[Name]

[Title]

[Organization]

[Address 1]

[Address 2]

[City, State Zip]

January 6, 2016

**Updated: Reporting Requirements Under the Affordable Care Act (ACA)**

*The IRS has updated its ACA reporting requirements to provide for an automatic extension of reporting deadlines for the 2015 forms due in 2016. It has also updated the reporting requirements for small and large employers that sponsor a Health Reimbursement Arrangement.*

Dear [Name]:

The **Affordable Care Act (ACA)** imposes new reporting requirements on employers and plan sponsors
that will assist the Internal Revenue Service in determining compliance with two ACA mandates:

1. **The Employer Mandate** – the requirement for large employers to offer health coverage
to their full-time employees (Forms 1094-C/1095-C)
2. **The Individual Mandate** – the requirement for individuals to obtain health coverage
(Forms 1094-B/1095-B)

**Failure to comply with these mandates may result in the employer and/or individual being subject
to additional taxes.**

**What does this mean to my institution or organization?**

**Employer Mandate**

If your institution or organization is a “large employer” (as defined below), **you will be responsible for filing the Employer Mandate tax forms** (Forms 1094-C and 1095-C) in early 2016. See ***Reporting Related to the Employer Mandate*** for details.

If your institution or organization is NOT a large employer (as defined below), youare considered a
**small employer and will not be required to take any action as a result of these new reporting requirements**. However, small employers that sponsor a Health Reimbursement Account (HRA) may need to prepare separate Forms 1094-B and 1095-B (see below).

**Individual Mandate**

The IRS tax forms (Forms 1094-B/1095-B) required for the **Individual Mandate** must be provided to employees covered by a healthcare plan for both large and small employers. The Individual Mandate tax forms will be filed by either The Episcopal Church Medical Trust (Medical Trust) or in the case of fully insured plans, the insurance carrier. Therefore, **as a participant in the Medical Trust plans,** **your institution or organization is not responsible for filing the Individual Mandate tax forms**, unless it sponsors an HRA.

We understand that these new reporting requirements may present a challenge for plan sponsors and employers, who must collect and organize the data necessary to complete the forms and then take the necessary steps to file those forms with the IRS and furnish them to individuals. Because of the need
to start this process early, we are providing you with information that explains how the reporting requirements will affect your institution or organization and how the Medical Trust will help.

**Is my institution or organization a large employer or a small employer?**

To be a **large employer** under the ACA, an organization must employ at least 50 full-time and full-time equivalent employees.[[1]](#footnote-1)

* An employee is considered full-time if he or she works at least 30 hours per week, or at least 130 hours per month.
* The number of full-time equivalents in a month is determined by adding up the monthly hours
of all employees who are not considered full-time employees and dividing that sum by 120.
* There are special rules applicable to seasonal workers.
* Note that the determination of whether you are a large or small employer is generally based on the previous calendar year’s employee count.
* Also note that when determining whether you are a large or small employer, you must include all employees in your controlled group.

If an institution or organization is not a large employer using the definition above it is considered
a **small employer** for the purposes of the ACA mandates and reporting requirements.

To help determine whether an institution or organization participating in a Medical Trust plan is a large employer, we are providing a calculator. To access this calculator, [click here](https://www.cpg.org/linkservid/42AEA653-EDE9-0905-6975856C2275F8B9/).

**My institution or organization is a large employer. What are we required to do?**

Large employers will be required to complete the following IRS forms:

|  |  |  |
| --- | --- | --- |
| Employer Action | Employer Mandate Forms | Deadline |
| Provide a copy to all employees | [1095-C](http://www.irs.gov/pub/irs-pdf/f1095c.pdf) (except Part III)\*\* If you sponsor an HRA, you may also need to complete Part III for participants in your HRA. | March 31, 2016 (extended from February 1, 2016) |
| File with the IRS | [1094-C](http://www.irs.gov/pub/irs-pdf/f1094c.pdf)[1095-C](http://www.irs.gov/pub/irs-pdf/f1095c.pdf) (except Part III)\*\*If you sponsor an HRA, you may also need to complete Part III for participants in your HRA. | May 31, 2106 if by paper (extended from February 29, 2016)June 30, 2016 if electronically (extended from March 31, 2016) |

**Please note:** Large employers will **not** need to complete Part III of Form 1095-C because that information will be included in the Form 1095-B that either the Medical Trust or the insurer will prepare. (Form 1095-B is required to comply with the Individual Mandate.) Please note the exception that may apply to large employers that sponsor an HRA.

See ***Reporting Related to the Employer Mandate*** for details.

**My institution or organization is a small employer. What are we required to do?**

Employers that are not large employers under the ACA definition are not required to file any of these
new ACA forms unless they sponsor an HRA.

* Small employers that sponsor an HRA may need to prepare separate Forms 1094-B and 1095-B. If a small employer sponsors an HRA, please review IRS Notice 2015-68 and consult your tax advisor.

**Reporting Related to the Employer Mandate (Large Employers)**

The Internal Revenue Code requires large employers to provide information to the IRS and plan subscribers about whether they have offered employees minimum essential coverage that is affordable and provides minimum value.

* The information must be provided on IRS Forms 1094-C and 1095-C.
* The IRS will use these tax forms to determine whether a large employer is subject to excise taxes under the Employer Mandate and whether an individual qualifies for subsidized coverage through
a Health Insurance Exchange (the insurance market set up in each state under the ACA to allow individuals to purchase health insurance coverage).

