



## TOP TEN: ACA REPORTING TIPS FOR EMPLOYERS



### 1. MAKE SURE YOU KNOW YOUR ALE STATUS

The ACA requires Applicable Large Employers, aka ALEs, to offer their full-time employees affordable medical benefits that provide minimum essential coverage (MEC) and minimum value or to pay tax penalties if they don't. An ALE is one that averaged at least 50 full-time and full-time equivalent employees during the preceding calendar year- e.g., if an organization hit that average in 2022, they'll be an ALE for 2023.

Large employers with lots of employees don't need to worry about performing an ALE calculation every year because they already know they're an ALE, but, small groups on the cusp of that 50-employee average should carefully perform these calculations every year to make sure that, if they are an ALE, they (1) offer benefits that meet the ACA's requirements and (2) provide proof to their employees and the IRS via a Form 1094-C and Forms 1095-C that their benefits do comply with these requirements.



### 2. MEET THE E-FILED DEADLINE

Now that the "good faith" transition relief that shielded employers from late filing penalties for several years has expired, employers that submit ACA filings after the annual e-Filing deadline risk exposure to considerable penalties for filing their forms late. The e-Filing deadline usually falls on March 31st of the year following the reporting year, meaning 2022 Forms 1094-C and 1095-C will need to be e-Filed by March 31, 2023. Remember- the filing needs to be e-Filed and accepted by that deadline; a rejected submission doesn't count!



### 3. CAPTURE THOSE EMPLOYEE TRANSITIONS

Employee transitions outside of a new hire or a termination can be hard to track, but those shifts in employment status from full-time to part-time or vice versa, especially if they impact the employee's eligibility for medical benefits, are important parts of the story that the Form 1095-C tells. MZQ Consulting collects this data so that we can make sure your forms are as accurate as possible, and we'll work with you to come up with a system for sharing these kinds of details that's as convenient for you as possible.



### 4. DON'T LEAVE ANYTHING IN LINE 14 OR LINE 16 BLANK (unless that's the right thing to do)

MZQ's ACA Reporting Specialists are familiar with the phrase "blanks are bad," and that's because those blanks can expose an organization to employer mandate penalties. Because the Form 1095-C communicates to the IRS how the organization complied with their obligations under the ACA, a blank oftentimes (though not always) indicates that the employer didn't comply in some way. There are certain circumstances where blanks are appropriate, so, if you see one in Line 14 or Line 16 on an employee's Form 1095-C, make sure you understand why it's there.



## 5. IDENTIFY YOUR FULL-TIME EMPLOYEES AHEAD OF TIME

The ACA defines a full-time employee as one who averages at least 30 hours/week (or 130 hours/month). Every full-time employee should receive an affordable offer of medical benefits and a Form 1095-C if they work for an ALE. Especially if the organization has a lot of variable hour employees, make sure you've identified exactly who is full-time for the year so that you know you're making offers and forms for the correct employees (and that you're not leaving anyone out!).



## 6. IF YOU'RE FULLY INSURED, DON'T MAKE FORMS FOR PEOPLE WHO DON'T NEED THEM

Organizations with fully insured medical plans only need to make Forms 1095-C for full-time employees. There's no need to make forms for part-time employees, 1099 contractors, etc., and there's a small risk that, because these individuals technically shouldn't receive 1095s, the IRS could assess inaccurate filing penalties on the employer if those extraneous forms are e-Filed.



## 7. IF YOU'RE SELF-INSURED/LEVEL-FUNDED, ENSURE THAT YOU ARE MAKING FORMS FOR EVERYONE WHO DOES NEED THEM

Organizations with self-insured or level-funded plans need to make Forms 1095-C for two categories of individuals: all full-time employees, plus any subscriber who wasn't full-time but who was enrolled in the organization's medical benefits. This could be part-time employees, retirees, COBRA participants, etc. Of course, individuals who weren't full-time and who also weren't enrolled in employer's medical plan don't need a form at all. Review your Forms 1095-C and make sure you haven't accidentally left a group of participants out!



## 8. REMEMBER YOUR UNION EMPLOYEES

Union employees who are eligible for medical benefits through their union instead of through your organization's plan should still receive Forms 1095-C if they're full-time. But, their forms should be coded differently than the forms for your full-time employees who are eligible for your organization's medical benefits so that the IRS can distinguish between the two. When you're reviewing your Forms 1095-C, make sure both that there are forms for the union employees who should receive them, and that those forms indicate they were eligible for union medical benefits, not benefits from your organization.



## 9. REVIEW YOUR 1094-C BEFORE IT'S E-FILED

A lot of the information on the employer-level Form 1094-C seems pretty straightforward: entity legal name, EIN, address, etc. But, there's a crucial section on the second page of the form that indicates to the IRS by month if the organization offered minimum essential coverage to at least 95% of the organization's full-time employees and their dependents. "No" for any month of the year exposes the organization to devastating employer mandate penalties. So, if you identify a "No" in this section during your review, make absolutely certain that the "No" is correct before the form is e-Filed.



## 10. KEEP GOOD RECORDS!

MZQ provides our clients with an IRS Receipt ID and a filing acceptance status (either Accepted or Accepted with Errors) once the IRS accepts the e-Filed submission. Keep this information in your files; if you ever receive ACA-related communications from the IRS, you'll want to have proof that you complied with all the associated requirements.

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