

A QUICK REFERENCE GUIDE TO REPORTING CODES AND COMMONLY USED ACRONYM

Line 14. Requires an ALE to enter the applicable code from Series 1 that identifies the type of health coverage actually offered by the ALE or on behalf of the ALE to the employee, their spouse and any dependents. This information also relates to eligibility for coverage subsidized by the premium tax credit.

Code Series 1 – Indicator Codes for Employee Offer and Coverage

- **1A:** Qualifying Offer: Minimum essential coverage providing minimum value offered to full-time employee with Employee Required Contribution equal to or less than 9.86% for 2019 (as adjusted) of mainland single federal poverty line and at least minimum essential coverage offered to spouse and dependent(s).
 - **1B:** Minimum essential coverage providing minimum value offered to employee only.
 - **1C:** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) (not spouse).
 - **1D:** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to spouse (not dependent(s)). Do not use code 1D if the coverage for the spouse was offered conditionally. Instead, use code 1J.
 - **1E:** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse. Do not use code 1E if the coverage for the spouse was offered conditionally. Instead, use code 1K.
 - **1F:** Minimum essential coverage NOT providing minimum value offered to employee; employee and spouse or dependent(s); or employee, spouse, and dependents.
 - **1G:** Offer of coverage for at least one month of the calendar year to an individual who was not an employee for any month of the calendar year or to an employee who was not a full-time employee for any month of the calendar year (which may include one or more months in which the individual was not an employee) and who enrolled in self-insured coverage for one or more months of the calendar year.
- Note.** Code 1G applies for the entire year or not at all. Therefore, if code 1G applies, an ALE Member must enter code 1G on line 14 in the “All 12 Months” column or in each separate monthly box (for all 12 months).
- **1H:** No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage, which may include one or more months in which the individual was not an employee).
 - **1I:** Reserved.
 - **1J:** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage conditionally offered to spouse; minimum essential coverage not offered to dependent(s).
 - **1K:** Minimum essential coverage providing minimum value offered to employee; at least minimum essential coverage offered to dependents; and at least minimum essential coverage conditionally offered to spouse.

Line 15. Complete line 15 only if code 1B, 1C, 1D, 1E, 1J, or 1K is entered on line 14 either in the “All 12 Months” box or in any of the monthly boxes. Enter the amount of the Employee Required Contribution, which is, generally, the employee share of the monthly cost for the lowest-priced plan the employer offers for self-only minimum essential coverage providing minimum value that is offered to the employee. If the Employee Required Contribution was the same amount for all 12 calendar months, you may enter that monthly amount in the “All 12 Months” box and not complete the monthly boxes. If the Employee Required Contribution was not the same for all 12 months (for instance, if an ALE Member has a non-calendar year plan and the employee share of the premium changes with the new plan year that starts in 2018), enter the amount in each calendar month for which the employee was offered minimum value coverage.

As a disclaimer, we (Selerix) are not consultants or legal counsel and cannot dictate an employer’s response. We can only offer our understanding of the IRS expectation for codes under Line 14 & 16 based on the data provided along with how our system is structured to accommodate that understanding through its functionality and reporting. That said, we always advise employers to seek guidance from their advisor and/or legal counsel.

Line 16. Provides the IRS with information to administer the employer mandate penalties. The purpose of Line 16 is to indicate that, under a rule or safe harbor, the employer is not subject to Penalty B for that month (or that the health coverage offered will be treated as affordable for that month).

