

Frequently Asked Questions and Answers on IRS Forms 1095-B and 1095-C

Q-1. What is Form 1095-C?

A-1: The IRS will use the information provided on Form 1095-C to administer the Employer Shared Responsibility provisions of the Affordable Care Act (“ACA”). Under the ACA, large employers must either offer health insurance coverage, or they could be required to pay a penalty to the IRS. This is often called the Employer Mandate. In order to determine whether an employer is subject to a penalty under the Employer Mandate, large employers must file a form with the IRS called Form 1095-C. The IRS will also use the information provided on Form 1095-C to determine who is eligible for a premium tax credit for coverage purchased through the Marketplace.

Q-2: Why am I receiving Form 1095-C?

A-2: Beginning in 2016, we must file Forms 1095-C with the IRS to report information about the offers of health coverage made to our full-time employees during the previous calendar year and provide copies of Forms 1095-C those employees. You will receive a copy of Form 1095-C because you were a full-time employee for all or some months of the prior calendar year. You are receiving a copy of the Form 1095-C so you know what information has been reported to the IRS about the *offer* of health coverage made to you and your family. Form 1095-C does not contain information about the actual coverage provided. If you enrolled in coverage, this information is reported on a separate form (Form 1095-B), which will be sent to you by the insurance carrier.

Q-3: What is Form 1095-B?

A-3: Similar to the requirement that employers offer coverage or face a penalty under the ACA, individuals who don’t purchase their own health insurance coverage must pay a penalty to the IRS unless they fall within an exception. This is called the Individual Mandate. The information provided on Form 1095-B contains information that enables the IRS to determine whether an individual has complied with the Individual Mandate or whether that person is subject to a penalty.

Q-4: Why am I receiving Form 1095-B?

A-4: Beginning in 2016, the insurance carrier must file one copy of Form 1095-B with the IRS and provide a copy to the individual included on the Form filed with the IRS for coverage provided during the previous calendar year. You are receiving a Form 1095-B because the insurance carrier provided either you or your family member(s) with health coverage during the previous calendar year. Form 1095-B also documents your compliance with the Individual Mandate, meaning that you or your family member(s) may not be liable for a penalty. See Q&A-8 for more information.

Q-5: Isn't my health coverage information already included on my Form W-2 using Box 12, code DD?

A-5: The information included on your Form W-2, Box 12, code DD only states the total cost of employer-sponsored health insurance you actually enrolled in during a single calendar year. It does not show the months in which you enrolled in coverage or the lowest cost employee-only coverage offered to you. Forms 1095-B and 1095-C show information on a monthly basis and include information about the lowest cost employee-only coverage *offered* to you, not information about the coverage you may have actually enrolled in (unless you enrolled in the lowest cost employee-only coverage). Thus, your Form W-2 contains different information from your Forms 1095-B and 1095-C.

Q-6: When should I receive copies of my Forms 1095-B and/or 1095-C?

A-6: Generally, copies of Forms 1095-B and/or 1095-C should be delivered or, if mailed, postmarked by January 31 of the year following the year to which the Forms apply. The first Forms are due to be distributed by March 31, 2016 because the federal government extended the deadline.

Q-7: Should my spouse or dependents receive their own copies of Forms 1095-B and 1095-C?

A-7: Generally, no. Forms 1095-C are only required to be provided to full-time employees. As for Form 1095-B, all family members that are covered through your enrollment (for example, because you elected family coverage) should appear on the same Form, which is required to be provided to you as the "responsible individual." However, in some instances, a spouse and/or dependent may receive his/her own copy of Form 1095-B if he/she independently enrolls in COBRA coverage and you do not enroll in COBRA coverage (e.g., in case of a divorce).

Q-8: What should I do with my Forms 1095-B and 1095-C?

A-8: You should retain both your Forms 1095-B and 1095-C for your records. In addition, you or your tax preparer will enter information contained on your Form on your federal income tax return for 2015 to demonstrate that you satisfied the ACA's obligation to have health insurance.

The IRS will also receive copies of your Forms so that it can verify the information you report on your federal income tax return about your health coverage for 2015.

Q-9: How will the IRS know that I enrolled in coverage that fulfills the Individual Mandate and allows me to avoid paying a penalty to the IRS?

A-9: Part IV of your Form 1095-B contains information indicating which month you and/or your family member(s) enrolled in coverage for any day in a particular month. Part IV contains the name, Social Security Number ("SSN") or other Taxpayer Identification Number ("TIN"), and the months of enrollment for each covered individual. A date of birth will be entered in column (c) only if an SSN or other TIN isn't entered in column (b). Column (d) will be checked if an individual was covered for at least one day in every month of the year. For individuals who were

covered for some but not all months, information will be entered in column (e) indicating the months for which those individuals were covered. Here's an example of what Part IV may look like:

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 Jeremy Knight	123-45-6788		<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"/>	<input type="checkbox"/>
24 Madeleine Knight	123-46-9999		<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"/>						
25 Jeremy Knight, Jr.	222-33-4444		<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"/>	<input type="checkbox"/>
26			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
27			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						
28			<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. 60704B **Form 1095-B** (2015)

Q-10: What do the codes mean on line 14 of Part II on my Form 1095-C?

