

# What Co-ops Need to Know

## Affordable Care Act: Employer Mandate Tax Reporting Requirements

**U**nder the Affordable Care Act, applicable large employers (ALEs) must report information to the IRS about the health insurance coverage they offered to employees to show compliance with the employer mandate and provide the reported information to the responsible individuals for their federal tax return filings. This requirement begins with the 2015 tax year with tax forms due in 2016. Want to learn how these changes affect cooperatives in the NRECA Medical Plan? Read on to learn more.

<b>Description</b>	Employer mandate reporting (Code Section 6056) requires all ALEs—those with 50 or more full-time or full-time equivalent employees—to report to the IRS and covered individuals information about the health insurance coverage they offered.
<b>Purpose</b>	<ul style="list-style-type: none"> <li>■ Help IRS determine if employers subject to the employer mandate are in compliance with the regulation</li> <li>■ Help IRS determine individual premium tax credit eligibility</li> <li>■ For employers subject to the employer mandate with self-funded plans, report health insurance coverage to meet individual mandate reporting requirements</li> </ul>
<b>Threshold for Compliance</b>	<p>Employers with 50 or more full-time or full-time equivalent employees. Known as applicable large employers (or ALEs), these employers are subject to the employer mandate.</p> <p><b>Note:</b> While midsize employers with 50 to 99 full-time or full-time equivalent employees may claim transition relief from the employer mandate until January 1, 2016, they still must file to satisfy the employer mandate reporting requirement for the 2015 tax year.</p> <hr/> <p><b>Counting Employees</b></p> <p>To determine your employee count, count your co-op’s full-time employees and full-time equivalent employees (part-time employees whose hours worked in combination add up to an equivalent number of full-time employees). Count all employees of commonly owned or otherwise affiliated employers with your co-op as one combined, or aggregated, group.</p> <ol style="list-style-type: none"> <li><b>1. For full-time employees,</b> count all employees who worked an average of 30 or more hours per week (or 130 hours per month).</li> <li><b>2. For full-time equivalent employees,</b> count all other employees who worked up to but not more than 120 hours per month, and divide by 120.</li> <li><b>3. For the total count,</b> add the full-time and full-time equivalent employee hours together for each month, and then divide by 12. (Note: For 2015 counting, use only a six-month period in 2014.)</li> </ol> <p>The employee count in the preceding year determines if your co-op is an ALE for the current year (e.g., use the 2014 count to determine if your co-op is an ALE for 2015; the 2015 count for 2016, and so on).</p>

*continued*



<p><b>Tax Forms</b></p>	<p>File forms <b>1094-C</b> and <b>1095-C</b> with the IRS. Provide a copy of Form 1095-C to the responsible individuals. <b>For Form 1095-C</b>, complete parts I and II for all full-time and non-full-time employees who are enrolled in the co-op’s medical plan. Complete part III for anyone enrolled in the co-op’s medical plan (covered employee, dependents and non-employees), or report them on the B forms. <b>For Form 1094-C</b>, complete parts I, II &amp; III. Complete part IV for aggregated group members, if any.</p> <p><b>Note:</b> Employers with fully-insured plans don’t complete part III of Form 1095-C. The insurance company will report that information on the 1094-B and 1095-B forms.</p>
<p><b>Deadlines</b></p>	<p><b>March 31, 2016*:</b> Provide a copy of Form 1095-C to the responsible individual (person through whom the coverage is provided).  <i>*The deadline was extended from February 1 for 2016, but it usually will be January 31.</i></p> <p><b>May 31, 2016*:</b> Submit all C tax forms to the IRS (if paper filing).  <i>*The deadline was extended from February 29 for 2016, but it usually will be February 28.</i></p> <p><b>June 30, 2016*:</b> Submit all C tax forms to the IRS (if e-filing).  <i>*The deadline was extended from March 31 for 2016.</i></p>
<p><b>Delivery</b></p>	<p>Two methods:</p> <ul style="list-style-type: none"> <li>■ Mail paper forms to last known permanent address</li> <li>■ Deliver electronically             <ul style="list-style-type: none"> <li>□ Follow IRS electronic delivery rules, not ERISA</li> <li>□ Must get individual’s affirmative consent; can’t use prior W-2 consent</li> </ul> </li> </ul>
<p><b>Co-op Actions for 2015</b></p>	<ul style="list-style-type: none"> <li>■ Ensure they have data elements—name, SSN—for all covered individuals (employee, spouse, dependents); address for the responsible individual. Date of birth can be used if the SSN isn’t available. An initial solicitation (when the relationship with the covered individual is established), a first annual solicitation (by 12/31 of the first year, generally) and a second annual solicitation (by 12/31 of the following year) must be attempted to obtain SSNs. Depending upon timing, you may be in the process of making these attempts when you file your co-op’s tax forms.</li> <li>■ Track months your co-op offers full-time employees and their dependents health insurance coverage that provides minimum value and is affordable. (NRECA plans provide minimum value.)</li> <li>■ Track months individuals are enrolled in your medical plan. (One day of enrollment in a month counts as enrollment for the month.)</li> </ul> <p><i>NRECA will provide reports in September 2015 and January 2016 to help co-ops verify gaps in their data. The reports will include:</i></p> <ul style="list-style-type: none"> <li>■ Co-op name</li> <li>■ Demographic information NRECA has on file for covered individuals (name, SSN, date of birth, address)</li> <li>■ The months each individual was covered by the NRECA Medical Plan</li> </ul> <p><i>Information NRECA doesn’t have will be blank on the reports.</i></p>

*This flier provides NRECA’s interpretation of the provision. NRECA isn’t authorized to provide tax or legal advice to co-ops. Co-ops should seek confirmation of the information in this document from their tax or legal advisors.*