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Getting ready: Monthly tracking

To prepare for 2016, applicable large employers need to track information each month in 2015, including:

- Whether you offered full-time employees and their dependents minimum essential coverage that meets the minimum value requirements and is affordable.
- Whether your employees enrolled in the self-insured minimum essential coverage you offered. (See glossary on back.)

You need to track this information because you could be subject to an employer shared responsibility payment if either:

- You offered coverage to fewer than 70% (for 2015; after 2015 this threshold changes to 95%) of your full-time employees and their dependents and at least one full-time employee enrolled in coverage through the Health Insurance Marketplace and receives a premium tax credit, or
- You offered coverage to at least 70% (for 2015) of your full-time employees and their dependents, but at least one full-time employee receives a premium tax credit (because coverage offered was not affordable, did not provide minimum value or the full-time employee was not offered coverage). After 2015, this threshold changes to 95%.

Glossary

Affordable coverage: If the lowest cost self-only only health plan is 9.5% or less of your full-time employee's household income then the coverage is considered affordable. Because you likely will not know your employee's household income, for purposes of the employer shared responsibility provisions, you can determine whether you offered affordable coverage under various [safe harbors](#) based on information available to the employer.

Minimum essential coverage: For purposes of reporting by applicable large employers, minimum essential coverage means coverage under an employer-sponsored plan. It does not include fixed indemnity coverage, life insurance or dental or vision coverage.

Minimum value coverage: An employer-sponsored plan provides minimum value if it covers at least 60 percent of the total allowed cost of benefits that are expected to be incurred under the plan.

For additional guidance on whether an employer-sponsored plan provides minimum value if the plan fails to substantially cover in-patient hospitalization services or physician services, see [Notice 2014-69](#). Under existing guidance, employers generally must use a [minimum value calculator](#) developed by HHS to determine if a plan with standard features provides minimum value. Plans with nonstandard features are required to obtain an actuarial certification for the nonstandard features. The guidance also describes certain safe harbor plan designs that will satisfy minimum value.

Premium tax credit: A tax credit for eligible individuals and families with low or moderate incomes. The credit offers premium assistance to help them afford health insurance purchased through the Health Insurance Marketplace.

More information

See [ACA Frequently Asked Questions for Employers](#) on IRS.gov for detailed information about employer reporting requirements and more.

Learn more about the Affordable Care Act at www.irs.gov/aca



Affordable Care Act: Reporting Requirements for Applicable Large Employers

Understanding employer reporting requirements of the health care law

Under the Affordable Care Act, applicable large employers – those with 50 or more full-time employees, including full-time equivalent employees – are required to take some new actions. These employers must file information returns with the IRS and also provide statements to full-time employees about health coverage the employer offered or to show the employer didn't offer coverage.

Information reporting was **voluntary** for calendar year 2014. All applicable large employers are **required** to report health coverage information for the first time in early 2016 for calendar year 2015.

To be prepared to report this information to the IRS and issue the new Form 1095-C to employees, you'll need to:

- Determine if your organization is an applicable large employer.
- Determine the kind of health insurance coverage you offered to full-time employees and their dependents, if any.
- Identify who your full-time employees are for each month and track health coverage information in 2015 to help complete new IRS forms.

Reporting for applicable large employers

Are you an applicable large employer?

Your organization is an applicable large employer if you or other entities that must be combined together with your organization (for instance, other members of an aggregated group) employed an average of at least 50 full-time employees, including full-time equivalent employees, on business days during the **preceding calendar year**. For example, your 2014 employee count determines if you'll be required to track employee and health coverage information in 2015 to report in 2016. A special rule applies for 2015 for determining if you are an applicable large employer. Under this special rule you may use any consecutive six-month period during 2014, rather than being required to use all 12 months of 2014.

Reporting requirements apply starting in 2015

Applicable large employers are subject to certain reporting requirements for full-time employees.

The reporting requirements apply to all applicable large employers starting in 2015, even to those employers with special circumstances that qualify for [transition relief](#) from employer shared responsibility payments for 2015.

Certain reporting requirements also apply to employers that sponsor self-insured coverage, even if the employer is not an applicable large employer.

Which employees count when determining if you're an applicable large employer

Employers average their number of employees across the months in the year to see whether they will be an applicable large employer for the next year. To determine if your organization is an applicable large employer for a year, count your organization's full-time employees, full-time equivalent employees and, if you are a member of a combined group, the full-time employees and full-time equivalent employees of all members of the group for each month of the prior year and then average the numbers for the year.

In general:

A full-time employee is an employee who is employed on average, per month, at least 30 hours of service per week (or at least 130 hours of service in a calendar month).

A full-time equivalent employee is a combination of employees, each of whom individually is not a full-time employee (has fewer than 30 hours of service per week), but who, in combination, are equivalent to a full-time employee.

An aggregated group is commonly owned or otherwise related or affiliated employers, which must combine their employees to determine their workforce size.

There are many additional rules on determining who is a full-time employee, including what counts as hours of service. For more information on these rules, see the employer shared responsibility [final regulations and related questions and answers](#) on IRS.gov.

Preparing to fill out new IRS forms in 2016

1 Form 1095-C

Employer Provided Health Insurance Offer and Coverage

- Provide to full-time employees to use when filing their tax returns.
- File with the IRS as an information return.
- Reports information about health insurance coverage offered and any safe harbors or other relief available to the employer, or reports that no offer of coverage was made.
- Reports enrollment information from employers who offer self-insured plans and information about employees and individuals who enrolled in minimum essential coverage.
- Helps the IRS determine if your organization potentially owes an employer shared responsibility payment to the IRS.
- Helps the IRS determine whether your full-time employees and their dependents are eligible for the premium tax credit.

2 Form 1094-C

Transmittal of Employer Provided Health Insurance Offer and Coverage Information Returns

- File with the IRS as a transmittal document for Forms 1095-C, *Employer Provided Health Insurance Offer and Coverage*.
- Provides a summary to the IRS of aggregate employer-level data.
- Helps the IRS determine whether an employer is subject to an employer shared responsibility payment and the proposed payment amount.

What you'll need for Form 1095-C

- Who is a full-time employee for each month.
- Identifying information for employer and employee such as name and address.
- Information about the health coverage offered by month, if any.
- The employee's share of the monthly premium for lowest-cost self-only minimum value coverage.
- Months the employee was enrolled in your coverage.
- Months the employer met an affordability safe harbor with respect to an employee and whether other relief applies for an employee for a month.
- If the employer offers a self-insured plan, information about the covered individuals enrolled in the plan, by month.

What you'll need for Form 1094-C

- Identifying information for your organization.
- Information about whether you offered coverage to 70% of your full-time employees and their dependents in 2015. (After 2015 this threshold changes to 95%.)
- For the authoritative transmittal
 - » Total number of Forms 1095-C you issued to employees.
 - » Information about members of the aggregated applicable large employer group, if any.
 - » Full-time employee counts by month.
 - » Total employee counts by month.
 - » Whether you are eligible for certain transition relief.

For more information, visit www.IRS.gov/aca