

ComputerEase Guide to The ACA

With the introduction of the new ACA filing requirements, you may want to start compiling all of the information you will need for entering into ComputerEase; making the transition as seamless as possible. ComputerEase will be releasing later this month the ACA features that will allow you to enter this data directly into ComputerEase for the creation of the ACA forms.

First, you will need to define your insurance plan or plans. For all offered plan(s), you will need to know the start dates, the minimum coverage offered, and the premiums for all levels of coverage - for each category of coverage.

Secondly, you will want to define the following: your standard measurement period (when it begins and ends), and your standard stability period (when it begins and ends).

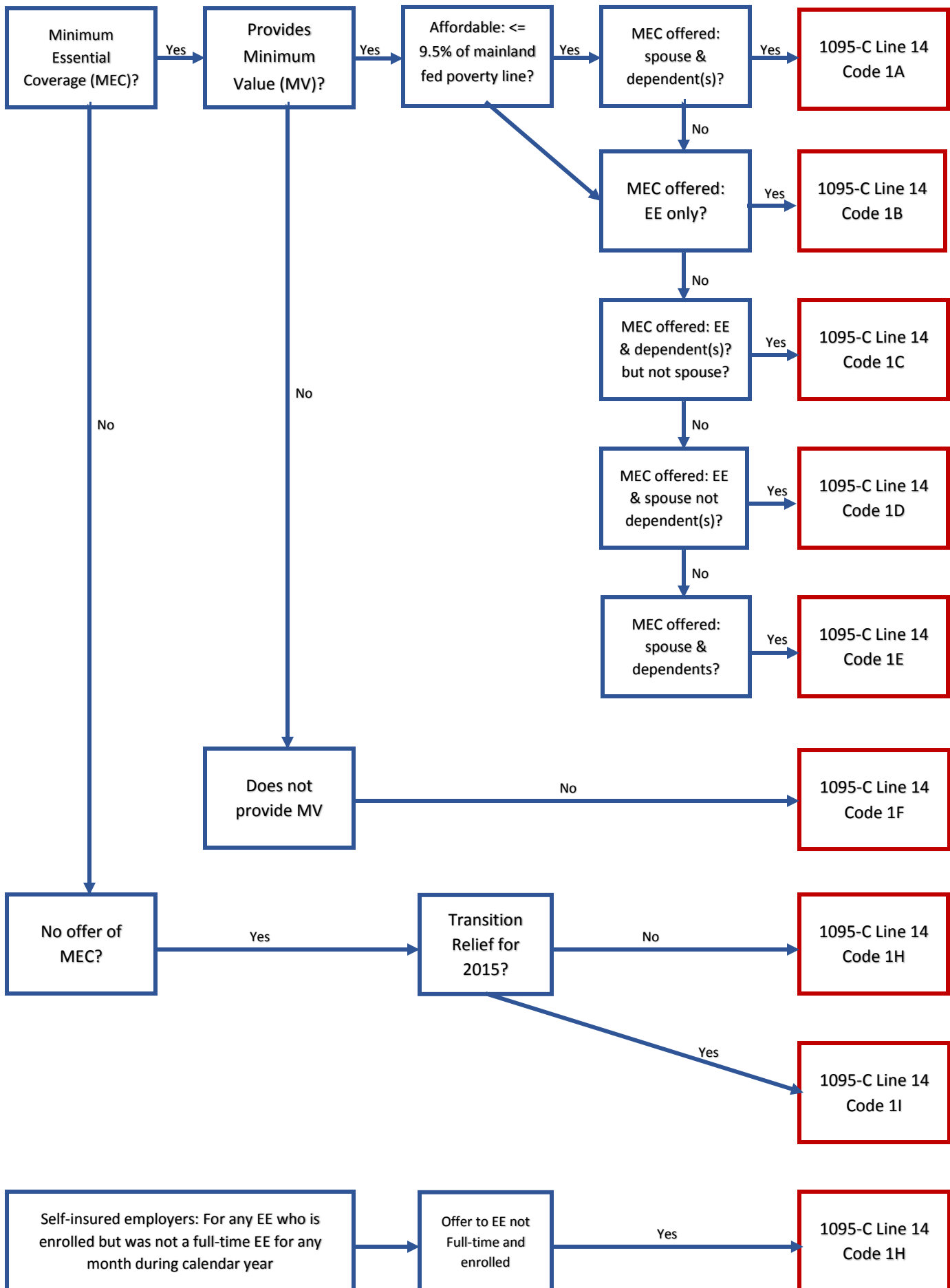
Thirdly, you will need to categorize each employee as full-time, part-time, or variable hourly and the date that status took effect.