A-10: The codes used on line 14 on your Form 1095-C are intended to provide information about the type of coverage that is *offered* to you. Generally, the codes explain whether the health coverage we offer to you, your spouse, and your dependent children is considered to be “minimum essential coverage” (“MEC”) and provides “minimum value.”

MEC is generally any type of employer-sponsored health coverage, certain types of governmental coverage such as Medicare or Medicaid, and other types of health coverage specifically identified by the Department of Health and Human Services. “Minimum value” is provided by the plan if it pays for at least 60% of the costs of benefits and provides inpatient hospitalization services and physician services.

The type of coverage we report on Form 1095-C is employer-sponsored coverage. Below is a table explaining the different codes used on line 14. You can also find an explanation of the codes on the back of your Form 1095-C.

Code	Explanation
1A	This code used is when an employer offered MEC providing minimum value to full-time employees with a contribution that is affordable using the mainland federal poverty line safe harbor (i.e., employee-only coverage cost is equal to or less than 9.5% (indexed annually) of the mainland single federal poverty level safe harbor), and at least MEC has been offered to dependent children and spouses.
1B	This code is used when an employer offered MEC providing minimum value to the employee, but MEC was not offered to a spouse or dependent children.
1C	This code is used when an employer offered MEC providing minimum value to the employee and at least MEC is offered to dependent children, but not spouses.

Code	Explanation
1D	This code is used when an employer offered MEC providing minimum value to the employee and at least minimum essential coverage is offered to the spouse, but not dependent children.
1E	This code is used when an employer offers MEC providing minimum value to the employee and at least minimum essential coverage is provided to the spouse and dependent children.
1F	This code is used when an employer offers MEC that does not provide minimum value (e.g., a “skinny” plan).
1G	This code is used when an employer offers self-insured coverage to an employee who was not a full-time employee for <i>any</i> month during the calendar year. This may include one or more months in which the individual was not an employee (e.g., on COBRA continuation coverage).
1H	This code is used when an employee was not offered coverage or was not offered coverage that is considered to be MEC (e.g., a limited benefit plan). This may include one or more months in which the individual was not an employee.
1I	This code is used when an employee (and spouse or dependent children) received no offer of coverage, received an offer of coverage that is not qualified, or received a Qualified Offer for less than 12 months during the period of time for which the employer is eligible for 2015 Qualified Offer Transition Relief.

Q-11: What is the dollar amount on line 15 of Part II on my Form 1095-C?

A-11: The dollar amount on line 15 of your Form 1095-C represents the lowest cost that an employee pays for employee-only health coverage that we offer under our plan that also provides minimum value. This may or may not be the coverage you are actually enrolled in. For example, you may be enrolled in the **(((INSERT NAME OF PLAN OPTION THAT IS NOT THE LOWEST COST TO AN EMPLOYEE FOR EMPLOYEE-ONLY COVERAGE (E.G., ABC ORGANIZATION PPO II))))** plan option for yourself and your family, but the lowest cost plan we offer is the **(((INSERT NAME OF PLAN OPTION THAT HAS THE LOWEST COST TO THE EMPLOYEE FOR EMPLOYEE-ONLY COVERAGE THAT ALSO HAS MINIMUM VALUE (E.G., ABC ORGANIZATION HDHP))))**, so we will report the **(((INSERT NAME OF PLAN OPTION THAT HAS THE LOWEST COST TO THE EMPLOYEE FOR EMPLOYEE-ONLY COVERAGE THAT ALSO HAS MINIMUM VALUE (E.G., ABC ORGANIZATION HDHP))))** coverage on your Form, even if you are not actually enrolled in that plan option.

Q-12: What do the codes mean on line 16 of Part II on my Form 1095-C?

A-12: The codes used in line 16 serve two purposes. First, codes 2A – 2D, help the IRS determine whether you could qualify for a premium tax credit if you were to purchase health insurance coverage through the Marketplace. For example, if code 2C is included for any month on line 16, that code indicates you have enrolled in coverage through us. For any month that you actually enroll in coverage with us, you cannot qualify for a premium tax credit in connection with purchasing coverage through a Marketplace for that month. Second, codes 2E – 2I inform the IRS about whether we fall within any of the safe harbors from penalties under the Employer Mandate.

