

AFFORDABLE CARE ACT REPORTING

Introduction

The Affordable Care Act (ACA) requires the State of Missouri to offer health insurance to full time equivalent employees. The ACA also generally requires individual to have health insurance or qualify for exception to avoid penalties paid to the IRS. These FAQs are designed to help explain the 1095-B and 1095-C forms that you may be receiving. These forms are designed by the IRS to document the health insurance coverage you had during the year. They should be used to file your 2015 taxes.

Frequently Asked Questions

Q-1. What is Form 1095-C?

A-1: The IRS will use the information provided on Form 1095-C to administer the Employer Shared Responsibility provisions of the Affordable Care Act (“ACA”). Under the ACA, large employers must either offer health insurance coverage, or they could be required to pay a penalty to the IRS. The IRS will use the information provided on Form 1095-C to determine who is eligible for a premium tax credit for coverage purchased through the Marketplace.

Similar to the requirement that employers offer coverage or face a penalty under the ACA, individuals who don’t purchase their own health insurance coverage must pay a penalty to the IRS unless they fall within an exception. This is called the Individual Mandate. The information provided on Form 1095-C, Part III contains information that enables the IRS to determine whether an individual has complied with the Individual Mandate or whether that person is subject to a penalty.

Q-2: What is Form 1095-B?

A-3: For those individuals covered under MCHCP health plans, the information provided on Form 1095-B contains information that enables the IRS to determine whether an individual has complied with the Individual Mandate by enrolling in minimum essential health coverage or whether that person is subject to a penalty. Individuals in the MoDot/Patrol and Conservation health plan(s) will have this information included on their Form 1095-C.

Q-2: Why am I receiving Form 1095-C?

A-2: Beginning in 2016, the State of Missouri must file Forms 1095-C with the IRS to report information about the offers of health coverage made to our full-time employees during the previous calendar year and provide copies of Forms 1095-C to those employees.

You will receive a copy of Form 1095-C because you were either a full-time or part-time employee during calendar year 2015 or a former employee enrolled in one of our health plan(s). Form 1095-C Part II will show you what information has been reported to the IRS about the *offer* of health coverage made to you and your family and the months you and/or your family members enrolled in coverage. If you and/or your family enrolled in health coverage under one of our plans during 2015, Part III of Form 1095-C (or Form 1095-B if you are covered by a MCHCP health plan) will show the months that you and/or your family had health coverage under one of our plans.

Q-4: Why am I receiving Form 1095-B?

A-4: If you are enrolled in a MCHCP health plan(s), you will receive a Form 1095-B. The 1095-B will show the months that you and/or your family had health coverage under one of our plans. Individuals in the MoDot/Patrol and Conservation health plan(s) will have this information included on their Form 1095-C.

Q-5: What forms should I expect to receive?

A-5: The forms 1095 – B and 1095 – C contain similar information. Individuals enrolled in a health plan with MCHCP will receive both a Form 1095-B and a Form 1095-C. Individuals enrolled in MoDot/Patrol and Conservation health plans will only receive a Form 1095-C.

Q-6: Isn't my health coverage information already included on my Form W-2 using Box 12, code DD?

A-6: The information included on your Form W-2, Box 12, code DD only states the total cost of employer-sponsored health insurance you actually enrolled in during a single calendar year. It does not show the months in which you enrolled in coverage or the lowest cost employee-only coverage offered to you. Forms 1095-B and 1095-C show information on a monthly basis and include information about the lowest cost employee-only coverage *offered* to you, not information about the coverage you may have actually enrolled in (unless you enrolled in the lowest cost employee-only coverage). Thus, your Form W-2 contains different information from your Forms 1095-B and 1095-C. All forms being provided to employees are required by the federal government.

Q-7: When should I receive a copy of my Form?

A-7: Generally, copies should be delivered or, if mailed, postmarked by January 31 of the year following the year to which the Forms apply. The first Forms are due to be distributed by March 31, 2016. The State of Missouri is planning on distributing the forms in January.

Q-8: Should my spouse or dependents receive their own copies?

A-8: If your spouse is a state employee, yes, he or she should receive his or her own copy of the required forms. If not a state employee, you will receive one form for all dependents covered under your health care plan(s).

Q-9: What should I do with my Form?

A-9: You should retain your Form(s) for your records. You may be required to provide a copy of your Form 1095-C and/or Form 1095-B with your personal income tax filing. In addition, you or your tax preparer will enter information contained on these forms to complete your federal income tax return for 2015. Information on these forms will assist with satisfying the ACA's obligation provides information related to health insurance coverage.

The IRS will also receive copies of your form to verify the information you report on your federal income tax return about your health coverage for 2015.

Q-10: On Form 1095-B, how will the IRS know that I enrolled in coverage that fulfills the Individual Mandate and allows me to avoid incurring a penalty with the IRS?