Code Series 2 – Section 4980H Safe Harbor Codes for Employers

- **2A:** Employee not employed during the month. Enter code 2A if the employee was not employed on any day of the calendar month. Do not use code 2A for a month if the individual was an employee of the ALE Member on any day of the calendar month. Do not use code 2A for the month during which an employee terminates employment with the ALE Member.
- **2B:** Employee not a full-time employee. Enter code 2B if the employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month. Enter code 2B also if the employee is a full-time employee for the month and whose offer of coverage (or coverage if the employee was enrolled) ended before the last day of the month solely because the employee terminated employment during the month (so that the offer of coverage or coverage would have continued if the employee had not terminated employment during the month).
- **2C:** Employee enrolled in health coverage offered. Enter code 2C for any month in which the employee enrolled for each day of the month in health coverage offered by the ALE Member, regardless of whether any other code in Code Series 2 might also apply except as provided below. Do not enter code 2C on line 16 for any month in which the multiemployer interim rule relief applies (enter code 2E). Do not enter code 2C on line 16 if code 1G is entered in line 14. Do not enter code 2C on line 16 for any month in which a terminated employee is enrolled in COBRA continuation coverage or other post-employment coverage (enter code 2A). Do not enter code 2C in line 16 for any month in which the employee enrolled in coverage that was not minimum essential coverage.
- **2D:** Employee in a section 4980H(b) Limited Non-Assessment Period. Enter code 2D for any month during which an employee is in a section 4980H(b) Limited Non-Assessment Period. If an employee is in an initial measurement period, enter code 2D for the month, and not code 2B (employee not a full-time employee).
- **2E:** Multiemployer interim rule relief. Enter code 2E for any month for which the multiemployer arrangement interim guidance applies for that employee, regardless of whether any other code in Code Series 2 (including code 2C) might also apply. This relief is described under [Offer of Health Coverage](#) in the Definitions section of the [IRS 1094/1095C Form Instructions](#).
- **2F:** Section 4980H affordability Form W-2 safe harbor. Enter code 2F if the ALE Member used the section 4980H Form W-2 safe harbor to determine affordability for purposes of section 4980H(b) for this employee for the year. If an ALE Member uses this safe harbor for an employee, it must be used for all months of the calendar year for which the employee is offered health coverage.
- **2G:** Section 4980H affordability federal poverty line safe harbor. Enter code 2G if the ALE Member used the section 4980H federal poverty line safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).
- **2H:** Section 4980H affordability rate of pay safe harbor. Enter code 2H if the ALE Member used the section 4980H rate of pay safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).

Glossary:

ALE: Applicable Large Employer

FTE: Full-Time Employee

FPL: Federal Poverty Line

EIN: Employer Identification Number

MEC: Minimum Essential Coverage

MV: Minimum Value

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EMPLOYER REPORTING ON AN OFFER OF COVERAGE TO FTES

Q1. On Part II of Form 1095-C, how should ALEs report whether an offer of coverage was made to an FTE?

- A. ALEs should use Line 14 to report whether an offer of coverage was made to an FTE for each month of the year by entering the Series 1 indicator code that reflects the type of coverage offered. It is important to note, that an offer of coverage is considered to have been made for a month only if it would provide coverage for *every day* of that month. If an FTE was offered the same coverage for the entire calendar year, then an ALE would enter the applicable indicator code in the “All 12 Months” column on Line 14 or in each of the 12 boxes for the calendar months.

Q2. How are mid-month new hires reported?

- A. Jan: Line 14 – 1H
Jan: Line 15 – No Entry
Jan: Line 16 – 2D

For the first month of employment, the ALE should report that the FTE was not offered coverage by entering code 1H on Line 14. Again, unless the offer of coverage extended to every day of that month for the FTE, the offer is not considered to have been made for that month. No entry is required on Line 15 for that first month. Although the ALE reports that no offer of coverage was made, the ALE is entitled to relief from employer mandate penalties for that month. For the first three months after an employee first becomes an FTE, they may be treated as being in a limited non-assessment period if all applicable conditions are satisfied. This is reported as code 2D on Line 16.

For example, if a newly hired FTE starts employment on Jan. 15, 2018, and the offer of coverage (if accepted) provides coverage starting on Jan. 15, 2018, then the ALE should indicate that the FTE was not offered coverage for the month of January.

If the ALE offers a self-insured health plan and the FTE enrolls in the plan and obtains coverage for any day during the first month of employment, the FTE (and any other individuals such as spouses and dependents who obtained coverage through the FTE's enrollment) should be reported as having coverage for that month on Part III of Form 1095-C, but that does not change what the ALE reports on Lines 14-16.

