

Health Care Reform Update

Texas Association of County Auditors

On the Road Area Training

January 16, 2015

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April 14, 2014 CBO released estimate of effects of Insurance Coverage provisions of Affordable Care Act

- 2014 cost estimate \$36 billion, down \$5 billion from estimate 3 months ago
- 2015 to 2024 cost estimate \$ 1,383 billion, down \$104 billion estimate 3 months ago

Components of the 2015 – 2024 cost estimates

- \$1,839 billion for premium tax credits, cost sharing reduction, Medicaid (expansion), CHIP and small employer tax credits

Less

- \$456 billion from penalties, Cadillac tax, and effects on tax revenues of projected changes in employer coverage

CBO has stopped estimating effect of Affordable Care Act on federal budget deficit (says it's no longer possible)

Last estimate in 2012 was that from 2013 to 2022 the Act would reduce deficit by \$109 billion

CBO also projecting that Medicare spending will go down

- CBO projections that 12 million more non-elderly would receive coverage in 2014 from all sources with percentage of Americans with coverage increasing from 80 to 84 %
- By 2017, CBO expects 26 million more to receive coverage, with total coverage to 89 %
- Insurance companies will pay estimated \$330 million in premium rebates this summer

Gallup Poll July 10, 2014

WASHINGTON, D.C. -- The uninsured rate in the U.S. fell 2.2 percentage points to 13.4% in the second quarter of 2014.

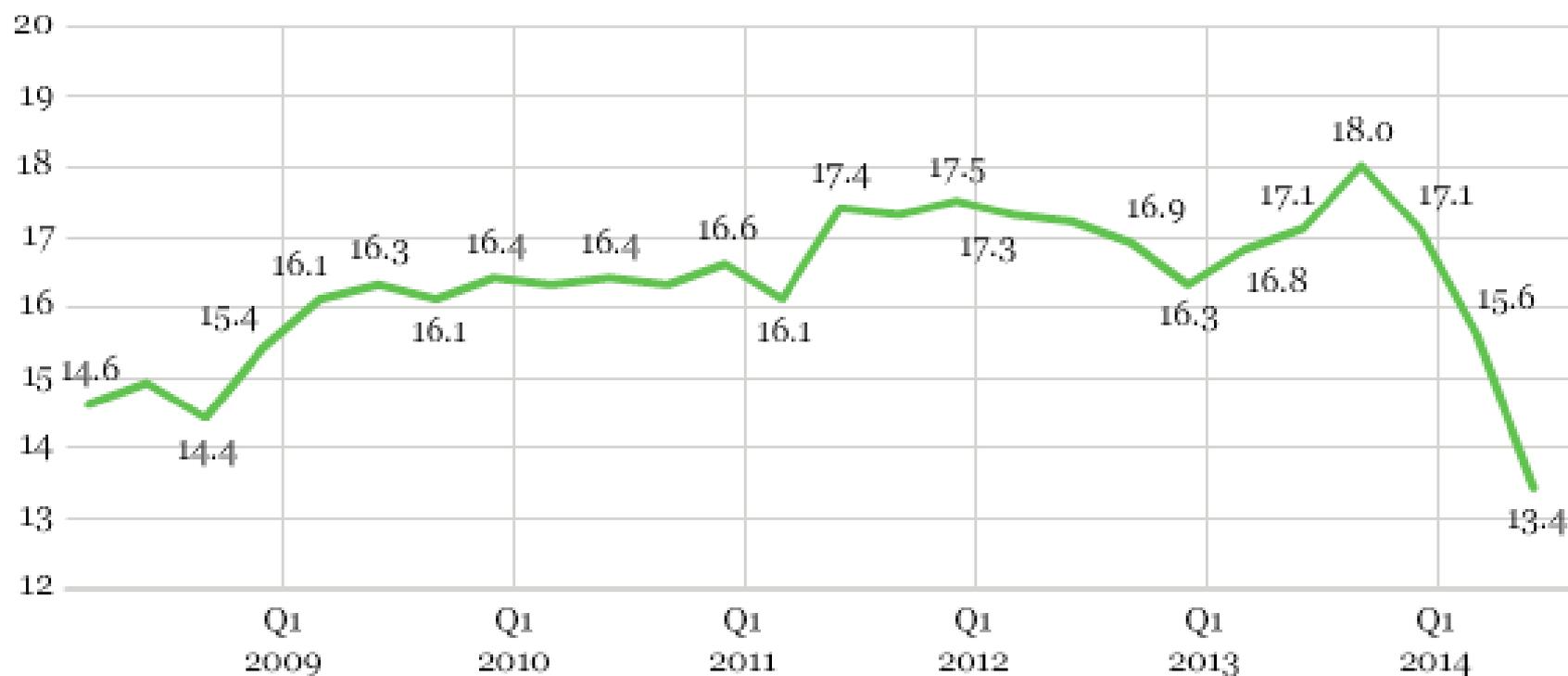
Lowest quarterly average recorded since Gallup and Healthways began tracking the percentage of uninsured Americans in 2008. The previous low point was 14.4% in the third quarter of 2008.

Percentage Uninsured in the U.S., by Quarter

Do you have health insurance coverage?

