What’s New in ALE Reporting for 2016

Overall

- Reporting Entities
  - Transition relief has expired for employers with between 50 and 99 employees.
  - Transition relief for not offering dependent coverage continues for employer’s with a non-calendar year plan up to the 1st day of their 2016 plan year.

1094-C

- Certifications of Eligibility Transition Relief
  - Box A – No change
  - Box B – Reserved, no longer used
  - Box C – Now applicable to non-calendar year plans only and only until the 1st day of the 2016 plan year
    - A: 50 – 99 relief from penalty if under 100 in 2014 and in general haven’t made material plan changes. Employers have until the beginning of their 2016 plan year to offer affordable, minimum value coverage.
    - B: 100+ but didn’t offer MEC to 95% of all FT employees so employer can reduce penalty impact count by 80 employees. After relief deduction is 30 employees.
  - Box D – No change

- Full Time Employee Count
  - Employers must include full time employees who are “deemed” full time by virtue of being in a stability period, regardless of current full time status

1095-C

- Series 1 Codes
  - 1G – Clarified, this code is only applied to non-employees (terminated, retired, COBRA, surviving spouse) and employees (part time) enrolled in a self-insured plan during the reporting year who were not a full time employee for any one day of the reporting year.
  - 11 – Reserved, no longer used
  - 1J – New, a conditional offer (an offer of coverage that is subject to one or more reasonable objective conditions, for example, an offer to cover an employee’s spouse only if the spouse is not eligible for coverage under his or her own employer’s plan) of spouse coverage and no dependent coverage offered
  - 1K – New, a conditional offer of spouse coverage and dependent MEC coverage offered

- Multi-Employer Plans
  - Transition relief extended through 2016
  - Employers do not have to report benefit offer or enrollment information for union employees covered by a multi-employer plan. Employers must still provide a 1095-C to full time employees, however the form is coded a “no offer.”

- Affordability Percentage (Applies to plans beginning on or after)
  - 2014 = 9.5%
  - 2015 = 9.56%
  - 2016 = 9.66% (approximately $95.63)
  - 2017 = 9.69%
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- **Affordability Calculation**
  - Conditional (an offer made only to employees who show proof of enrollment in other coverage, such as a spouse’s employer plan) opt-out dollars are not added to the cost of affordable coverage.
    - New conditional opt-out provisions take affect for plan years beginning on or after 1/1/17.
  - Unconditional opt-out dollars must be added to the cost of affordable coverage
    - There is transition relief up to the 1st day of the plan year for an employer who has a non-calendar year plan that was adopted and in effect prior to 12/16/15, however, this expires at the end of the 2016 plan year.
  - Unconditional cafeteria plan flex credits are not added to the cost of coverage

- **Plan Start Month**
  - Remains optional for 2016

- **Plans**
  - HRA participation must be reported as coverage unless it is integrated with the employer medical plan (i.e. must be enrolled in employer medical plan to qualify for the HRA)

- **COBRA Coverage Coding**
  - Termination as a qualifying event is treated as no offer of coverage, regardless of COBRA offer or COBRA enrollment. This is true for all post-employment coverage.
  - Reduction in hours as a qualifying event is treated as an offer of coverage for the individuals covered under the plan on the day of the event. The coverage tier and the cost for employee only coverage must be recorded on the 1095-C.

- **Deadlines**
  - No overall automatic extensions for 2016 reporting.
  - 1095-C (Employee Statements)
    - Due by 1/31/17
    - 30 day extension may be permitted by filing an extension letter prior to the deadline, but there are no guarantee of approval
  - 1094-C (IRS Transmittal)
    - Due by 2/28/17 for paper submissions (under 250 1095-Cs)
    - Due by 3/31/17 for electronic submissions (250 or more 1095-Cs)
    - 30 day extension is automatically granted by filing Form 8809

- **Corrections**
  - TIN/SSN Errors
    - Employee – Must ask at time of hire, recommendation is must view Social Security Card
    - Dependents – Must complete 3 solicitation letter process

- **Penalties**
  - No more relief for “good faith effort”
  - Penalties may only be waived for willful neglect
  - Penalty is always assessed against the employer, regardless of 3rd party services