A-10: As a MCHCP covered employee, Part IV of your Form 1095-B contains information indicating which month you and/or your family member(s) enrolled in coverage for any day in a particular month. Part IV contains the name, Social Security Number (“SSN”) or other Taxpayer Identification Number (“TIN”), and coverage information for each covered individual. A date of birth will be entered in column (c) only if an SSN or other TIN isn’t entered in column (b). Column (d) will be checked if an individual was covered for at least one day in every month of the year. For individuals who were covered for some but not all months, information will be entered in column (e) indicating the months for which those individuals were covered. Here’s an example of what Part IV may look like:

| Part IV Covered Individuals (Enter the information for each covered individual(s).) | | | | | | | | | | | | | | | |
|--|-------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----|
| (a) Name of covered individual(s) | (b) SSN | (c) DOB (if SSN is not available) | (d) Covered all 12 months | (e) Months of coverage | | | | | | | | | | | |
| | | | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 23 Jeremy Knight | 123-45-6788 | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 24 Madeleine Knight | 123-46-9999 | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| 25 Jeremy Knight, Jr. | 222-33-4444 | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 26 | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 27 | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| 28 | | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60704B Form 1095-B (2015)

Q-11: On Form 1095-C, how will the IRS know that I enrolled in coverage that fulfills the Individual Mandate and allows me to avoid incurring a penalty with the IRS?

A-11: If you are an employee of MoDot/Patrol or Conservation, Part III of your Form 1095-C contains information indicating which month you and/or your family member(s) enrolled in coverage for any day in a particular month. Part III contains the name, Social Security Number (“SSN”) or other Taxpayer Identification Number (“TIN”), and coverage information for each covered individual. A date of birth will be entered in column (c) only if an SSN or other TIN isn’t entered in column (b). Column (d) will be checked if an individual was covered for at least one day in every month of the year. For individuals who were covered for some but not all months, information will be entered in column (e) indicating the months for which those individuals were covered. Here’s an example of what Part III may look like:

| Part III Covered Individuals | | | | | | | | | | | | | | | |
|--|-------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|--------------------------|
| If Employer provided self-insured coverage, check the box and enter the information for each covered individual. <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | |
| (a) Name of covered individual(s) | (b) SSN | (c) DOB (if SSN is not available) | (d) Covered all 12 months | (e) Months of Coverage | | | | | | | | | | | |
| | | | | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
| 17 Zelda Fitzhugh | 234-11-1234 | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 18 Addison Fitzhugh | 234-22-1234 | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 19 Fitz Fitzhugh | 234-33-1234 | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 20 Fredericka Fitzhugh | 234-44-1234 | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q-12: What do the codes mean on line 14 of Part II on my Form 1095-C?

A-12: The codes used on line 14 on your Form 1095-C are intended to provide information about the type of coverage that is *offered* to you. Generally, the codes explain whether the health coverage we offer to you, your spouse, and your dependent children is considered to be “minimum essential coverage” (“MEC”) and provides “minimum value.”

MEC is generally any type of employer-sponsored health coverage, certain types of governmental coverage such as Medicare or Medicaid, and other types of health coverage specifically identified by the Department of Health and Human Services. “Minimum value” is provided by the plan if it pays for at least 60% of the costs of benefits and provides inpatient hospitalization services and physician services.

The type of coverage we report on Form 1095-C is employer-sponsored coverage. Below is a table explaining the different codes used on line 14. You can also find an explanation of the codes on the back of your Form 1095-C.

| Code | Explanation |
|------|---|
| 1A | This code used is when an employer offered MEC providing minimum value to full-time employees with a contribution that is affordable using the mainland federal poverty line safe harbor (i.e., employee-only coverage cost is equal to or less than 9.5% of the mainland single federal poverty level safe harbor), and at least MEC has been offered to dependent children and spouses. |
| 1B | This code is used when an employer offered MEC providing minimum value to the employee, but MEC was not offered to a spouse or dependent children. |
| 1C | This code is used when an employer offered MEC providing minimum value to the employee and at least MEC is offered to dependent children, but not spouses. |
| 1D | This code is used when an employer offered MEC providing minimum value to the employee and at least minimum essential coverage is offered to the spouse, but not dependent children. |
| 1E | This code is used when an employer offers MEC providing minimum value to the employee and at least minimum essential coverage is provided to the spouse and dependent children. |

| Code | Explanation |
|------|--|
| 1F | This code is used when an employer offers MEC that does not provide minimum value (e.g., a “skinny” plan). |
| 1G | This code is used when an employer offers self-insured coverage to an employee who was not a full-time employee for <i>any</i> month during the calendar year. This may include one or more months in which the individual was not an employee (e.g., on COBRA continuation coverage). |
| 1H | This code is used when an employee was not offered coverage or was not offered coverage that is considered to be MEC (e.g., a limited benefit plan). This may include one or more months in which the individual was not an employee. |
| 1I | This code is used when an employee (and spouse or dependent children) received no offer of coverage, received an offer of coverage that is not qualified, or received a Qualified Offer for less than 12 months during the period of time for which the employer is eligible for 2015 Qualified Offer Transition Relief. |

Q-11: What is the dollar amount on line 15 of Part II on my Form 1095-C?