Among adults aged 18 and older

■ % Uninsured



Quarter 1 2008-Quarter 2 2014

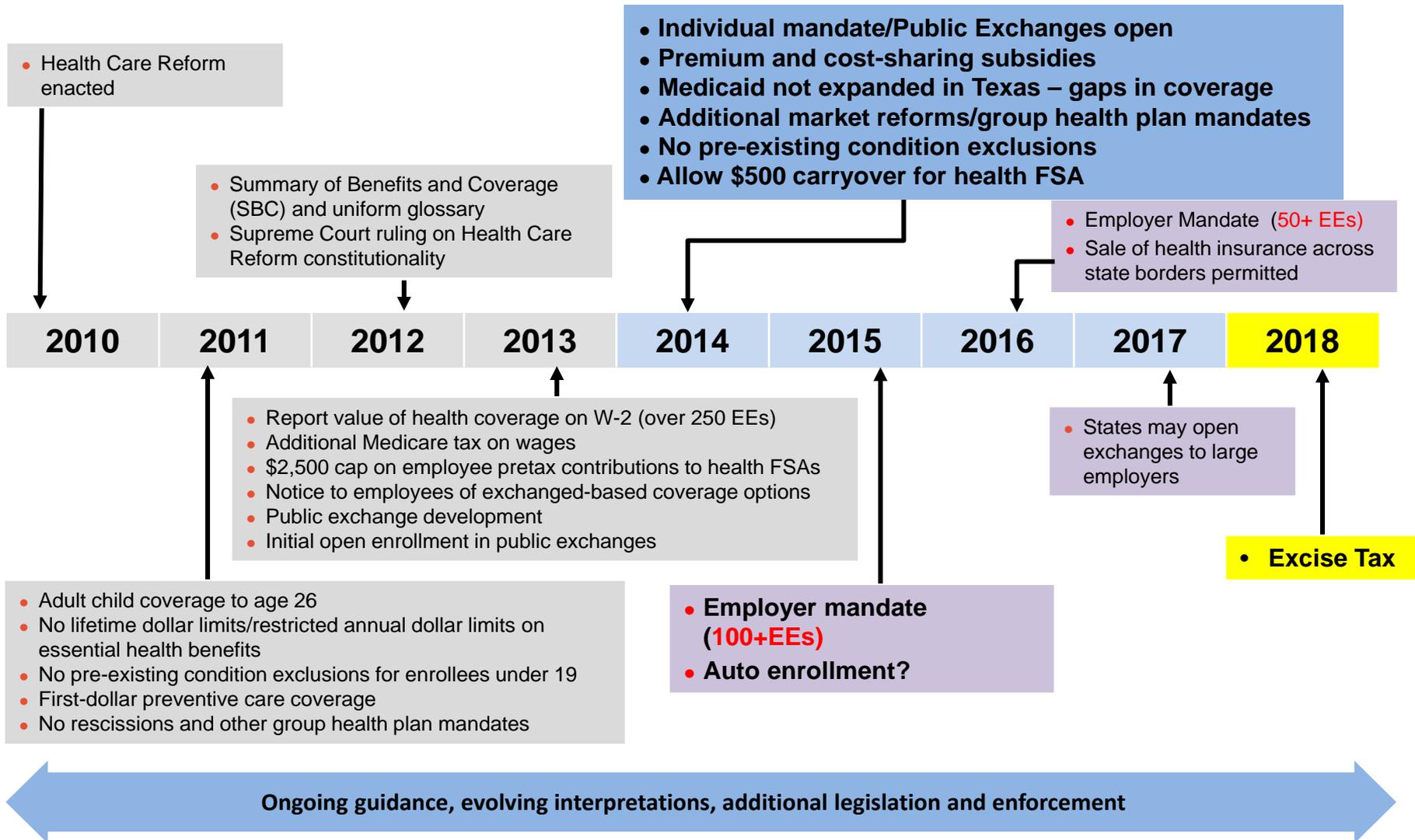
Gallup-Healthways Well-Being Index

GALLUP®

- Administration announced 8.1 million signed up on public exchanges by end of 2014 enrollment period
- CBO estimates 6 million will actually pay in 2014; 13 million by 2015
- Estimated premium on exchange (second lowest cost silver plan):
 - \$3800 /year in 2014 or \$316/month
 - \$3900 /year in 2015 or \$325 /month
 - \$4400 /year in 2015 or \$366 /month

- In the 36 states with federally managed exchanges, 28% are between 18 and 34 years old
- Hopefully will be enough to avoid premium death spiral

Health care reform: high-level timeline



Grandfathered vs. Non-Grandfathered

Grandfathered Plans

- Plans in place when Affordable Care Act passed
- Not subject to many of the coverage mandates

Non-grandfathered Plans

- Plans established after passage of ACA
- Plans that lost grandfather status

What causes loss of grandfathered status?

- Any increase in employee portion of coinsurance
- Increase in deductible or out of pocket maximum by an amount that exceeds medical inflation (increase since March 2010 of the medical care component of Consumer Price Index) plus 15 percentage points
- Increase in copays greater than \$5 or medical inflation plus 15 percentage points

What causes loss of grandfathered status ?

- Decrease in employer contribution for any tier of coverage (employee only; employee and 1 child; employee and family etc.) by more than 5 percentage points
- Elimination of benefits to diagnose or treat a particular condition
- Adding new overall annual dollar limit or decreasing the annual dollar limit in effect on the date the Affordable Care Act became law

Non-grandfathered plans must cover Essential Health Benefits

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment (note Mental Health Parity and Addiction Equity Act provided for parity *if* mental health services covered)

Non-grandfathered plans must cover Essential Health Benefits

- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care

What is the effect of being non-grandfathered?

Non-grandfathered plans must:

- Provide in-network coverage for mandated preventive care services and immunizations at no cost (no copays, no deductibles, no coinsurance)
- Free preventive screenings for: colorectal cancer (colonoscopy); cervical cancer; osteoporosis; cholesterol; high blood pressure; diabetes; sexually transmitted diseases; depression; obesity; tobacco use

What is the effect of being non-grandfathered?

