

March 21, 2016

## Cracking the ACA code: Solutions to your most vexing 1095-C coding challenges (Part 1)

By Jennifer Carsen, JD, Senior Legal Editor

Despite the [extra time bestowed by the IRS](#) to file and distribute 1095-Cs for the 2015 [tax year](#), coding challenges abound. How do you account for folks on COBRA? Noncalendar-year plans? And what the heck is a “Limited Non-Assessment Period,” anyway?



Fear not—help is here. Read on to learn, in plain English, how to correctly code your employees on the deceptively complicated 1095-C.

### Who needs a 1095-C?

Employers with 50 or more full-time employees, including full-time equivalent employees (FTEs), in calendar year 2015 are required to fill out Forms 1094-C and 1095-C. Guidance on [how to calculate your number of FTEs is available here](#).

You are not required to offer health coverage to part-time employees; your number of FTEs factors in only when determining whether you are an Applicable Large Employer (ALE) subject to the Affordable Care Act’s (ACA) [play-or-pay requirements](#).

Employers that qualify as ALEs must both file a Form 1095-C *for*, and distribute a Form 1095-C *to*, each employee who was full-time for any month(s) in 2015. The ACA generally defines “full-time” as averaging 30 or more hours a week for a given month, or at least 130 hours total for the month.

You do not need to worry about 1095-Cs for any folks who clearly fall below those thresholds—say, a part-timer who came in to assist your floral shop for the 3 days leading up to the Valentine’s Day rush.

Note that if you offer employer-sponsored, self-insured health coverage but do not qualify as an ALE, you should not file forms 1094-C and 1095-C. Instead, you file Forms 1094-B and 1095-B to report info for employees who enrolled in this coverage.

## One employee, one employer = One 1095-C

If you have multiple divisions and employees who work for more than one division, you need to combine the offer and coverage information into a single Form 1095-C for each employee.

However, employees who work for two separate ALEs must receive a separate Form 1095-C from each employer, unless one of the ALEs is not treated as the “employer” for one or more months (this can happen when there is an Aggregated ALE Group).

## The 98% offer method

While this sounds more like a self-help title yanked from the bestseller list, “The 98% offer method” is actually a streamlined way for certain qualified employers to satisfy their reporting requirements without having to get into exhaustive individual details for every single employee.

If you can certify that you offered ACA-compliant coverage to at least 98% of the employees for whom you are filing 1095-Cs, and their dependents, you are not required to identify *which* of your employees are full-time employees. You are, however, still required to file 1095-Cs on behalf of all of those full-time employees.

## Offer and coverage: Month by month

Anne Lamott’s wonderful book about writing, *Bird by Bird*, references her brother’s childhood panic about a seemingly insurmountable school project about birds that was due the next day. “Bird by bird, buddy,” his father advised. “Just take it bird by bird.”

While the 1095-C can seem monumentally complex—and, make no mistake, it can be—the trick to mastering it is taking it month by month. In [part 2 of this article](#), I’ll provide tips for filling out specific lines of the form, while taking this approach.



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