

Frequently Asked Questions and Answers on IRS Form 1095-C

Q1. What is Form 1095-C?

A1: 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, WHOI must offer health insurance coverage to certain eligible employees or they could be required to pay a penalty to the IRS. This is often called the Employer Mandate. In order to determine whether an employer is subject to a penalty under the Employer Mandate, large employers must file a form with the IRS and provide a 1095-C to eligible employees. The IRS will also 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.

Q2: Why am I receiving Form 1095-C?

A2: WHOI must file Forms 1095-C with the IRS to report information about the offers of health coverage made to eligible employees during the previous calendar year and provide copies of Forms 1095-C for those employees. 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 Part III of Form 1095-C 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.

You will receive a copy of Form 1095-C because you were eligible for WHOI medical insurance for all or some months of the prior calendar year or are a former employee who was enrolled in one of our health plan(s) or continues to be enrolled with COBRA coverage. Form 1095-C 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 for at least one day in 2017, Part III of Form 1095-C will show whether you and/or your family complied with the Individual Mandate.

Q-: Why did I not receive a Form 1095-C?

A3: Only employees who are eligible for the WHOI medical insurance Individuals will receive a 1095-C.

Q4: Isn’t my health coverage information already included on my Form W-2 using Box

12, code DD?

A4: 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. Form 1095-C shows information on a monthly basis and includes 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 Form 1095-C.

Q5: When should I receive a copy of my Form?

A5: Generally, copies should be delivered or, if mailed, postmarked by January 31 of the year following the year for which the Forms apply. However, for 2017, the deadline has been extended to March 2, 2018. WHOI will mail your form to your home no later than March 2, 2018.

Q6: Should my eligible spouse/domestic partner or dependents receive their own copies?

A6: Generally, no. However, in some instances, a spouse/domestic partner and/or other dependents may receive their own copy of Form 1095-C if they independently enroll in COBRA coverage and you do not enroll in COBRA coverage (e.g., in the case of a divorce). Once available, you may print additional copies from Employee Online.

Q7: What should I do with my 1095-C?

A7: You should retain your 1095-C for your records. In addition, you or your tax preparer will enter information contained on your 1095-C on your federal income tax return for 2017 to demonstrate that you satisfied the ACA's obligation to have health insurance.

The IRS will also receive copies of your 1095-C so that it can verify the information you report on your federal income tax return about your health coverage for 2017.

Q8: Do I need to have Form 1095-C when I file my taxes?

A8: Since the deadline was extended to March 2, 2018, you most likely will not be in receipt of Form 1095-C when you file your taxes. **It is not necessary for you to wait for receipt of Form 1095-C in order to file your taxes.** The information on Form 1095-C is not required when a tax return is prepared nor is Form 1095-C submitted to the IRS with your tax return; it is to be kept with your tax records.

Q9: On Form 1095-C, how will the IRS know that I enrolled in coverage that fulfills the Individual Mandate and allows me to avoid paying a penalty to the IRS?

A9: 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 the months of enrollment 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). If no SSN is indicated for one of your dependents, please update the information on Employee Online as soon as possible. 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:

Q10: What do the codes mean on line 14 of Part III on my Form 1095-C?

A10: 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% (indexed annually) 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.
1F	This code is used when an employer offers MEC that does not provide minimum value (e.g., a "skinny" plan).

Code	Explanation
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	Reserved.
1J	This code is used when an employer offered MEC providing minimum value to an employee and at least MEC conditionally offered to spouses; and MEC not offered to dependent(s).
1K	This code is used when an employer offered MEC providing minimum value to an employee; at least MEC to dependent(s); and at least MEC conditionally offered to spouses.

Q11: What is the dollar amount on line 15 of Part III on my Form 1095-C?

A11: 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. For example, you may be enrolled in the Advantage Blue or the Blue Care Elect Saver (with Health Savings Account (HSA)) plan option for yourself and your family, but the lowest cost plan WHOI offers is the Blue Care Elect Deductible (with Health Reimbursement Account (HRA)), so we will report the Blue Care Elect Deductible (w/HRA) coverage on your Form, even if you are not actually enrolled in that plan option.

Q12: What do the codes mean on line 16 of Part III on my Form 1095-C?

A12: 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. For any month that you actually enroll in coverage with us, you cannot qualify for a premium tax credit in connection with purchasing coverage through a Marketplace for that month. Second, codes 2E – 2H inform the IRS about whether we fall within any of the safe harbors from penalties under the Employer Mandate.

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” as that term is used under the Employer Mandate. 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 9.66% of your compensation from WHOI. 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.
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	Reserved.

Q13: What are the affordability “safe harbors” addressed in codes 2F, 2G, and 2H for line 16 of Form 1095-C?

A13: There are three affordability “safe harbors” that will allow you to easily determine if the cost of your group health plan is affordable. WHOI uses the Rate of Pay Safe Harbor; however, the three safe harbors are:

- 1. Form W-2 Safe Harbor**– If we offer full-time employees and their dependent children the opportunity to enroll in our plan, you can compare the employee contribution of employee only coverage for our lowest cost plan that meets the minimum value against your current W-2 wages as reported in box 1 of your Form W-2. If the cost of the coverage for employee only coverage does not exceed 9.69% of your wages as described above, the coverage is affordable. Application of this safe harbor is determined after the end of the calendar year on an employee-by-employee basis, taking into account the Form W-2 wages and the required employee contribution for that year.

2. Rate of Pay Safe Harbor – For hourly employees, WHOI can, on a monthly basis (1) take the lower of the your hourly rate of pay as of the first day of the coverage period (generally the first day of the plan year) or your lowest hourly rate of pay during the calendar month, (2) multiply that rate by 130 hours per month, and (3) determine affordability based on the resulting monthly wage amount. Specifically, an employee’s monthly contribution amount (for the employee only premium of our lowest cost coverage that provides minimum value) is affordable if it is equal to or lower than 9.69% of the computed monthly wages (that is, your applicable hourly rate of pay x 130 hours). For non-hourly employees (e.g., salaried employees), we can compare the contribution for employee only coverage to your monthly salary as of the first day of the coverage period.

3. 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 9.69% 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 2017 is \$12,069. 9.69% of \$12,069 divided by 12 is slightly more than \$97. Thus, if the employee cost for employee only coverage under our lowest cost plan is \$97.45 per month, then it is “affordable” under the federal poverty line safe harbor. WHOI is permitted to use the federal poverty line guidelines in effect six months prior to the beginning of the plan year.

Q14: Who can I contact for more information or if information on the Forms is incorrect?

A14: If you have questions, please email BenefitsQA@whoi.edu and a member of the WHOI Benefits team will respond to you.

Q15: If information is incorrectly entered on the Forms, will I receive corrected copies?

A15: Yes, you will receive a corrected copy if any of the information below is entered incorrectly.

- Name, SSN or other TIN, Employer EIN
- Offer of coverage
- Employee required contribution
- Safe harbor and other relief code
- Covered individual information