In addition to the information you should already have on file for your employees (name, SSN, address, and phone number), you will need to know which plan(s) they were offered for each month (this information may be the same for all months). This information is reported on form 1095-C on line 14 and is categorized by "Offer Code". We have organized a flow chart (see page two) to aid you in determining the offer codes.

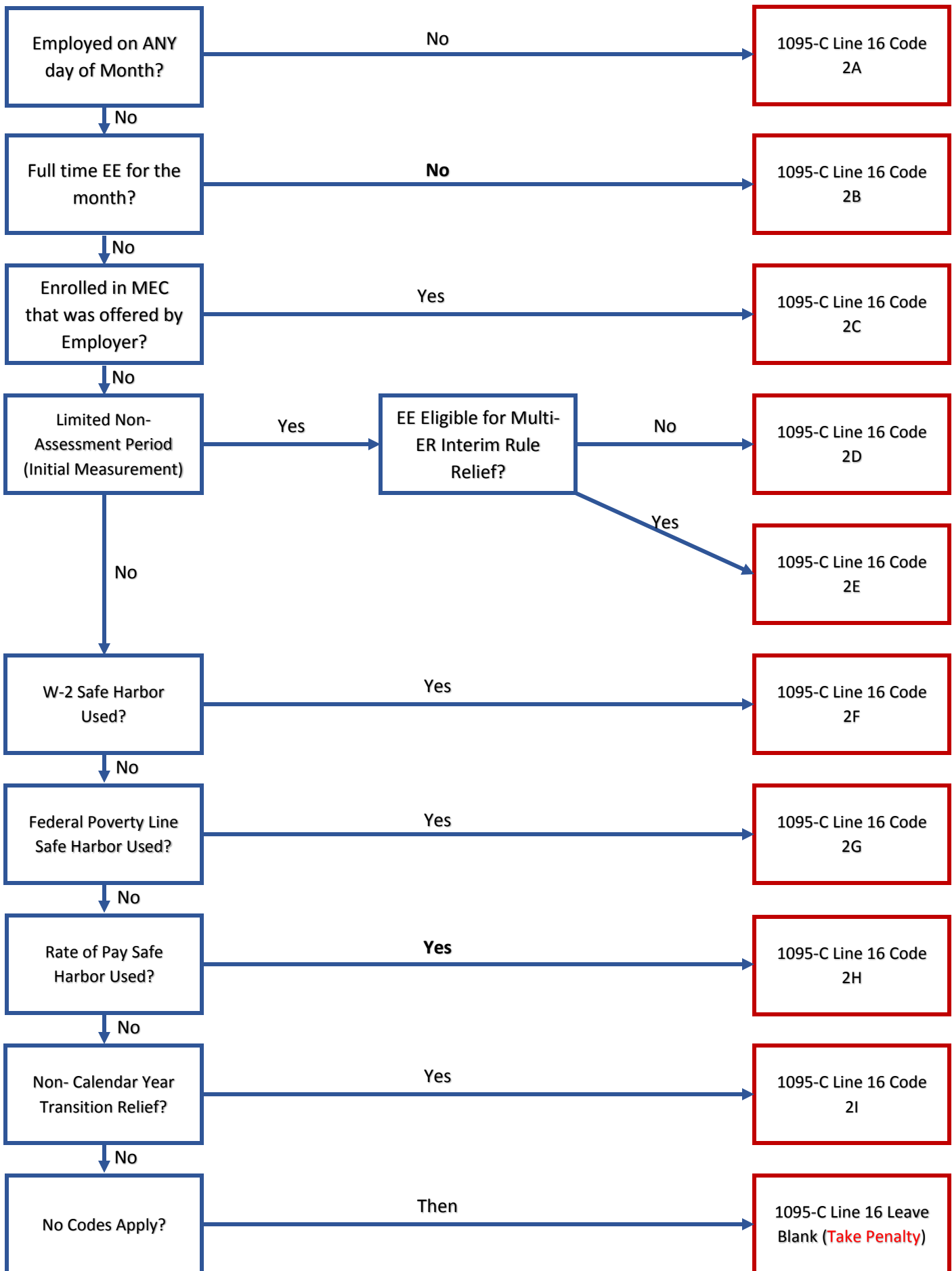
Lastly, you will need to know the employee share of the lowest cost monthly premium for self-only minimum value coverage. As well as if any Section 4980H safe harbor codes can be applied in any month during the year, for each employee. We have created a flow chart (see page 3) to assist you in determining if any of these codes apply.

