Benefits Inc.
OVER 30 YEARS IN EMPLOYEE BENEFITS

Human Resources
Planning
- Hiring
- Benefits
- Compensation
- Recruiting
- Evaluation
- Training

HR Preparedness Advisory

WHAT IS THE DIFFERENCE BETWEEN FORMS 1094-C AND 1095-C?

For Large groups over 50 (ALE)

IRS Forms 1094-C and 1095-C are filed by employers who are ALEs and required to offer health insurance coverage to their employees under the Affordable Care Act. The difference between 1094-C and 1095-C is the 1095-C provides information about your health insurance plan and is sent to both employees and to the IRS while 1094-C is sent only to the IRS.

The role of the 1095-C

The Affordable Care Act requires employers with at least 50 full-time workers to offer their employees' health insurance. And each year, those employers must send a statement—Form 1095-C to all employees eligible for coverage. The statement provides details about:
- the coverage offered to the employee
- the lowest-cost premium available to the employee and the months of the year when the coverage was available

All employees eligible for coverage should get a 1095-C, regardless of whether they actually participate in the employer's health plan. The forms became mandatory with the 2015 tax year.

Where the 1094-C fits in

Employers don't send 1095-C forms just to their workers. They also have to send them to the IRS. When they do, they also file Form 1094-C.This form is essentially a "cover sheet" for the 1095-C forms. It provides information about:
- the employer—including address, phone number, employer identification number how many employees it has
- the name of a contact person and how many 1095-C forms are being sent

Why the IRS needs the 1095-C

The IRS needs information from 1095-C forms because it has a central role in enforcing the Affordable Care Act. Companies that are required to offer insurance but don't, may have to pay a penalty. By collecting 1095-C forms, the IRS can track who is and isn't making coverage available to workers. Meanwhile, the health care law also requires most people to have health insurance, and it provides financial assistance to some people who do not have an opportunity to get coverage through an employer. Information from the 1095-C tells the IRS who has access to employer-sponsored health insurance and who doesn't.

Filing information for employers

According to the IRS, employers must send employees their 1095-C forms by the end of January each year. Information must be sent to the IRS by the end of February if paper filed, or by the end of March if the forms are filed electronically. Most fully-insured carriers will produce and mail the 1095-B while some payroll companies will produce and deliver the 1095-C. Self-insured (ASO) plans must produce their own 1095-B forms.

Employers with fewer than 250 forms to send to the IRS can file paper 1095-C forms, accompanied by a paper 1094-C. They can also file electronically. Employers with 250 or more forms must transmit the information electronically.

REPORTING 1094-C AND 1095-C

Reporting ACA information to the IRS may be done through their ACA Information Return (or AIR) system. Employers with 50 or more full-time and/or 50 full-time-equivalent employees are considered an Applicable Large Employer or ALE. ALEs must submit form 1094-C (Transmittal of Employer-Provided Health) and form 1095-C (Employer-Provided Health Insurance Offer and Coverage.)

To transmit the 1094-C/1095-C reports you must have an ACA Transmittal Control Code or TCC. To obtain the TCC, your organization needs to select a responsible party to apply for the TCC and that party must register with the IRS by following the "Register" link below. Then select "Affordable Care Act (ACA) Services" under e-Services Applications. Use the quick lings below to navigate to the proper IRS site locations.

- Here is the link to register for a TCC code with the IRS: **Register**

- Here is the ACA Application for TCC: **Apply**

- Once you have a TCC, here is the link to the online filing system (FIRE): **FIRE**

Along with other information, the registration process may ask the applicant for the adjusted gross income number submitted from a recent tax return. This information is requested as a security precaution because it is information that only the applicant should know. This should be the only piece of information requested that the applicant would need to research.

When the application is complete, the IRS will send a confirmation letter to the address listed on the applicant's tax return, unless otherwise specified. Once received, the applicant must confirm the confirmation by following the instructions in the letter. The confirmation must be completed within 28 days of the creation of the letter or the registration process needs to be restarted. Registration with the IRS can be done immediately.

More information on the FIRE reporting can be found at the IRS website at **www.irs.gov** by typing in FIRE in the search box, or by contacting our office.

Benefits Inc.