**If your institution or organization is a large employer as defined above, you will be responsible
for preparing and filing IRS Forms 1094-C and 1095-C. The Medical Trust will not prepare these tax forms.**

* Large employers that do not sponsor an HRA will **not need to complete Part III** of Form 1095-C because that information will be included in the Form 1095-B that either the Medical Trust or the insurer will prepare.
* Large employers that sponsor an HRA may also be required to complete Part III of Form 1095-C for participants in the HRA.

**What is the reporting process?**

The timing and process for meeting the new reporting requirements is modeled after the process
for reporting employee compensation annually on Form W-2. The IRS has, however, provided an automatic extension for the 2015 forms due in 2016, as described below.

* Forms must be provided to individuals by March 31 of the following year.
* Forms must be filed with the IRS by May 31 (if paper) and June 30 (if electronic), accompanied
by a transmittal form.
* Forms may be filed in paper or electronic format, but if more than 250 Forms 1095-C are filed with the IRS, they must be submitted electronically.

**Need help?**

The **IRS has published instructions** to assist in meeting this reporting obligation, and employers should review the tax forms, along with their instructions, carefully. To access these forms and instructions, click
on the following links:

* [Form 1094-C](http://www.irs.gov/pub/irs-pdf/f1094c.pdf) – for large employers to transmit Form 1095-C
* [Form 1095-C](http://www.irs.gov/pub/irs-pdf/f1095c.pdf) – for large employers to report coverage offered to individuals under the Employer Mandate
* [Instructions for Forms 1094-C and 1095-C](http://www.irs.gov/pub/irs-pdf/i109495c.pdf)

**Please note:** Large employers will **not** need to complete Part III of Form 1095-C because that information will be included in the Form 1095-B that either the Medical Trust or the insurer will prepare. (Form 1095-B is required to comply with the Individual Mandate.)  However, if you sponsor an HRA, you may need to complete Part III of Form 1095-C.

**The Medical Trust** has provided a guide to help large employers understand the Employer Mandate.
It is available on ***cpg.org*** for administrators who have access to one of our administrative web applications.

* Sign in to your CPG account.
* You’ll find a link to the document on the Administration page after you sign in.

**Reporting Related to the Individual Mandate (Large & Small Employers)**

The Internal Revenue Code requires insurers and the sponsors of self-funded medical plans to disclose whether plan subscribers have obtained minimum essential coverage in compliance with the Individual Mandate.

* **Institutions and organizations that participate in the Medical Trust plans are not responsible
for meeting this reporting requirement.**
* However, small employers that sponsor an HRA may also be required to prepare separate Forms 1094-B and 1095-B for participants in an HRA. If you are a small employer and you sponsor an HRA, please see Notice 2015-68 and consult your tax advisor.
* As the designated plan sponsor of the self-funded plans, the Medical Trustwill prepare IRS Forms 1094-B and 1095-B or, in the case of fully insured medical plans, the insurer will prepare these tax forms.

Specifically, the Medical Trust will report for each plan participant and their covered dependents the required information to the IRS on Form 1095-B, with a transmittal form – Form 1094-B. The Medical Trust will also provide this tax form directly to plan participants. The insurance carriers for fully insured medical plans will meet this requirement for each of those plans. The IRS will use these tax forms to determine whether individuals and their dependents are subject to excise taxes under the Individual Mandate.

The filing deadlines and the responsibility for the Individual Mandate forms are summarized below:

|  |  |  |
| --- | --- | --- |
| Employer or Third-Party Action | Individual Mandate Forms | Deadline |
| The Medical Trust or insurer will complete the form and submit it to the Plan Subscriber / Responsible Individual | [1095-B](http://www.irs.gov/pub/irs-pdf/f1095b.pdf) | March 31, 2016 (extended from February 1, 2016) |
| The Medical Trust or insurer will complete the form and submit it to the IRSSmall employers that sponsor an HRA may also need to complete the form and submit it to the IRS | [1094-B](http://www.irs.gov/pub/irs-pdf/f1094b.pdf)[1095-B](http://www.irs.gov/pub/irs-pdf/f1095b.pdf) | May 31, 2016 if by paper (extended from February 29, 2016)June 30, 2016 if electronically (extended from March 31, 2016) |

**Additional Considerations**

It is important to keep attuned to new developments.

* For 2014, the filing of these tax forms was strictly voluntary; for 2015, it is ***required.***

The rules can be complicated. However, the IRS has stated that it will not impose penalties for the 2015 tax reporting year on those who make a good faith effort to comply with these reporting requirements. A good faith effort does include timely reporting.

**In Summary**

To summarize the action steps for Medical Trust Participating Groups:

|  |  |  |
| --- | --- | --- |
| Mandate  | Employer Size  | Action Steps  |
| The Employer Mandate  | Less than 50 full-time and full-time equivalent employees  | * No reporting requirement
 |
| 50 or more full-time and full-time equivalent employees  | * File IRS Forms 1094-C and 1095-C, including Part III to report information on HRA participants, if applicable

  |
| The Individual Mandate | All | * The Medical Trust or fully insured medical plan will provide the required reporting for the plans they sponsor
 |
| Small employers that sponsor an HRA  | * May be required to file separate IRS Forms 1094-B and 1095-B
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We hope that this information is helpful, but we must emphasize that we are simply conveying information. Nothing in this memorandum, the attached letter, or the calculator is intended to serve as legal or tax advice.

[Closing to be completed and signed by Participating Group Administrator]

If you have any questions, please contact \_\_\_\_\_\_\_\_\_\_.

1. You may have heard that a special transition rule applies for 2015 that relieves employers with fewer than 100 full-time employees or full-time equivalents from meeting the Employer Mandate requirements. While that is true, the transition rule does not relieve employers with 50-99 of such employees from these reporting requirements. [↑](#footnote-ref-1)