Non-grandfathered plans must provide additional preventive services for women:

- Well-woman visits
- Contraceptive methods
- HIV and HPV testing
- Screening and counseling for interpersonal and domestic violence (NFL)
- Screening for gestational diabetes
- Breast feeding support, supplies (including equipment rental or purchase), and counseling

What is the effect of being non-grandfathered?

- Most plans required to adopt a comprehensive and unified (medical and Rx) out-of-pocket maximum
- Cost sharing (deductibles, copays, coinsurance) cannot exceed \$6350 per individual, \$12,700 per family in 2014. These numbers will be indexed to inflation

Why stay grandfathered?

Avoid many of the mandates listed previously,
thus don't have those increased costs

Why lose grandfathered status?

More flexibility to change plan design and try to
affect cost

Medicaid gap

- Affordable Care Act mandated that states expand eligibility to 138% of Federal Poverty Level (FPL). Federal government would have funded 100% of the expansion (down to 90% by 2020)
- Supreme Court struck down the Medicaid expansion mandate. 23 states decided not to expand
- In order to get subsidies for purchasing coverage on public exchanges an individual must earn at least 138% of the FPL (assumption was that people earning below FPL would be covered by Medicaid)

Medicaid gap

- Gap occurs when an individual makes too much to qualify for Medicaid, but less than 138% of FPL, and so cannot get subsidies on public exchange
- Gap results in 27% of uninsured adults in Texas having no coverage options under Affordable Care Act (includes 91% of uninsured adults whose incomes are below the FPL)

- Estimated that the 23 non-Medicaid expansion states will pay \$152 billion over next 8 years to extend Medicaid in the other states and will receive nothing in return
- \$88 billion would be paid by just 5 states: Texas, Florida, North Carolina, Georgia and Virginia
- If the non-expansion states reversed course and expanded Medicaid, they would still pay the \$152 billion, but would split nearly \$386 billion in federal Medicaid funding between 2013 and 2022

- The funding in dispute would cover 100% of medical costs for newly eligible Medicaid enrollees for 2014-2016; phase down to 90% by 2020
- Proponents argue the expansion would serve as an economic stimulus: hospitals, doctors and pharmacies would hire more, keep longer hours, raise wages

- Opponents doubt the federal government's ability to fund the expansion at 90% for the long term
- They worry that states cannot afford the increased Medicaid costs that come with expansion
- Another criticism is that expansion encourages dependency on government by providing free or low-cost coverage for some while requiring those with higher incomes to pay full price

- Argument that pursuing expansion based on potential loss of funding assumes federal funds come from nowhere. Should be thought of as a redistribution. Thus, non-expansion states are serving the fiscal interests of the nation by helping to reduce federal spending
- Estimate that expanding Medicaid would cost the 23 states to increase their budgets by \$28.8 billion between 2013 and 2022.

- Others counter that in Alabama and Mississippi, for example, revenue gains would exceed the cost of expansion by \$935 million and \$848 million, respectively
- 9 states with a Republican governor have accepted Medicaid expansion. Pennsylvania, Arkansas and Iowa got federal approval to bypass Medicaid and use the federal funding to help low income residents buy private coverage
- Indiana and Utah, also with Republican governors, are working with the administration to enact their own versions of Medicaid expansion

Number of people in your household

		1	2	3	4	5	6
Private Marketplace health plans	You may qualify for lower premiums on a Marketplace insurance plan if your yearly income is between... <i>See next row if your income is at the lower end of this range.</i>	\$11,490 - \$45,960	\$15,510 - \$62,040	\$19,530 - \$78,120	\$23,550 - \$94,200	\$27,570 - \$110,280	\$31,590 - \$126,360
	You may qualify for lower premiums AND lower out-of-pocket costs for Marketplace insurance if your yearly income is between...	\$11,490 - \$28,725	\$15,510 - \$38,775	\$19,530 - \$48,825	\$23,550 - \$58,875	\$27,570 - \$68,925	\$31,590 - \$78,975
Medicaid coverage	If your state is expanding Medicaid in 2014: You may qualify for Medicaid coverage if your yearly income is below...	\$16,105	\$21,707	\$27,310	\$32,913	\$38,516	\$44,119
	If your state isn't expanding Medicaid: You may not qualify for any Marketplace savings programs if your yearly income is below...	\$11,490	\$15,510	\$19,530	\$23,550	\$27,570	\$31,590



August 13, 2014

The Honorable Charles Schwertner
Chair, Senate Health and Human Services Committee

Re: Increasing Access to Healthcare Coverage

Dear Chairman Schwertner:

All Texas counties have an interest in providing for the medical needs of the poor. Under the Indigent and Health Care Treatment Act of 1985, counties lacking a hospital district or public hospital have a duty to provide healthcare for indigent residents, and are required to spend up to 8 percent of the county's general tax levy for this service.

Public hospitals and hospital districts, like those found in the highly-populated urban counties

- More than 1.9 million Texans between ages 18 -64 uninsured with incomes between 0 – 138% of federal poverty level (FPL)
- Of these, nearly 1.3 million with incomes below 100% of FPL, thus are ineligible for subsidies of federal health insurance exchange
- Public and private providers in Texas spend over \$4 billion every year on uncompensated care

- Texas has highest uninsured rate in the nation. More than 6 million, nearly 25% of population is uninsured
- Texas allows parents on Medicaid with income up to 19% of federal poverty Level (FPL), \$3,737 a year for family of 3
- Other states that chose not to expand Medicaid median eligibility is 47% of FPL, \$9,400 a year for family of 3
- Texas has greatest number of poor uninsured adults who will fall in Medicaid gap