If you have any questions about any of this information, please see the information attached beginning on page 4, retrieved from <https://www.irs.gov/instructions/i109495c/ar01.html>.

Form 1095-C: Offer of Coverage Codes



Form 1095-C: Applicable Section 4980H Safe Harbor



Part II—Employee Offer and Coverage

Plan Start Month. This box is optional for the 2015 Form 1095-C and the employer may leave it blank; it is anticipated that this box will be mandatory for the 2016 Form 1095-C. To complete the box, enter the two-digit number (01 through 12) indicating the calendar month during which the plan year begins of the health plan in which the employee is offered coverage (or would be offered coverage if the employee were eligible to participate in the plan). If more than one plan year could apply (for instance, if the employer changes the plan year during the year), enter the earliest applicable month. If there is no health plan under which coverage is offered to the employee, enter “00”.

Line 14. For each calendar month, enter the applicable code from Code Series 1. If the same code applies for all 12 calendar months, enter the applicable code in the “All 12 Months” box and do not complete the individual calendar month boxes, or complete all of the individual calendar month boxes.

An employer offers health coverage for a month only if it offers health coverage that would provide coverage for every day of that calendar month. Thus, if an employee terminates coverage before the last day of the month, the employee does not actually have an offer of coverage for that month. See line 16, code 2B later for how the employer may complete line 16 in the event an employee terminates coverage before the last day of the month.

A code must be entered for each calendar month January through December, even if the employee was not a full-time employee for one or more of the calendar months. Enter the code identifying the type of health coverage actually offered by the employer (or on behalf of the employer) to the employee, if any. Do not enter a code for any other type of health coverage the employer is treated as having offered (but the employee was not actually offered coverage). For example, do not enter a code for health coverage the employer is treated as having offered (but did not actually offer) under the dependent coverage transition relief, or non-calendar year transition relief, even if the employee is included in the count of full-time employees offered minimum essential coverage for purposes of Form 1094-C, Part III, column (a). If the employee was not actually offered coverage, enter Code 1H (no offer of coverage) on line 14.

For reporting offers of coverage for 2015, an employer relying on the multiemployer arrangement interim guidance should enter code 1H on line 14 for any month for which the employer enters code 2E on line 16 (indicating that the employer was required to contribute to a multiemployer plan on behalf of the employee for that month and therefore is eligible for multiemployer interim rule relief). For a description of the multiemployer arrangement interim guidance, see *Offer of health coverage* in the *Definitions* section. For reporting for 2015, Code 1H may be entered without regard to whether the employee was eligible to enroll or enrolled in coverage under the multiemployer plan. For reporting for 2016 and future years, ALE Members relying on the multiemployer arrangement interim guidance may be required to report offers of coverage made through a multiemployer plan in a different manner.

Indicator Codes for Employee Offer and Coverage (Form 1095-C, Line 14)

Code Series 1— Offer of Coverage. The Code Series 1 indicator codes specify the type of coverage, if any, offered to an employee, the employee’s spouse, and the employee’s dependents. The term “dependent” has the specific meaning set forth in the *Definitions* section of these instructions. In addition, for this purpose an offer of coverage is treated as made to an employee’s dependents only if the offer of coverage is made to an unlimited number of dependents regardless of the actual number of dependents, if any, an employee has during any particular calendar month.

An offer of COBRA continuation coverage that is made to a former employee upon termination of employment should not be reported as an offer of coverage on line 14. For a terminated employee, code 1H (No offer of coverage) should be entered for any month for which the offer of COBRA continuation coverage applies.

An offer of COBRA continuation coverage that is made to an active employee (for instance, an offer of COBRA continuation coverage that is made due to a reduction in the employee’s hours that resulted in the employee no longer being eligible for coverage under a plan) is reported in the same manner and using the same code as an offer of that type of coverage to any other active employee.

