

# Start Educating Your Workers on Affordable Care Act Tax Forms

While we've told you about the various forms you will be required to submit as part of your responsibilities under the Affordable Care Act, your employees may not be aware of what's coming.



Chances are, they'll likely be confused by the new form 1095-C, which you must provide to them along with their W-2 by the end of January 2016 – and about what they are supposed to do with it.

The problem with this form is that it only states what the employee was offered, and not the health insurance that they chose. That information will be included on another form, 1095-B, which the health insurer will send them.

The ACA's reporting requirements apply to employers with 50 or more full-time or equivalent employees for calendar year 2015. There is no extra year of relief from reporting for mid-size employers, as there is under the employer shared responsibility provisions.

Form 1095-C provides information for employees to use when completing their income tax returns, showing that they or their family members had qualifying health coverage (also known as minimum essential coverage) for all of the year, or partially depending on when they started working for you.

Here is what you need to know about the forms:

1. You must provide these forms to all of your staff who were full-time employees (FTEs) for one or more months of the calendar year, including former employees and COBRA participants, regardless of whether the employee participated in your employer-sponsored group health plan. The form provides information for all 12 months of the calendar year.

2. You must provide these forms to any part-time employees who were enrolled, as well.

3. You are not required to provide the form to part-time employees who are not enrolled in your health plan.

### **Small employers**

Some small employers may also have to provide their staff with these forms. Those with fewer than 50 FTEs also will be required to file Forms 1095-C and 1094-C if they are members of a controlled or affiliated service group that collectively has at least 50 FTEs.

For fully insured plans, insurance companies will provide the 1095-Bs.

### **Form 1095-C basics**

The form identifies:

- 1 The employee and the employer
- 2 Which months during the year the employee was eligible for coverage
- 3 The cost of the cheapest monthly premium the employee could have paid under the plan

### **Actual coverage in Form 1095-B**

Form 1095-C merely describes what coverage was made available to an employee. A separate form, the 1095-B, provides details about an employee's actual insurance coverage, including who in the worker's family was covered. This form is sent out by the insurance provider rather than the employer.

Here's what you can tell your employees about the forms:

- You will use your Form 1095-C to complete your tax return. However, the IRS has not yet defined exactly what information from the 1095-C you will need to complete your taxes. If you were not eligible to receive a 1095-C, then you will not need one to complete your tax return.
- If you worked at more than one company, you may receive a Form 1095-C from each company. For example, if you changed jobs in 2015 and were

enrolled in coverage with both employers, you should receive a 1095-C from each employer. Or, if you work for an employer with different franchises or companies, you may receive a 1095-C from each company.

- Form 1095-B provides information needed to report on your income tax return that you, your spouse (if you file a joint return) and individuals you claim as dependents had qualifying health coverage (also known as minimum essential coverage) for some or all months during the year. Individuals who don't have minimum essential coverage and don't qualify for an exemption from this requirement may be liable for the individual shared responsibility payment.

### **Start communicating now**

The sooner you start educating your staff, the less confusion and fewer questions they will have.

Since we are coming up on the end of the year, it would be a good idea to write a memo to your staff and prepare a fact sheet that you may want to include as a note in their open enrollment materials.

E-mail communications, posters and other appropriate marketing channels should be used in December and January to get the word out. After the Form 1095-C is sent out, you may want to send them a follow-up e-mail saying it should have arrived.