



NETCHEXSM

The 4 Essentials of the 1095

(and why everyone is talking about them)

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I have some version of the conversation below at least a dozen times a week. It continues to surprise me how few business owners have had someone take the time to simply explain to them what “1095 Reporting” is and what they need to be doing about it.

I’ve broken the 1095 form in to 4 main components you need to understand. Once we look through the form together, we see pretty quickly why we NEED a system that can manage this for us!

If you’re interested in the full instructions – visit <http://www.irs.gov/pub/irs-pdf/i109495c.pdf>.



The

4

**Essentials
of the 1095**

(and why everyone is
talking about them)

1. Think of a 1095 as a W2 for the affordable care act...

The 1095 is how the IRS wants employers to report on benefits that employees were eligible for in a calendar year. So, in January of each year, we'll be providing a 1095 form to each one of our employees that average more than 30 hours for any single month this year. We'll also file a single 1094 form that will provide our company totals to the IRS.

That's why we don't want to wait to get started on this!

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

Part I Employee
1 Name of employee
2 Social Security number (SSN)
3 Street address (including apartment no.)
4 City or town
5 State or province
6 Country and ZIP or foreign postal code

Part II Employer Offer and Coverage
7 Name of employer
8 Street address (including room or suite no.)
9 City or town
10 State or province
11 Plan Start Month (Enter 2-digit number)
12 State or province

All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of coverage (enter coverage code)												
15 Employee share of lowest premium for self-only coverage (minimum value)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable state health care reform (enter code, if applicable)												

Part III Covered Individuals
17 (a) Name of covered individual
18 (b) SSN
19 (c) LHA (if SSN is not available)
20 (d) Covered for 12 months

Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c

Applicable Large Employer Member (Enter 1095-C) VOID CORRECTED

2. The Easy Part

Part 1 of the 1095 is a piece of cake - name, address, company name, FEIN, etc. Piece of cake, right? We've got this under control.

Part 1 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

3. Now I need some help...

Part 2 of the 1095 is where it gets scary. Take a look at the form below and what I've got to report on for every one of my full-time employees:

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)													

I have to designate by month whether coverage was OFFERED. Notice, not whether it was elected, but simply if they were eligible. Now, you'd think a simple checkbox would do the trick right? Wrong. The IRS has provided a list of 9 possible codes to enter for each month. These codes tell the IRS not only whether coverage was offered, but also if dependents were eligible, whether it met minimum coverage requirements, etc.

Visit www.irs.gov/instructions/i109495c/ar01.html#d0e655 if you're interested in what the different codes are and what they mean.

It's usually around this point that someone tells me, "We don't have very many people that elect insurance so this shouldn't be too difficult."

Well, remember that very first item - it's like a W2 so I have to generate one of these for EVERY full-time employee.

And remember that with the Affordable Care Act, the definition of "Full Time Employee" has changed. So, even my people that are Part Time Employees still have to be measured for their lookback period to ensure they don't meet the federal definition of a Full Time Employee. Someone has to keep a running calculation of that!

Next, I've got to designate what the lowest cost employee-only coverage available was and then choose from another list of 9 possible codes to designate whether the coverage was "affordable" or not. There's a little more to it than that, but that gives you a decent overview.

Form **1095-C** **Employer-Provided Health Insurance Offer and Coverage** VOID CORRECTED OMB No. 1545-2251
2015

Department of the Treasury Internal Revenue Service **Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c**

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 **Plan Start Month** (Enter 2-digit number):

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

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"/>	<input type="checkbox"/>
18			<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"/>	<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"/>	<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"/>	<input type="checkbox"/>

4. Dependent Information What Should I Do About It?

The last section is only for companies that are self-insured. If you are self-insured, you'll also need to report on dependents that were actually covered by the plan.

- 1. ACT NOW:** First of all, don't wait any longer to figure out what your plan is for 1095 reporting. If you're just now reading this article, you're already behind the "8 ball." You're not alone in that though. Lots of companies haven't been tracking this because no one has sat down and explained any of this to them. Your best course of action is to decided to do something NOW! Every month you delay just gets you further behind on the tracking you'll need to do the 1095 reporting.
- 2. SINGLE SOLUTION:** Next, find a system that does Benefits Administration AND Payroll in a single system - NOT two systems that are "integrated" together. We all know how well "integration" works right? As you can see, we need to be tracking hours worked right next to benefit plans offered, so the ONLY way to administer this without manual intervention is to find a system that handles both sides of the equation. Stand Alone benefits products and payroll products won't get you where you need to be. Visit <http://bit.ly/2bMO7aV> for a great article on why you need a single system to tackle this.
- 3. ASK QUESTIONS:** As helpful as I hope this article is, if this is the first time you're hearing about this form and your responsibility, someone has not been doing their job to serve as your advocate and advisor.