If the type of coverage, if any, offered to an employee was the same for all 12 months in the calendar year, enter the Code Series 1 indicator code corresponding to the type of coverage offered in the “All 12 Months” box or in each of the 12 boxes for the calendar months.

- **1A. Qualifying Offer:** Minimum essential coverage providing minimum value offered to full-time employee with employee contribution for self-only coverage equal to or less than 9.5% mainland single federal poverty line and at least minimum essential coverage offered to spouse and dependent(s).

This code may be used to report for specific months for which a Qualifying Offer was made, even if the employee did not receive a Qualifying Offer for all 12 months of the calendar year. However, an employer may not use the Alternative Furnishing Method for an

employee who did not receive a Qualifying Offer for all 12 calendar months (except in cases in which the employer is eligible for and reports using the Alternative Furnishing Method for 2015 Qualifying Offer Method Transition Relief as described in these instructions).

- **1B.** Minimum essential coverage providing minimum value offered to employee only.
- **1C.** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) (not spouse).
- **1D.** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to spouse (not dependent(s)).
- **1E.** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse.
- **1F.** Minimum essential coverage NOT providing minimum value offered to employee; employee and spouse or dependent(s); or employee, spouse and dependents.
- **1G.** Offer of coverage to employee who was not a full-time employee for any month of the calendar year (which may include one or more months in which the individual was not an employee) and who enrolled in self-insured coverage for one or more months of the calendar year.
- **1H.** No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage, which may include one or more months in which the individual was not an employee).
- **1I.** Qualifying Offer Transition Relief 2015: Employee (and spouse or dependents) received no offer of coverage; received an offer that is not a qualifying offer; or received a qualifying offer for less than 12 months.

Line 15. Complete line 15 only if code 1B, 1C, 1D, or 1E is entered on line 14 either in the "All 12 Months" box or in any of the monthly boxes. Enter the amount of the employee share of the lowest-cost monthly premium for self-only minimum essential coverage providing minimum value that is offered to the employee. Enter the amount including any cents. For purposes of determining the monthly employee contribution, an employer may divide the total employee share of the premium for the plan year by the number of months in the plan year to determine the monthly employee contribution for the plan year. This monthly employee contribution would then be reported for any months of that plan year that fall in the 2015 calendar year. For example, if the plan year begins January 1, the employer may determine the amount to report for each month by taking the total annual employee contribution for all 12 months and dividing by 12. If the plan year begins April 1, the employer may determine the amount to report for January through March, 2015 by taking the total annual employee contribution for the plan year ending March 31, 2015, and dividing by 12, and may determine the amount to report for April through December, 2015 by taking the total annual employee contribution for the plan year ending March 31, 2016, and dividing by 12. If the employee is offered coverage but is not required to contribute any amount towards the premium, enter "0.00" (do not leave blank). If the employee share of the lowest-cost monthly premium amount was the same amount for all 12 calendar months, enter that monthly amount in each monthly box or enter that monthly amount in the "All 12 Months" box and do not complete the monthly boxes. If the employee share of the lowest-cost monthly amount was not the same for all 12 months, enter the amount in each calendar month for which the employee was offered minimum value coverage.

For line 15, enter the lowest-cost monthly premium for self-only minimum essential coverage providing minimum value that is offered to the employee. This amount may not be the amount the employee is paying for the coverage, for example, if the employee chose to enroll in more expensive coverage such as family coverage.

Line 16. For each calendar month, enter the applicable code, if any, from Code Series 2. You may enter only one code from Code Series 2 per calendar month. The instructions below address which code to use for a month if more than one code from Series 2 could apply. If the same code applies for all 12 calendar months, enter the applicable code in each monthly box or enter the code in the "All 12 Months" box. If none of the codes apply for a calendar month, leave the line blank for that month.

