



October 24, 2016

Final 1094/5-C Forms and Instructions

The IRS has released final 2016 Forms [1094-C](#), [1095-C](#) and related [Instructions](#) to assist applicable large employers (ALEs) with satisfying information reporting obligations under IRS Code sections [6055](#) and [6056](#). Through these Forms, ALEs will report in early 2017 offers of health coverage to full-time employees (and their dependents) and whether or not employees are enrolled in the health coverage offered during the 2016 calendar year.

The final Forms do not contain any major changes from the 2016 draft Forms released late summer. See our Update, [ACA Reporting – Draft 2016 Forms and TIN Collection](#), for more information on the draft Forms and a summary of key changes between the 2015 and 2016 versions. The *What's New* section of the 2016 Instructions provides a summary of key changes which include information on revisions, changes to codes that may be used at lines 14 and 16 of the 1095-C, and transition relief that expired with the 2015 reporting year. Some notable clarifications in the final Instructions include the following:

- Final Forms filed with the IRS must be in landscape layout, although substitute 1095-C Forms to individuals may be in portrait layout.
- When reporting full-time employees on Part III of the Form 1094-C, the Instructions confirm that only the monthly or lookback method are acceptable methods to determine this figure.
- With respect to coding the 1095-C Form:
 - Using Code 1G for some months at line 14 may result in a rejected filing. This code is used to indicate an offer of coverage to an individual who was not an employee for the entire year or to an employee who was not full-time for any month of the year and who enrolled in self-insured coverage for one or more months of the calendar year. The instructions clarify that this code applies for the entire year or not at all.
 - Dependents not offered COBRA coverage when an employee terminates (because the dependent declined enrollment when coverage was offered and was not covered by the plan when the employee terminated) should be reported as no offer of coverage at line 14 to preserve the dependent's tax credit or subsidy eligibility. However the terminated employee should be coded to reflect that he/she was not employed for that given month (2A at line 16) which should protect the employer from the penalty that may be associated with a failure to offer dependent coverage.
 - Code 2C, which reflects an employee's enrollment in health coverage, should not be used (at line 16) if the offer of coverage is not minimum essential coverage (MEC).

Affordability safe harbor codes should not be used at line 16 for any month the ALE did not offer MEC to at least 95% of full-time employees.

While Conner Strong & Buckelew can assist with a general understanding of the IRS information reporting rules, we will not handle Form preparation, and we will refer our clients to their reporting, tax and legal advisors for assistance with specific issues/complexities pertaining to form completion. Information required for Form completion may include information regarding appropriate employee and dependent eligibility definitions, hours tracking to determine an employee's full-time status, implementation of the data gathering process and completing the forms based on the employer's plan, policy and the data collected.

Should you have general questions about this or any aspect of federal health insurance reform, contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online [Resource Center](#).



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877-861-3220



news@connerstrong.com



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