



New IRS Filings for Play or Pay Compliance

Clients and Friends:

October 2015

As we have discussed with you, 2016 marks the first year employers with 50 or more full-time employees, including full-time equivalent employees, will have to report to the IRS about the health coverage offered to employees under the “[Employer Shared Responsibility](#)” provision of the Affordable Care Act (ACA).

You will need to report this information using Information Forms [1094-C](#) and [1095-C](#). Final forms and [instructions](#) were issued by the IRS late last month. The IRS will use the information provided on Forms 1095-C to administer premium tax credits for any employee who qualified and enrolled for coverage through the state’s Health Insurance Marketplace rather than enrolling in your employer plan, and to calculate any employer penalties.

You must file a Form 1095-C for each employee who was a full-time employee for any month of the 2015 calendar year. Further, you must deliver an individualized copy of the 1095-C to each employee; this generally means that they must be properly addressed and mailed to the employee on or before the due date, which is January 31, 2016. Form 1094-C will act as a cover sheet about the 1095-Cs and is sent only to the IRS.

For you and our other clients that offer fully-insured health plans, your health plan issuer will provide to your enrolled employees the required health plan information, so at least you will not need to complete Part III of Form 1095-C for those employees. Generally, employers look to their payroll vendors to file required tax forms, and we strongly encourage you to seek competent, professional help with these required Information Filings. These forms require detailed, monthly information about your offer of health coverage, your employees, their cost shares, etc., and while SIG is very knowledgeable about the ACA and its provisions, we are not tax or accounting experts, and cannot complete or file these new required tax forms on your behalf.

As noted, employers must send to employees their 1095-C forms by the end of January. In addition, these forms must be sent to the IRS by the end of February if filed on paper, or by the end of March if the forms are filed electronically. Employers with fewer than 250 forms can choose paper or electronic filing, while employers with 250 or more forms must transmit the information electronically. (*Note: You can get an automatic 30-day extension of the time to file by completing Form 8809, Application for Extension of Time To File Information Returns.*)

Filing Penalties!

You already know that as part of the ACA’s the Employer Shared Responsibility provision, your organization is an “Applicable Large Employer” and subject to “Play or Pay” penalties if you do not offer full-time employees ACA-compliant health care coverage. But there are other penalties for not properly filing these Information Forms – the usual penalty is \$250 per form, which of course can add up quickly if you miss many employees in your submissions. The maximum penalty that can be imposed for all failures during a calendar year cannot exceed \$3,000,000.

If you have general questions about this Play or Pay reporting, or need help with analysis of your employee population and your current policies, call your Account Manager directly, or call the Benefits Helpline at 206.957.7066. You can also find us by email at Questions@SIGinsures.com.

This HCR update and additional one-page HCR updates can be found on our Sprague Israel Giles website. You can find us at <http://www.SIGinsures.com/employeebenefits.html>.