A-11: The dollar amount on line 15 of your Form 1095-C represents the lowest cost that an employee pays for employee-only health coverage that we offer under our plan that also provides minimum value. This may or may not be the coverage you are actually enrolled in. We will report the lowest cost / minimum value plan regardless of which plan you are actively enrolled in. Line 15 is only completed if code 1B, 1C, 1D, or 1E is entered on line 14 either in the “All 12 months” box or any of the monthly boxes.

Q-12: What do the codes mean on line 16 of Part II on my Form 1095-C?

A-12: The codes used in line 16 serve two purposes. First, codes 2A – 2D, help the IRS determine whether you could qualify for a premium tax credit if you were to purchase health insurance coverage through the Marketplace. For example, if code 2C is included for any month on line 16, that code indicates you have enrolled in coverage through us. Second, codes 2E – 2I inform the IRS about whether we fall within any of the safe harbors from penalties.

Below is a table explaining the various codes used on line 16 on Form 1095-C. Codes 2F, 2G, and 2H relate to the issue of whether coverage is “affordable”. In order for coverage to be “affordable,” the cost of employee-only coverage (i.e., the coverage for which the cost is included on line 15 unless code 1A is used on line 14 of Form 1095-C) is less than 9.5% of your compensation from us. That “affordability” may be calculated using one of three “safe harbors.” See Q&A-13 for an explanation of the affordability safe harbors. Below is a chart explaining the codes used on line 16. You can also find an explanation of the codes on the back of your Form 1095-C.

| Code | Explanation |
|------|--|
| 2A | This code is used when an employee was not employed on any day of the month. |

| Code | Explanation |
|------|---|
| 2B | This code is used when an employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month. This code is also used when a full-time employee's offer of coverage terminates before the end of the month solely because the employee terminated employment during the month, but coverage would otherwise have extended until the last day of the month. |
| 2C | This code is used when an employee is covered under employer-sponsored coverage for each day of a month. |
| 2D | This code is used when an employee is in a Limited Non-Assessment period. Limited Non-Assessment periods include: (1) January through March of the first year an employer is an applicable large employer; (2) a waiting period under the monthly measurement method ending no later than two full calendar months after the end of the first calendar month the employee is eligible for coverage; (3) a waiting period under the look-back method ending not later than the end of the employee's third full calendar month of employment; (4) an initial and administrative period under the look-back method; (5) a period following a change in status that occurs during an initial measurement period under the look-back method; and (6) the employee's first calendar month of employment. |
| 2E | This code is used for any month in which the multiemployer interim rule relief applies. This code is not applicable to the coverage we provide. |
| 2F | This code is used if affordability for the purposes of Section 4980H was determined by the Form W-2 safe harbor. |
| 2G | This code is used if affordability for the purposes of Section 4980H was determined by the federal poverty line safe harbor. |
| 2H | This code is used if affordability for the purposes of Section 4980H was determined by the rate of pay safe harbor. |
| 2I | This code is used if non-calendar year transitional relief for Section 4980H(b) applies to an employee for the month. |

Q-13: What are the affordability “safe harbor” addressed in code 2G for line 16 of Form 1095-C?

A-13: This affordability “safe harbor” will allow you to easily determine if the cost of your group health plan is affordable.

Federal poverty line safe harbor – Your coverage will be affordable if the cost for employee-only coverage under our lowest cost plan does not exceed 9.5% of a monthly amount determined as the federal poverty line for a single individual in the state in which you reside, divided by 12. The federal poverty line for a single individual in 2015 is \$11,770. 9.5% of \$11,770 divided by 12 is slightly more than \$93. Thus, if the employee cost for employee-only coverage under our lowest cost plan is less than \$93 per month, it is “affordable” under the

federal poverty line safe harbor. We are permitted to use the federal poverty line guidelines in effect six months prior to the beginning of the plan year.

Q-14: Who can I contact for more information or if information on the Forms is incorrect?

A-14: Employees should contact their agency payroll office, or a tax professional for any questions or concerns.

Q-15: If information is incorrectly entered on the Forms, will I receive corrected copies?

A-15: Yes, you will receive a corrected copy if any of the information below is entered incorrectly.

Form 1095-C

- Name, SSN or other TIN, Employer EIN
- Offer of coverage
- Premium amount
- Safe harbor and other relief code