- For family of 3, Medicaid gap occurs if family makes more than \$3,737 per year and less than \$19,530.
- TX Senate Health and Human Services Committee met 8/14/14 to address what alternatives might be available to provide health services to the 1.9 million Texans affected by the gap

Suggestions at committee hearing included:

- Expanding the Health Insurance Premium Payment Program (HIPP). HIPP directs Medicaid \$\$ to pay for employer provided coverage. But that program requires eligibility for Medicaid

Suggestions at committee hearing included:

- Using federal waivers to expand Medicaid managed care networks (private providers who negotiate with the state for services and fees)
- Executive Director of the state HHSC said it's difficult to create a strategy until they know what the federal officials are going to agree to

Suggestions at committee hearing included:

- ED also said:

- patients would pay some amount of copay
- any expansion would focus on complementing private insurance rather than beefing up public programs

- **Increased costs will likely be shared with local governments**



The employer pay-or-play mandate:



No Employer Plan (“Pay”)

- Employer Shared Responsibility (ESR) payment of $\$2,000^* \times$ total number of full time employees
- **2015:** Penalty (ESR) is triggered if an employer with 100 or more full time equivalent employees offers coverage to less than 70% of its full-time employees, and any employee receives subsidized coverage through Marketplace
- **2016:** Penalty (ESR) is triggered if an employer with 50 or more full time equivalent employees offers coverage to less than 95% of its full-time employees, and any employee receives subsidized coverage through Marketplace
 - Full Time employee for penalty calculation is defined as an employee who works 30 or more hours per week on average
 - *ESR amounts will increase annually based on a statutory inflation adjustment

Employer Offers Coverage (“Play”)

- Employer plan pays less than 60% of covered costs (“minimum value test”)
- OR**
- Employee contributions for self-only coverage exceed 9.5% of W-2 Box 1 or household income (“affordability test”)
- AND**
- Employee household income between 133% and 400% of federal poverty level
- THEN**
- **Pay lesser of**
 - \$3,000 for each FTE that receives a premium subsidy for a Marketplace plan, or
 - $\$2,000 \times$ total number of full time employees

Health Care Reform Fees For Employers

Transitional Reinsurance	<ul style="list-style-type: none">• 2014: the proposed national per capita contribution rate will be \$63 per covered life per year (TAC paid \$1,752,975 on behalf of pool members.)• 2015: reduce 2014 rate by about 1/3• 2016: reduce 2014 rate by about 1/2• Program ends in 2016
Patient-Centered Outcomes Research (PCORI) Fee	<ul style="list-style-type: none">• 2012: \$1 per member per year• 2013: \$2 per member per year• 2014: For policy and plan years beginning on or after Oct. 1, 2014, and before Oct. 1, 2019, the applicable dollar amount is further adjusted to reflect inflation in National Health Expenditures, as determined by the Secretary of Health and Human Services.

Management of the excise tax requires a sustainable solution

2018

40% Excise Tax Cap Ceiling

Plan value needs to be low enough to avoid the excise tax

- 
- Improve health of plan participants
 - Support Wellness Programs
 - Reduce risk factors (prevention, early detection)
 - Manage high-cost claim risk (condition management)
 - Manage cost trend by reducing claims and encouraging employees to make wise healthcare choices

Plan costs need to be minimized, while still attracting and retaining employees

2014

Minimum plan of 60% actuarial value and affordable to employees

Plan design needs to be high enough to avoid penalties



TEXAS ASSOCIATION *of* COUNTIES

HEALTH AND EMPLOYEE BENEFITS POOL

AGENDA / KEY POINTS

- ACA** reporting overview
- Why** reports are required
- Which** employers must report
- Who** files each form
- When** are the forms due
- Sample** forms
- How** to calculate FTE counts
- Solution** for TAC HEBP Groups
- Questions ?**

New IRS Reporting Requirements

IRS Code Section: 6055

“B” Forms:

1094-B and 1095-B or
1095-C Part III if large employer
offers a self-insured health plan

Filed By:
Plan Sponsor

Provided to:
All insured employees
and IRS

Note: “A” Forms will be issued by the Public Exchange for anyone who purchased coverage there

IRS Code Section: 6056

“C” Forms:

1094-C *and*
1095-C Parts I and II

Filed By:
Employer

(if 50+ full-time employees, including FTEs)

Provided to:
All employees who were full-time
during any month in 2015
and IRS



Why This Reporting Is Required

The IRS will use section 6055/6056 reporting to:

- 1** Determine whether individuals are subject to fines under the individual mandate

Individuals must have Minimum Essential Coverage* (MEC) for themselves and dependents or pay a penalty under the Individual Mandate, generally:

- Greater of 1% of income[^] or \$95/individual for 2014 (capped at \$285 per family)
- Greater of 2% of income[^] or \$325 for 2015 (capped at \$975 per family)
- Greater of 2.5% of income[^] or \$695 for 2016 (capped at \$2,085 per family)

** Minimum essential coverage (MEC) is defined to include most group health plans offered by an employer, or health coverage provided by the government. All TAC HEBP plans provide MEC.*

[^] Income above the tax return filing threshold

Why This Reporting Is Required

The IRS will use section 6055/6056 reporting to:

2 Determine whether individuals are eligible for **federal subsidy**
(‘Advance Premium Tax Credit’)

- Premium assistance (“subsidy”) is available in the form of a tax credit for people with incomes above Medicaid eligibility and below 400 percent of poverty level who are not eligible for or offered certain other coverage.
- The amount of assistance is based on household size, income, and location. The premium payment is usually split between the insured individual and the federal government. The subsidy can be paid in advance to use monthly toward premiums, or taken as a tax credit when filing the annual income tax return.