Below is a table explaining the various codes used on line 16 on Form 1095-C. Codes 2F, 2G, and 2H relate to the issue of whether coverage is “affordable” as that term is used under the

Employer Mandate. In order for coverage to be “affordable,” the cost of employee-only coverage (i.e., the coverage for which the cost is included on line 15 unless code 1A is used on line 14 of Form 1095-C) is less than 9.56% of your compensation from us. That “affordability” may be calculated using one of three “safe harbors.” See Q&A-9 for an explanation of the affordability safe harbors. Below is a chart explaining the codes used on line 16. You can also find an explanation of the codes on the back of your Form 1095-C.

Code	Explanation
2A	This code is used when an employee was not employed on any day of the month.
2B	This code is used when an employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month. This code is also used when a full-time employee’s offer of coverage terminates before the end of the month solely because the employee terminated employment during the month, but coverage would otherwise have extended until the last day of the month.
2C	This code is used when an employee is covered under employer-sponsored coverage for each day of a month.
2D	This code is used when an employee is in a Limited Non-Assessment period. Limited Non-Assessment periods include: (1) January through March of the first year an employer is an applicable large employer; (2) a waiting period under the monthly measurement method ending no later than two full calendar months after the end of the first calendar month the employee is eligible for coverage; (3) a waiting period under the look-back method ending not later than the end of the employee’s third full calendar month of employment; (4) an initial and administrative period under the look-back method; (5) a period following a change in status that occurs during an initial measurement period under the look-back method; and (6) the employee’s first calendar month of employment.
2E	This code is used for any month in which the multiemployer interim rule relief applies. This code is not applicable to the coverage we provide.
2F	This code is used if affordability for the purposes of Section 4980H was determined by the Form W-2 safe harbor.
2G	This code is used if affordability for the purposes of Section 4980H was determined by the federal poverty line safe harbor.
2H	This code is used if affordability for the purposes of Section 4980H was determined by the rate of pay safe harbor.
2I	This code is used if non-calendar year transitional relief for Section 4980H(b) applies to an employee for the month.

Q-13: What are the affordability “safe harbors” addressed in codes 2F, 2G, and 2H for line 16 of Form 1095-C?

A-13: There are three affordability “safe harbors” that will allow you to easily determine if the cost of your group health plan is affordable. The three safe harbors are:

- 1. Form W-2 safe harbor**– If we offer full-time employees and their dependent children the opportunity to enroll in our plan, you can compare the employee contribution of self-only coverage for our lowest cost plan that meets the minimum value against your current W-2 wages as reported in box 1 of your Form W-2. If the cost of the coverage for self-only coverage does not exceed 9.56% of your wages as described above, the

coverage is affordable. Application of this safe harbor is determined after the end of the calendar year on an employee-by-employee basis, taking into account the Form W-2 wages and the required employee contribution for that year.

2. Rate of pay safe harbor – For hourly employees, we can, on a monthly basis (1) take the lower of the your hourly rate of pay as of the first day of the coverage period (generally the first day of the plan year) or your lowest hourly rate of pay during the calendar month, (2) multiply that rate by 130 hours per month, and (3) determine affordability based on the resulting monthly wage amount. Specifically, an employee's monthly contribution amount (for the employee-only premium of our lowest cost coverage that provides minimum value) is affordable if it is equal to or lower than 9.56% of the computed monthly wages (that is, your applicable hourly rate of pay x 130 hours). For non-hourly employees (e.g., salaried employees), we can compare the contribution for employee-only coverage to your monthly salary as of the first day of the coverage period.

3. Federal poverty line safe harbor – Your coverage will be affordable if the cost for employee-only coverage under our lowest cost plan does not exceed 9.5% of a monthly amount determined as the federal poverty line for a single individual in the state in which you reside, divided by 12. The federal poverty line for a single individual in 2015 is \$11,770. 9.56% of \$11,770 divided by 12 is slightly less than \$94. Thus, if the employee cost for employee-only coverage under our lowest cost plan is approximately \$93 per month, then it is "affordable" under the federal poverty line safe harbor. We are permitted to use the federal poverty line guidelines in effect six months prior to the beginning of the plan year.

Q-14: Who can I contact for more information or if information on the Forms is incorrect?

A-14: (((INSERT CONTACT INFORMATION FOR INDIVIDUAL INCLUDED ON PART I, LINE 10 OF FORM 1095-C.)))

Q-15: If information is incorrectly entered on the Forms, will I receive corrected copies?

A-15: Yes, you will receive a corrected copy if any of the information below is entered incorrectly.

a. Form 1095-B

- Name of responsible individual
- SSN or other TIN
- Origin of the policy
- Employer-sponsored coverage information
- Issuer or other coverage provider
- Covered individual information

b. Form 1095-C

- Name, SSN or other TIN, Employer EIN

- Offer of coverage
- Premium amount
- Safe harbor and other relief code