Q3. How are mid-month terminations reported?

- A. Line 14 – 1H (No offer of coverage)
Line 15 – No Entry
Line 16 – 2B

If an FTE terminates employment on any day other than the last day of a month and whose offer of coverage (or coverage if the employee was enrolled) ended before the last day of the month solely because the employee terminated employment during the month (so that the offer of coverage or coverage would have continued if the employee had not terminated employment during the month). Enter the code 2B on Line 16 for that month.

Q4. If an ALE is required to recognize paid FMLA leave for an FTE, and the ALE makes an offer of affordable, MV coverage to the FTE, spouse and dependents, how does the ALE report when only the FTE enrolls in coverage for a calendar month during the leave of absence?

- A. Line 14 – 1E (MEC providing MV offered to employee. MEC offered to spouse & dependents)
Line 15 – Enter employee share of lowest-cost monthly premium
Line 16 – 2C (Employee enrolled in coverage)

For the month during the paid FMLA leave of absence, the ALE should enter code 1E on Line 14 and code 2C on Line 16 to report that the FTE was enrolled in coverage under the plan. The ALE should report on Line 15 the employee contribution for the lowest-cost monthly premium for self-only MEC providing MV offered under the plan. Since the FTE is being paid for hours worked and the compensation is treated similarly to other employees, then the FTE would appear to be an employee and treated similarly. This means that if the FTE is expected to regularly work an average of 30 hours or more per week, then he/she would be treated as an FTE and offered coverage, which must be reported on Form 1095-C.

II. EMPLOYER REPORTING ON AN OFFER OF COVERAGE TO FTES AND DEPENDENTS

Q5. If an ALE offers affordable MV, MEC to FTEs, their spouses and dependents, and only an FTE enrolls, how should the ALE report this?

- A. Line 14 – 1E
 Line 15 – Enter employee share of lowest-cost monthly premium
 Line 16 – 2C

The ALE should enter code 1E on Line 14 and code 2C on Line 16 to report that the FTE enrolled in coverage under the plan. The ALE should report on Line 15 the employee contribution for the lowest-cost monthly premium for self-only MEC providing MV offered under the plan to the FTE as an active employee. ALEs will complete Line 15 only if code 1B, 1C, 1D or 1E is entered on Line 14 in either the “All 12 Months” box or in any of the monthly boxes.

The ALE should enter code 2C on Line 16 for any month in which the FTE enrolled in health coverage offered by the ALE for each day of the month, regardless of whether any other code from Series 2 might also apply.

Q6. How should an ALE report an FTE who waives coverage?

- A. Line 14 – 1E
 Line 15 – No Entry Line
 16 – 2F, 2G or 2H (depending on affordability safe harbor used)

The ALE should still enter code 1E on Line 14 and should enter one of the affordability safe harbors represented by codes 2F, 2G and 2H on Line 16 to report that the FTE did not enroll in coverage under the plan. The ALE should still report on Line 15 the employee contribution for the lowest-cost monthly premium for self-only MEC providing MV offered under the plan to the FTE to show that the FTE was an active employee who was offered coverage.

Q7. How should an ALE report enrollment for self-insured coverage provided to an FTE’s former spouse who was not an employee on any day of the prior calendar year?

- A. Line 14 – 1G
 Line 15 – No Entry
 Line 16 – No Entry

The ALE may report enrollment information for an FTE’s former spouse by entering code 1G on Line 14 for all 12 months and completing Part III of Form 1095-C. No entry is required on Lines 15 or 16 for this non-employee.

III. EMPLOYER REPORTING ON COBRA PARTICIPANTS

A. COBRA Due to Termination of Employment

Q8. How should an ALE report on an FTE who terminates employment during a calendar year and receives an offer of COBRA continuation coverage?

- A. While an employer will need to report that the employee was full-time during a part of the year, the reporting obligation ends upon termination, even if the employee is offered and elects COBRA continuation coverage. The only difference is for self-insured plans, which are required to report COBRA participants as covered individuals.