Why This Reporting Is Required

The IRS will use section 6055/6056 reporting to:

- 3** Determine whether employers are subject to penalties under the employer mandate

Employers must offer MEC to 70% of full-time employees (30+ hours/week) and their dependents in 2015 or pay a penalty. Increases to 95% in 2016.

- Employers who fail to offer coverage to 70% of FTEs are subject to a fine of \$2,000/year for each full-time employee, excluding the first 80 employees (this exclusion drops to 30 employees in 2016).
- Employers who offer coverage, but have employees who receive a subsidy or tax credit because the coverage offered was not affordable or did not provide minimum value, are subject to an annual penalty of \$3,000/employee receiving a tax credit, capped at \$2,000 x the number of full-time employees.

Which Employers Must Report

For ACA purposes, employers must do **2 separate calculations** regarding their employees:

- 1** Determine whether a part-time, variable-hour, or seasonal employee must be offered health benefits:

Must offer coverage if the employee works an average of 30 or more hours per week over the Measurement Period

- 2** Determine whether the employer is considered an “Applicable Large Employer” (ALE):

50 or more full-time employees including FTEs
(must include part-time hours in calculation)

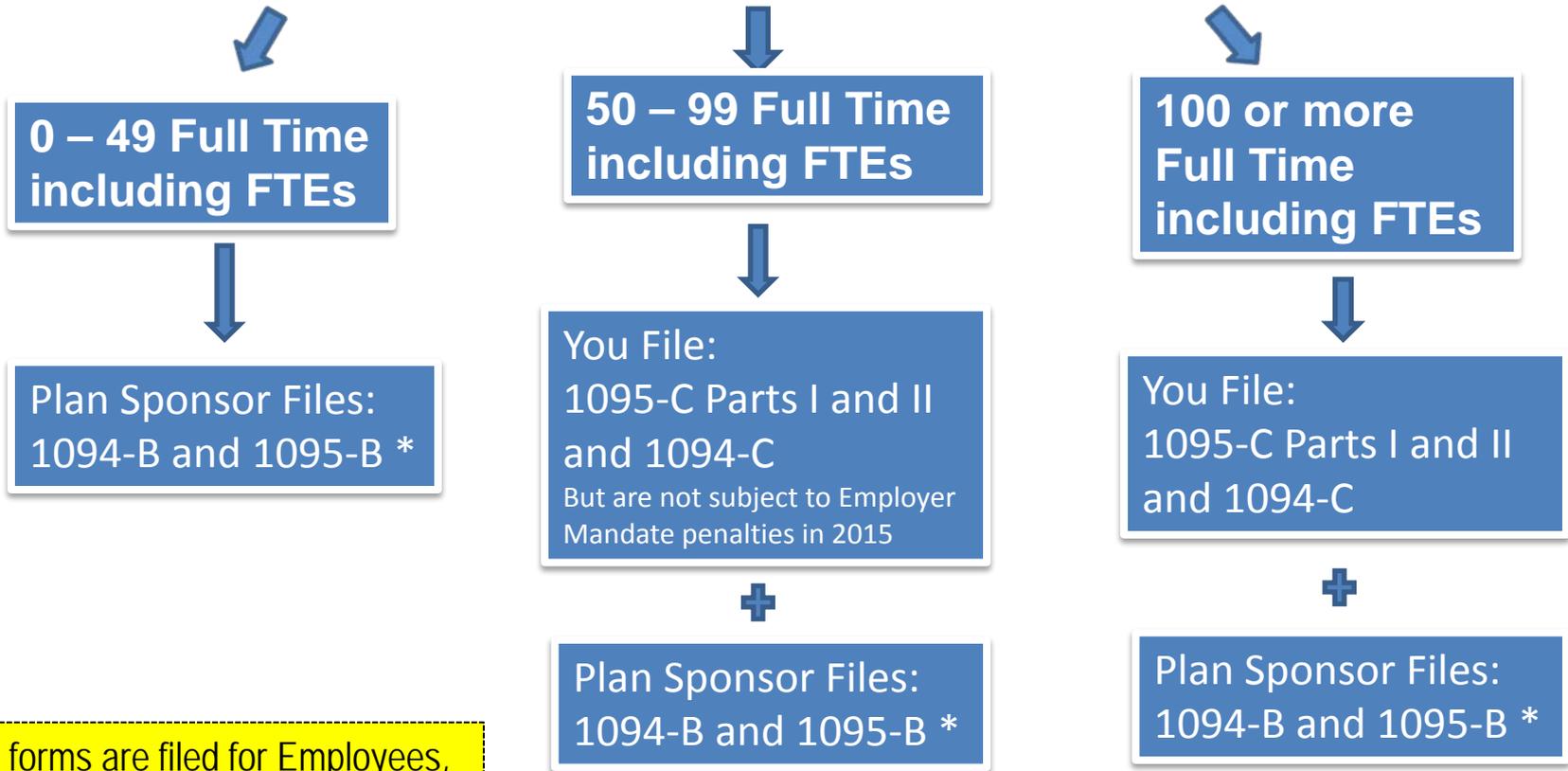
ALEs* must report to IRS under Sections 6055/6056

**and employers who provide health benefits under a self-insured plan, regardless of size*



Who Files Reports – Fully Insured / Pooled Groups

Fully Insured Groups



* "B" forms are filed for Employees, COBRA participants, and Retirees who were on the group health plan



Who Files Reports – Self-Insured Groups

SELF-INSURED HEALTH PLAN (ASO Group)

0 – 49 Full Time
including FTEs

You File:
1094-B and 1095-B
for Employees,
Retirees, and
COBRA participants

50 – 99 Full Time
including FTEs

You File: 1095-C All Parts
and 1094-C
For Full-Time Employees and
Part-Time Employees enrolled in
the plan
But you are not subject to Employer
Mandate penalties in 2015

You File:
1094-B and 1095-B
For Retirees and
COBRA participants*

100 or more Full Time
including FTEs

You File: 1095-C All Parts
and 1094-C
For Full-Time Employees and
Part-Time Employees enrolled in
the plan

You File:
1094-B and 1095-B
For Retirees and
COBRA participants*

* For years that Retiree or COBRA
participant was not an employee



Key Reporting Dates

January 2015

Employer shared responsibility requirement begins for employers with 100+ FTEs

January-December 2015



information for this period will be reported in 2016

Employers must be prepared to report which months health coverage was offered for all full-time employees. If coverage was not offered, a reason must be provided for each month employee was a full-time employee. Remember that "full-time" is defined as working 30 or more hours per week on average over your standard measurement period.

