

ACA: PREPARING TO COMPLETE FORMS 1094-C AND 1095-C

Employers that sponsor fully insured or self-insured (including level-funded) group health plans are required to report information to the IRS about the health coverage provided during the prior calendar year. The reporting is meant to assist the federal government in enforcing compliance with the ACA's employer and individual mandates. Note that effective since calendar year 2019, the penalty for non-compliance with the federal individual mandate is reduced to zero (although state individual mandate penalties could apply). The reporting requirement also ensures proper administration of the premium tax credit and cost-sharing subsidy eligibility and payments through both the federally facilitated and state-run health insurance exchanges. For more information on ACA reporting requirements, see the PPI publication [ACA: Employer Mandate Reporting Requirements](#).

Employers that sponsor fully insured or self-insured group health plans must submit Forms 1094-C and 1095-C to the IRS about the health coverage provided during the previous calendar year.

Form 1094-C

- Provides a summary to the IRS of aggregate employer-level data
- Serves as a transmittal document for Form 1095-C

Form 1095-C

- Reports employee-level information about the employer's offer of health insurance coverage
- For self-insured large employers, Part III of the form is utilized to report information on all covered individuals (otherwise reported by a carrier for fully insured plans via Form 1095-B)

INFORMATION ABOUT FORMS 1094-C AND 1095-C

What is the Purpose of Forms 1094-C and 1095-C?

Both forms help the IRS determine whether:

- Employers owe an employer mandate penalty
- Individuals owe an individual mandate penalty (prior to 2019)
- Full-time employees (FTEs) and their dependents might be eligible for a premium tax credit

What Information do Employers Need to Complete the Forms?

For Form 1094-C:

- Identifying information for the employer (such as name, address and EIN)
- Information, such as indicating whether minimum essential coverage (MEC) was offered and full-time employee count per month, that confirms whether the employer offered coverage to 95% of FTEs and their dependents
- For the authoritative transmittal:
 - Total number of Forms 1095-C issued to employees



- Information about members of the aggregated applicable large employer group (i.e., controlled group), if any
- FTE counts by month
- Total employee counts by month

For Form 1095-C:

- For each month of the calendar year, a list of which employees were FTEs (30 hours per week or 130 hours per month)
- Identifying information for the employer and FTEs (such as name and address)
- For each calendar month, information about the health coverage offered
- FTEs' share of the monthly premium for lowest-cost self-only minimum value coverage
- For each month of the calendar year, indicate whether the FTE was enrolled in employer-sponsored coverage
- For each month of the calendar year, indicate whether the employer met an affordability safe harbor with respect to an FTE and whether other relief applies for an employee
- If the employer offers a self-insured plan, information (including Social Security numbers) about the covered individuals (employees and dependents) enrolled in the plan, by month

What Does the Employer do with the Completed Reporting Forms?

Employers must file Forms 1094-C and 1095-C with the IRS and provide a copy of Form 1095-C to each FTE for their use when filing their individual federal income tax returns. For self-insured employers, a copy of Form 1095-C must also be provided to any non-FTEs who were covered under the self-insured plan.

When and How Must Forms 1094-C and 1095-C be Filed with the IRS?

Employers must file Forms 1094-C and 1095-C by the filing deadline for the year following the calendar year to which the report relates. Separate filing deadlines apply to reports that are filed by paper (due by February 28, unless extended) versus electronically (due by March 31, unless extended). When the due date falls on a weekend or federal holiday, the due date is extended to the next business day. The filing deadlines apply regardless of whether an employer sponsors a non-calendar-year plan. Forms must be filed with the appropriate IRS office, based on the location of the employer. See the form instructions for exact filing addresses.

Importantly, beginning in 2024, employers that file 10 or more returns of any type (i.e., counting Forms 1094-C, 1095-C, and W-2 together) to the IRS in a calendar year must do so electronically. This means that nearly all employers must file electronically.

When and How Must Form 1095-C be Distributed to Employees?

Employers must distribute a copy of Form 1095-C to each full-time or covered employee by January 31, unless the due date is otherwise extended by the IRS. For 2021 calendar year reporting, the deadline has been extended by 30 days from January 31 to March 2, 2022. This date applies regardless of whether an employer sponsors a non-calendar-year plan.

Employers may distribute paper or electronic forms, but there are a few things to consider. First, employers should document their practice. For paper delivery, employers may distribute the forms by mail or by hand. If by hand, a best practice is to obtain a signature or other confirmation from the employee that the form was received. If by mail, employers should send the form to the employee's last known permanent address, or if no permanent address is known, to the employee's temporary address. Employers may distribute the form electronically via email, but only if the employee affirmatively consents to receive the form in an electronic format.

SUMMARY

Employers that are subject to ACA reporting requirements should familiarize themselves with the reporting rules, collect and maintain accurate employee information and establish processes and procedures to handle the annual reporting obligations. Employers should work closely with their benefits consultants, payroll service providers and reporting vendors as needed to ensure timely filing of ACA reports.

RESOURCES

[IRS Notice 2016-70](#)

[Form 1094-C](#)

[Form 1095-C](#)

[Instructions to Forms 1094-C and 1095-C](#)