Code Series 2—Section 4980H Safe Harbor Codes and Other Relief for Employers. An employer enters the applicable Code Series 2 indicator code, if any, on line 16 to report for one or more months of the calendar year that one of the following situations applied to the employee: the employee was not employed or was not a full-time employee; the employee enrolled in the minimum essential coverage offered; the employee was in a Limited Non-Assessment Period with respect to section 4980H(b); non-calendar year transition relief applied to the employee; the employer met one of the section 4980H affordability safe harbors with respect to this employee; or the employer was eligible for multiemployer interim rule relief for this employee. In some circumstances more than one situation could apply to the same employee in the same month. For example, an employee could be enrolled in health coverage for a particular month during which he or she is not a full-time employee. However, only one code may be used for a particular calendar month. For any month in which an employee enrolled in minimum essential coverage, indicator code 2C reporting enrollment is used instead of any other indicator code that could also apply (but see the exception to this rule below, regarding the multiemployer interim rule relief). For an employee who did not enroll in health coverage, there are some specific ordering rules for which code to use. See the descriptions of the codes.

- **2A.** Employee not employed during the month. Enter code 2A if the employee was not employed on any day of the calendar month. Do not use code 2A for a month if the individual was an employee of the employer on any day of the calendar month. Do not use code 2A for the month during which an employee terminates employment with the employer.
- **2B.** Employee not a full-time employee. Enter code 2B if the employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month. Enter code 2B also if the employee is a full-time employee for the month and whose offer of coverage (or coverage if the employee was enrolled) ended before the last day of the month solely because the employee terminated employment during the month (so that the offer of coverage or coverage would have continued if the employee had not terminated employment during the month). Also use this code for January 2015 if the employee was offered

health coverage no later than the first day of the first payroll period that begins in January 2015 and the coverage offered was affordable for purposes of the employer shared responsibility provisions under section 4980H and provided minimum value.

- **2C.** Employee enrolled in coverage offered. Enter code 2C for any month in which the employee enrolled in health coverage offered by the employer for each day of the month, regardless of whether any other code in Code Series 2 (other than code 2E) might also apply (for example, the code for a section 4980H affordability safe harbor). Do not enter 2C in line 16 if code 1G is entered in the All 12 Months Box in line 14 because the employee was not a full-time employee for any months of the calendar year. Do not enter code 2C in line 16 for any month in which a terminated employee is enrolled in COBRA continuation coverage (enter code 2A).
- **2D.** Employee in a section 4980H(b) Limited Non-Assessment Period. Enter code 2D for any month during which an employee is in a Limited Non-Assessment Period for section 4980H(b).

If an employee is in an initial measurement period, enter code 2D (employee in a section 4980H(b) Limited Non-Assessment Period) for the month, and not code 2B (employee not a full-time employee). For an employee in a section 4980H(b) Limited Non-Assessment Period for whom the employer is also eligible for the multiemployer interim rule relief for the month, enter code 2E (multiemployer interim rule relief) and not code 2D (employee in a Limited Non-Assessment Period).

- **2E.** Multiemployer interim rule relief. Enter code 2E for any month for which the multiemployer arrangement interim guidance applies for that employee, regardless of whether any other code in Code Series 2 (including code 2C) might also apply. This relief is described under *Offer of Health Coverage* in the *Definitions* section of these instructions.
- **2F.** Section 4980H affordability Form W-2 safe harbor. Enter code 2F if the employer used the section 4980H Form W-2 safe harbor to determine affordability for purposes of section 4980H(b) for this employee for the year. If an employer uses this safe harbor for an employee, it must be used for all months of the calendar year for which the employee is offered health coverage.
- **2G.** Section 4980H affordability federal poverty line safe harbor. Enter code 2G if the employer used the section 4980H federal poverty line safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).
- **2H.** Section 4980H affordability rate of pay safe harbor. Enter code 2H if the employer used the section 4980H rate of pay safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).

Note.

Codes 2F through 2H: Although employers may use the section 4980H affordability safe harbors to determine affordability for purposes of the multiemployer arrangement interim guidance, an employer eligible for the relief provided in the multiemployer arrangement interim guidance for a month for an employee should enter code 2E (multiemployer interim rule relief), and not a code for the section 4980H affordability safe harbors (codes 2F, 2G, or 2H).

- **2I.** Non-calendar year transition relief applies to this employee. Enter code 2I if non-calendar year transition relief for section 4980H(b) applies to this employee for the month. See the instructions later under *Section 4980H Transition Relief for 2015 and 2015 Section 4980H(b) Transition Relief for Employers with Non-Calendar Year Plans (Form 1095-C, line 16, code 2I)*, for a description of this relief.