By January 31, 2016

Distribute information forms to employees:
County provides form 1095-C and
if Fully Insured, Plan Sponsor provides form 1095-B



By February 29, 2016 * (because Feb 28 is a Sunday)

Submit transmittal forms and copies of employee information forms to IRS:
County files form 1094-C and
if Fully Insured, Plan Sponsor files form 1094-B

** Employers with over 250 returns must file electronically by March 31, 2016*



Form 1095-B (Health Coverage statement for members)

Form **1095-B**

Department of the Treasury
Internal Revenue Service

► Information about Form 1095-B and its separate instructions is at www.irs.gov/form1095b.

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OMB No. 1545-2252

2014

Part I Responsible Individual (Policy Holder)

1 Name of responsible individual		2 Social security number (SSN)	3 Date of birth (If SSN is not available)
4 Street address (including apartment no.)	5 City or town	6 State or province	7 Country and ZIP or foreign postal code
8 Enter letter identifying Origin of the Policy (see instructions for codes): ► <input type="checkbox"/>		9 Small Business Health Options Program (SHOP) Marketplace identifier, if applicable	

Part II Employer Sponsored Coverage (If Line 8 is A or B, complete this part.)

10 Employer name			11 Employer identification number (EIN)
12 Street address (including room or suite no.)	13 City or town	14 State or province	15 Country and ZIP or foreign postal code

Part III Issuer or Other Coverage Provider

16 Name		17 Employer identification number (EIN)	18 Contact telephone number
19 Street address (including room or suite no.)	20 City or town	21 State or province	22 Country and ZIP or foreign postal code

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			<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"/>	<input type="checkbox"/>
24			<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"/>	<input type="checkbox"/>

- **Plan Sponsor will file for Fully Insured groups.**
- Self-insured groups with less than 50 employees must file.
- Self-insured groups who provide coverage for Retirees and COBRA participants must file for years Retiree/COBRA participant was not an employee.



TEXAS ASSOCIATION of COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL

Form 1094-B (for 1095-B Transmittal to IRS)

Form 1094-B Department of the Treasury Internal Revenue Service		Transmittal of Health Coverage Information Returns ▶ Information about Form 1094-B and its separate instructions is at www.irs.gov/form1094b .		1115 OMB No. XXXX-XXX 2014
1 Filer's name				For Official Use Only 
3 Name of person to contact		4 Contact telephone number		
5 Street address (including room or suite no.)				
7 State or province				
9 Total number of Forms 1095-B submitted with this transmittal				
Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct and complete.				
Signature		Title		Date
For Paperwork Reduction Act Notice, see separate instructions.			Cat. No. 61570P	Form 1094-B (2014)

- **Plan Sponsor will file for Fully Insured groups.**
- Self-insured groups with less than 50 employees must file.
- Self-insured groups who provide coverage for Retirees and COBRA participants must file for years Retiree/COBRA participant was not an employee.

Form 1095-C (Employee information statement)

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.

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600115
OMB No. 1545-2251

2014

Part I Employee

Applicable Large Employer Member (Employer)

1 Name of employee		2 Social security number (SSN)		7 Name of employer			8 Employer identification number (EIN)		
3 Street address (including apartment no.)				9 Street address (including room or suite no.)			10 Contact telephone number		
4 City or town	5 State or province	6 Country and ZIP or foreign postal code		11 City or town	12 State or province	13 Country and ZIP or foreign postal code			

Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

(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			<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"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<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"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<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"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<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"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<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"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<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"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60705M

Form **1095-C** (2014)

Form 1095-C – Parts I and II

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.

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OMB No. 1545-2251

2014

Part I Employee

1 Name of employee		2 Social security number (SSN)		7 Name of employer		8 Employer identification number (EIN)	
3 Street address (including apartment no.)				9 Street address (including room or suite no.)		10 Contact telephone number	
4 City or town	5 State or province	6 Country and ZIP or foreign postal code		11 City or town	12 State or province	13 Country and ZIP or foreign postal code	

Applicable Large Employer Member (Employer)

Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Employers with 50 or more Full-Time and Full-Time Equivalent employees (as defined by ACA) must complete Part I and Part II. These forms must be provided to employees by January 31 and sent to IRS with transmittal form 1094-C by February 29, 2016. Employers with 250 or more reports must transmit electronically by March 31.



