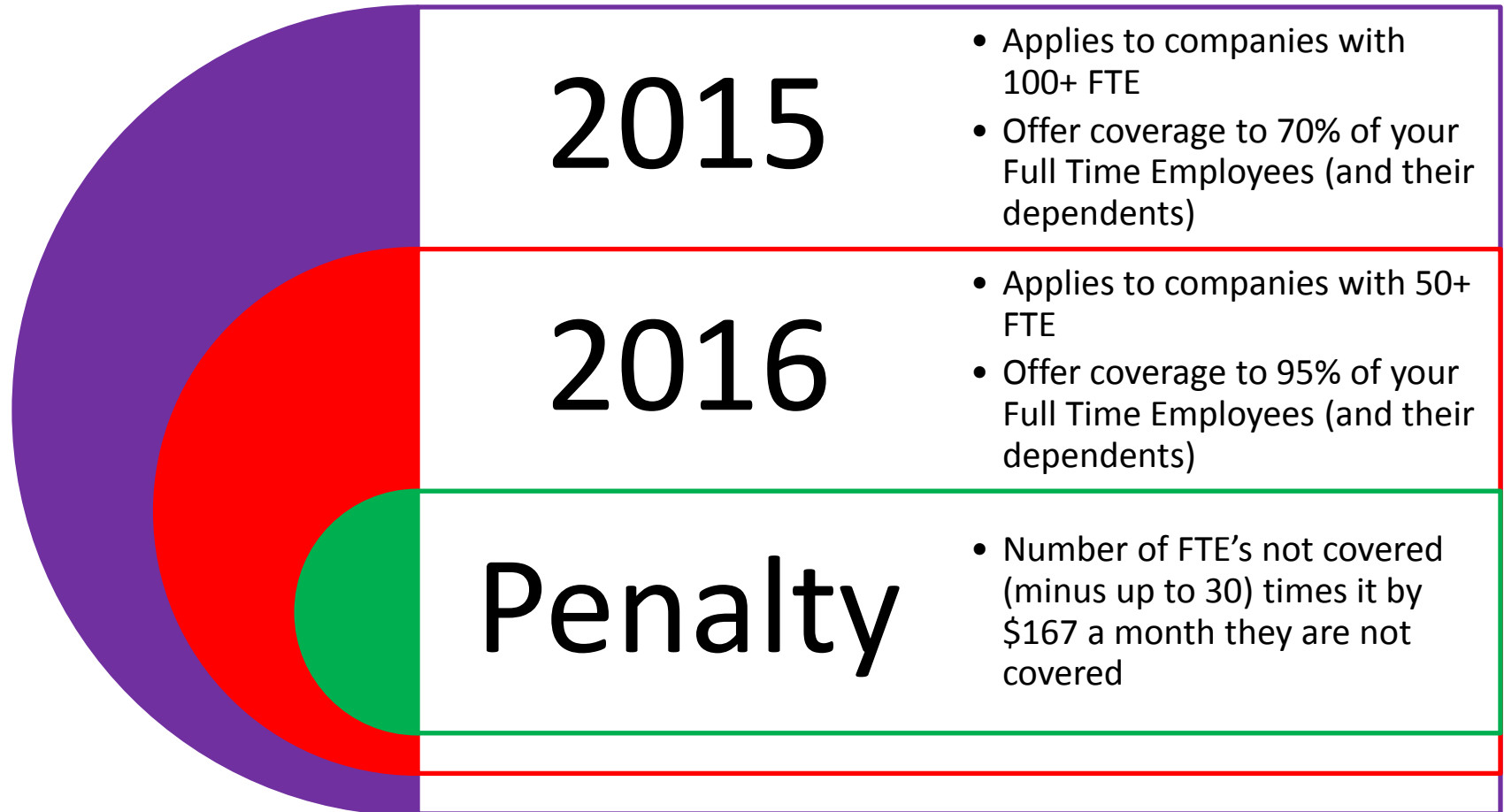
30 FTE's

Question

- What would happen if in example three, the owner had two businesses that are practically identical in staffing and hours?



Employer Shared Responsibility



Penalties

\$2,000

- Failure to offer to 95% of full time employees
- Or, if one or more full time employee receives credit or subsidy for Marketplace Coverage

\$3,000

- Minimum essential coverage is unaffordable
- Or Insurance that does not cover at least 60% of medical costs

New Filing Requirements

Form 1095-A

Insurance Exchanges

Form 1094-B/1095-B

Insurance Companies

Form 1094-C/1095-C

Large Employers

Form 1095-A

- Issued to individual taxpayers who purchase their health insurance through a federal or state marketplace.
 - Mandatory in 2014



Form 1094-B/1095-B

- Anyone that provides minimum essential coverage to individuals
 - Insurance Companies
 - Self-Insured employers that are not a large employer
- Required reporting for 2015
 - To Insured: February 1, 2016
 - To IRS:
 - February 28, 2016 (Paper Filed)
 - March 31, 2016 (Electronically Filed – 250 or more req.)



Purpose of 1095-B

- Report who has coverage
- Every covered individual under the policy is reported
- Employers will want to communicate to employees regarding Form 1095-B



Form 1094-C/1095-C

- Large employer must file for each year they are a large employer
 - 2015 at least 50 full-time equivalent (penalty for 2015 is only for 100 or more, 2016 is 50 or more)
- Reporting time frame is same as 1094-B/
1095-B



Purpose of Form 1095-C

- Assist the IRS in
 - Computing large employer mandate penalties
- Assist the IRS and Employees in
 - Determining eligibility for the Premium Tax Credit
 - Determining applicability of the individual mandate penalty



Other Helpful Information

- Dependent Coverage Mandate (2016)
- Reporting value of insurance on employee W-2
- Extensions can be granted for issuing Form 1095-C
- Penalties for Failure to File
 - Imposed for returns filed after 2015



Other Misc. Penalties and Taxes

- Employer Reimbursement Penalty
 - \$100 per day per employee
- 40% “Cadillac” Plan Excise Tax
 - Begins in 2018
 - Self-Only Coverage – \$10,200
 - Family Coverage – \$27,500



Questions?



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