



Compliance Alert: ACA Form 1095 2023 Coverage Reports

TO: Our Valued Clients
FROM: Health Plans, Inc.
DATE: December 22, 2023
RE: Compliance Alert: ACA Form 1095 2023 Coverage Reports

To help clients meet their ACA information reporting obligations¹, HPI will again distribute ACA Form 1095 Coverage Reports (1095 Coverage Reports) to the clients whose plans we administered in 2023. The 2023 Coverage Reports will be emailed to client contacts identified as having authority to access Protected Health Information (PHI) by December 30, 2023.

All enrollment changes submitted to HPI by December 15, 2023 will be reflected in the reports.

The data will help employers to complete Forms 1095-C (for Applicable Large Employers) and Form 1095-B (for small employers).²

The purpose of the Forms 1095 is to provide the IRS with the information it needs to determine whether an employer has met the requirements of the employer mandate or may be subject to an ACA penalty. Please note that while the penalty to individuals for failing to have coverage is currently \$0, the IRS continues to enforce the employer mandate portion of the law, and requires that employers providing coverage submit Forms 1094 (the transmittal form) and 1095 to the IRS per the schedule reflected in the box at the right.

Reduced Electronic Filing Threshold

Beginning in 2024 (for the 2023 filings), taxpayers who file 10 or more information returns in total must file electronically. Previously, electronic filing was required for filing more than 250 forms.

In addition, the IRS continues to require that covered individuals have access to Forms 1095 B or C as applicable; however, employers using the B version have two options regarding distribution to employees and other covered individuals, as detailed on page 2 of this *Alert*, *Who Gets Form 1095*.

The 1095 Coverage Reports will include how many days employees and dependents were covered during each month that HPI administered your plan during 2023.

Employers will need to obtain other required information from their personnel and payroll records, such as whether or not (and why) an employee was offered coverage, and the employee cost of self-only coverage.

Forms 1095 must be distributed to employees by March 1, 2024. Forms 1094 and 1095 are due to the IRS by February 28, 2024, if filing by mail and March 31, 2024, if filing electronically. Starting in 2024, for the 2023 filings, filers with ten or more returns in total must file Forms 1094-B, 1095-B, 1094-C, and 1095-C electronically. The penalty for failing to file electronically is \$310 per return, with a maximum of \$3,783,000 for filers with more than ten returns.

¹ (see June 1, 2015 [Compliance Bulletin](#))

² Applicable Large Employers (ALEs) are employers which averaged 50 or more full time employees and full-time equivalents during the previous calendar year. All other employers are small employers.

Content of the HPI 1095 Coverage Reports

The reports will list each individual covered under plans administered by HPI at any time during 2023 and will include the following data to help complete the Forms 1095:

For Parts I and III, Form 1095-C:

Part I – Items 1 through 6 (covered employee name, address, SSN/ITIN or DOB)

Part III – Items a through e (covered employee and dependent names, SSNs or DOBs, and days covered each month)

For Parts I and IV, Form 1095-B:

Part I – Items 1 through 7 (covered employee name, address, SSN/ITIN (if available) or DOB)

Part IV – Items a through e (covered employee and dependent names, SSNs/ITINs or DOBs, and days covered each month)

A sample 1095 Coverage Report is attached to this *Alert*, and includes a key to each data element. Clients will also be able to sort data by department and identify whether each individual's coverage is linked to active employment or some other status such as COBRA or retirement.

The 1095 Coverage Reports clients receive will include any SSNs or ITINs (Individual Taxpayer Identification Numbers) that have been supplied to HPI by our clients or covered members.

Under the ACA rules for reporting offers of health coverage to employees and dependents, if any dependent SSNs/ITINs are missing, the date of birth must be used to help the IRS confirm identity.

Who gets Form 1095?

ALEs use Form 1095-C (1094-C for transmittal to the IRS) and small employers use Form 1095-B (1094-B for transmittal to the IRS).

ALEs offering self-funded plans must issue Forms 1095-C to all:

- Employees who were full-time at any time during 2023, regardless of whether they were enrolled in coverage
- Other covered individuals (e.g., part-time employees, retirees, COBRA enrollees) who were enrolled in coverage at any time during 2023

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Small employers offering self-funded plans must issue Forms 1095-B to covered individuals using one of the following methods:

1. To all employees or other individuals (e.g., part-time employees, COBRA enrollees, retirees) who were enrolled in coverage at any time during 2023, or
2. Only to those who request the form if the following conditions are met:
 - a. The employer posts a notice prominently on its website stating that individuals may receive a copy of their 2023 Form 1095-B upon request, and includes:
 - Email and physical addresses to which a request may be sent
 - A phone number for contacting the employer with questions
 - b. The employer furnishes a 2023 Form 1095-B to individuals within 30 days of the date the request is received.

Please keep in mind, employers eligible to use Form 1095-B are still required to submit Forms 1094-B and 1095-B for every covered individual to the IRS on the applicable deadlines shown on page 1 of this *Alert*.

If you have any questions about these reporting requirements or the 1095 Coverage Report that we will send this month, please contact your HPI Account Manager.

The information in this Compliance Alert is intended to provide a summary of our understanding of recent regulatory developments which may affect our clients' plans. It should not be construed as specific legal advice or legal opinion.