TEXAS ASSOCIATION of COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL

1095-C, Part II: Line 14 Codes Summary

Line 14 “Offer of Coverage” Codes

[E=Employee S=Spouse D=Dependent] [HI=Household Income] [MV=Minimum Value] [MEC=Minimum Essential Coverage]

1A: MV MEC to FT employee affordable based on 9.5% of FPL plus MEC to S and Ds	<p><i>Subsection (b) penalty:</i> Precluded by this offer. Line 15 must be left blank if 1A is used.</p> <p><i>Tax Credit:</i> Individual with HI less than FPL is not eligible.</p> <p><i>Note:</i> If offered for all 12 months, this code also allows alternative furnishing method for statement to employee. In line 16, if employee enrolls, enter 2C. If not, 2G (apparently).</p>
1B: MV MEC to E only	<p><i>Subsection (b) penalty:</i> Applies if this employee gets tax credit unless (1) line 15\$ amount is affordable based on HI or (2) codes 2B, 2C (preventing credit), 2D, 2F-H, or 2I in line 16.</p> <p><i>Tax Credit:</i> Only E not eligible if \$ amount in line 15 is affordable based on HI</p>
1C: MV MEC to E and MEC to D children	<p><i>Subsection (b) penalty:</i> Same as above</p> <p><i>Tax credit:</i> E and D children not eligible if \$ amount in line 15 is affordable based on HI</p>
1D: MV MEC to E plus MEC to S and Ds	<p><i>Subsection (b) penalty:</i> Same as above</p> <p><i>Tax credit:</i> E and S not eligible* if \$ amount in line 15 is affordable based on HI (*for months coverage was offered)</p>
1E: MV MEC to E plus MEC to S and Ds	<p><i>Subsection (b) penalty:</i> Same as above</p> <p><i>Tax credit:</i> E, S, and D children not eligible* if \$ amount in line 15 is affordable based on HI (*for months coverage was offered)</p>
1F: Non-MV MEC offered to E; E plus S; or E,S and Ds	<p><i>Subsection (b) penalty:</i> Applies if this employee gets tax credit unless codes 2B, 2C (preventing credit), 2D, or 2I in line 16 (note: 2F–H affordability safe harbor codes would not help)</p> <p><i>Tax credit:</i> E, S, and Ds, as applicable, eligible unless code 2C in line 16 (2C trumps in line 16)</p>
1G: Offer to E who is not FT for any month and who enrolled in Self-Insured Health Plan for any month	<p><i>Subsection (b) penalty:</i> N/A (employee is not FT)</p> <p><i>Tax credit:</i> E (and any enrolled S and Ds) not eligible for any month</p> <p>Notes: Enter this code in “all 12 months” box only, leave lines 15 and 16 blank, but complete Part III (note: only instance where information about a non-FT employee is reported in Part II)</p>
1H: No offer (including offer of non-MEC) or not offered to at least 70% of FT employees (95% in2016)	<p><i>Subsection (a) penalty:</i> Applies if any full-time employee receives a tax credit, unless codes 2B, 2D, or 2I in line 16 (note: 2C and 2F–H, affordability safe harbor codes, will not apply).</p> <p><i>Tax credit:</i> E, S, and Ds would be eligible</p>



1095-C, Part II: Line 16 Codes Summary

Line 16 “Safe Harbor” Codes	
[E=Employee] [MV=Minimum Value] [MEC=Minimum Essential Coverage] [LNP=Limited Non-Assessment Period]	
2A. E not employed in month	<i>Subsection (b) penalty:</i> Inapplicable in any month with this code <i>Note:</i> Not used if E was employed on any day of month, including the month employment terminates.
2B. E not FT employee for month <u>and</u> not enrolled in MEC	<i>Subsection (b) penalty:</i> Inapplicable for any month E is not FT <i>Notes:</i> If E enrolled for any month, use 2C instead. If E is in Initial Measurement Period, use 2D instead. If E is not FT for any month and enrolls in coverage for any month, leave blank and use 1G in line 14. E who is neither FT nor enrolled for any month in reporting period will not be included on any report.
2C. E enrolled in MEC	<i>Subsection (b) penalty:</i> Inapplicable for any month E enrolled (tax credit not possible) <i>Important note:</i> 2C trumps all other codes!
2D. E in LNP (6 LNPs)	<i>Subsection (b) penalty:</i> Inapplicable for any month E is in LNP <i>Note:</i> If 2E applies, use that instead.
2E. Multiemployer relief	<i>Subsection (b) penalty:</i> Inapplicable for any month this code applies to E <i>Note:</i> Do not use codes 2F–H, even if they may also apply.
2F. Form W-2 safe harbor	<i>Subsection (b) penalty:</i> Inapplicable if MV offered to E (codes 1B–E entered on line 14) <i>Notes:</i> Must be used for all months of year E is offered coverage. Not used if 2C or 2E apply.
2G. Federal Poverty Level safe harbor	<i>Subsection (b) penalty:</i> Inapplicable if MV offered to E (codes 1B–E entered on line 14) <i>Notes:</i> May be used for any applicable month. Not used if 2C or 2E apply.
2H. Rate of pay safe harbor	<i>Subsection (b) penalty:</i> Inapplicable if MV offered to E (codes 1B–E entered on line 14) <i>Notes:</i> May be used for any applicable month. Not used if 2C or 2E apply.
2I. Non-CY transition relief applies to E	<i>Subsection (b) penalty:</i> Inapplicable for months before start of 2015 PY (if certain conditions met)



Form 1095-C - Part III

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.

VOID

CORRECTED

600115
OMB No. 1545-2251

2014

Employers who sponsor a self-insured health plan and have 50 or more full-time employees including FTEs (as defined by ACA) must also complete Part III. This satisfies the requirements for Section 6055. These employers will also need to file Forms 1094-B and 1095-B if they offer coverage to non-employees, such as Retirees or COBRA participants.

Part III Covered Individuals															
If Employer provided self-insured coverage, check the box and enter the information for each covered individual. <input 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			<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"/>	<input type="checkbox"/>
18			<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"/>	<input type="checkbox"/>
19			<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"/>	<input type="checkbox"/>
20			<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"/>	<input type="checkbox"/>
21			<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"/>	<input type="checkbox"/>
22			<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"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.



TEXAS ASSOCIATION of COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL

Form 1094-C page 1 (for 1095-C transmittal to IRS)

Form **1094-C**

Department of the Treasury
Internal Revenue Service

Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

Information about Form 1094-C and its separate instructions is at www.irs.gov/1094c.

CORRECTED

120115

OMB No. 1545-2251

2014

Part I Applicable Large Employer Member (ALE Member)

1 Name of ALE Member (Employer)			
3 Street address (including room or suite no.)			
4 City or town			
7 Name of person to contact			
9 Name of Designated Government Entity (only if applicable)		10 Employer identification number (EIN)	
11 Street address (including room or suite no.)			
12 City or town	13 State or province	14 Country and ZIP or foreign postal code	
15 Name of person to contact		16 Contact telephone number	

For Official Use Only



17 Reserved

18 Total number of Forms 1095-C submitted with this transmittal

Part II ALE Member Information

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member

21 Is ALE Member a member of an Aggregated ALE Group? Yes No

If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

- A. Qualifying Offer Method B. Qualifying Offer Method Transition Relief C. Section 4980H Transition Relief D. 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature _____ Title _____ Date _____

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 61571A

Form **1094-C** (2014)



TEXAS ASSOCIATION OF COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL

Form 1094-C page 2 (Employer transmittal to IRS)

120215

Page 2

Form 1094-C (2014)

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Section 4980H Transition Relief Indicator
		Yes	No				
23	All 12 Months	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
24	Jan	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
25	Feb	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
26	Mar	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
27	Apr	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
28	May	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
29	June	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
30	July	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
31	Aug	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
32	Sept	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
33	Oct	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
34	Nov	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
35	Dec	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	



TEXAS ASSOCIATION of COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL

How to Calculate the number of Full-Time Employees including Full-Time Equivalents (FTEs) for determining “large employer” status

1. Count the number of employees who worked 30 or more hours per week during the month. This will typically be your ‘regular’ full time positions, but will also include seasonal workers.
2. Calculate the total number of hours worked by NON-full time employees (those not included in Step 1). Use a maximum of 120 hours per employee.
3. Divide the result from Step 2 by 120 and round down to nearest whole number. This is your total FTEs for the month.
4. Add the count from Step 1 to the result from Step 3. This is your total full-time employees for the month.
5. Perform steps 1 through 4 for each month of the prior calendar year and divide the total by 12 to determine your full-time employee average for that year.

NOTE: If the sum of full-time employees and FTEs is greater than 50 for 120 days or less during the year, and the employees in excess of 50 who were employed for 120 days or less are seasonal workers, the employer is not an ‘applicable large employer’.

If the result in Step 5 is 50 or greater, the employer is an ‘applicable large employer’ (ALE) for the current calendar year*.

* Beginning in 2016. For 2015, "large employer" status applies when there are 100 or more Full-Time employees including FTEs.

However, employers with 50-99 Full-Time employees including FTEs must submit 6056 reporting for 2015.



TEXAS ASSOCIATION of COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL

The Good News !

TAC HEBP is exploring solutions for a service that will produce your Section 6056 Forms

To participate, your County or District must:

- **Be a member of the TAC Health Employee Benefits Pool or a self-insured Plan Sponsor group**
- **Provide payroll data in specified Excel format at each pay cycle for all employees and any covered dependents**
- **Provide employee hiring and termination data**
- **Verify social security numbers for all employees and covered dependents**



Helpful Links (webinar)

Questions and Answers at IRS Website

Section 6055:

<http://www.irs.gov/uac/Questions-and-Answers-on-Information-Reporting-by-Health-Coverage-Providers-Section-6055>

Section 6056:

<http://www.irs.gov/uac/Questions-and-Answers-on-Reporting-of-Offers-of-Health-Insurance-Coverage-by-Employers-Section-6056>

IRS Forms and Instructions

Form 1094-B: <http://www.irs.gov/pub/irs-dft/f1094b--dft.pdf>

Form 1095-B: <http://www.irs.gov/pub/irs-dft/f1095b--dft.pdf>

Instructions for 1094-B and 1095-B:

<http://www.irs.gov/pub/irs-dft/i109495b--dft.pdf>

Form 1094-C: <http://www.irs.gov/pub/irs-dft/f1094c--dft.pdf>

Form 1095-C: <http://www.irs.gov/pub/irs-dft/f1095c--dft.pdf>

Instructions for 1094-C and 1095-C:

<http://www.irs.gov/pub/irs-dft/i109495c--dft.pdf>

TAC Health Employee Benefits Pool

(512)478-8753 • (800)456-5974

<http://www.county.org/healthbenefitservices>

Helpful Links (PDF)

Questions and Answers at IRS Website

[Section 6055](#)

[Section 6056](#)

IRS Forms

[Form 1094-B](#)

[Form 1094-C](#)

[Form 1095-B](#)

[Form 1095-C](#)

[Form B Instructions](#)

[Form C Instructions](#)

TAC Health Employee Benefits Pool

(512)478-8753 • (800)456-5974

<http://www.county.org/healthbenefitservices>

Excise Tax or “Cadillac Tax” - 2018

In 2018, if the county medical plan’s total cost for employee or family exceeds a certain cost level as determined by the government...

County will be charged a 40% excise tax on amounts over the designated thresholds

Based on current estimates, over 70% of TAC HEBP groups will exceed the cost threshold in 2018 and owe this tax

- 2018 cost threshold: \$10,200 (\$850/month) for employee-only coverage, \$27,500 (\$2,291/month) for family coverage
- Thresholds to be adjusted in 2019 and thereafter