Example 1:

The FTE receives an offer of coverage providing MV for an employee, spouse and dependents (family coverage) under an ALE’s self-insured health plan. The FTE enrolled in family coverage under the ALE plan effective Jan. 1, 2019, through the earlier of Dec. 31, 2019, or the FTE’s termination of employment. On May 15, 2019, the FTE terminated employment with the ALE and received an offer of COBRA continuation coverage but chose not to enroll in the coverage.

For the months January through April, the ALE should enter code 1E on Line 14 and code 2C on Line 16 to report that the FTE enrolled in coverage under the plan. The ALE should report on Line 15 the employee contribution for the lowest-cost monthly premium for self-only MEC providing MV offered under the plan to the FTE as an active employee.

Line 14 – 1E

Line 15 – Enter employee share of lowest-cost monthly premium

Line 16 – 2C

For May, the ALE should enter code 1H on Line 14 and code 2B on Line 16. No entry is required on Line 15 for that final month.

Line 14 – 1H

Line 15 – No Entry

Line 16 – 2B

For June through December, the ALE should enter code 1H on Line 14 and code 2A on Line 16 since the individual is no longer an employee. No entry is required on Line 15 for those remaining months.

Line 14 – 1H

Line 15 – No Entry

Line 16 – 2A

B. COBRA Due to Reduction in Hours

Q9. How should an ALE report on an FTE who enrolls in COBRA continuation coverage due to a reduction in hours, e.g., a change from full-time to part-time status resulting in loss of eligibility under the plan?

- A. The answer depends on whether the FTE elects COBRA coverage. The ALE should report the offer of COBRA continuation coverage as an offer of coverage.

Example 1:

An FTE of an ALE elects to receive coverage providing MV, including an offer of MEC to his/her spouse and dependents. The FTE enrolls in self-only coverage offered from Jan. 1, 2019, through Sept. 31, 2019. The required employee contribution for the lowest-cost self-only coverage option under the plan is \$100 per month. On Oct. 1, 2019, the FTE transfers to a part-time position and is no longer eligible for coverage under the plan's terms. The FTE receives an offer of COBRA continuation coverage due to the transfer to the reduced-hours position, with a COBRA premium of \$200 per month for the lowest-cost self-only COBRA coverage. The FTE elects to enroll in the COBRA continuation coverage for October through December.

For January through September, the ALE should enter code 1E on Line 14, should report \$100 as the employee contribution on Line 15 and should enter code 2C on Line 16 to report that the FTE enrolled in the coverage offered.

Line 14 – 1E

Line 15 – Enter employee share of lowest-cost monthly premium

Line 16 – 2C

For October through December, the ALE should enter code 1E on Line 14, should report \$200 on Line 15 and should enter code 2C on Line 16.

Line 14 – 1E

Line 15 – Enter COBRA premium amount

Line 16 – 2C

C. Differences for Self-Insured Plans

Q10. If an ALE sponsors a self-insured plan, how should the ALE report coverage of an FTE's spouse who separately elects to receive COBRA coverage?

- A.** If an ALE sponsors a self-insured plan, it should report coverage of each non-employee spouse that separately elects COBRA continuation coverage on a separate Form 1095-C. If a spouse or former spouse receives COBRA continuation coverage because an FTE has elected COBRA continuation coverage that also provides coverage to the spouse (e.g., family coverage), then the coverage of the FTE and spouse should be reported together on the same Form 1095-C that is provided to the FTE.

Example: An FTE elects to receive self-and-spouse coverage under the self-insured ALE health plan effective for the plan year beginning Jan. 1, 2019. On June 15, 2019, the FTE gets a divorce and his/her spouse loses eligibility for coverage under the plan. The ALE makes an offer of COBRA continuation coverage to the spouse, who elects to enroll in the COBRA continuation coverage and remains enrolled from June 15, 2019, through Dec. 31, 2019.

The ALE should report the FTE's enrollment on Part III of Form 1095-C by reporting that the FTE was enrolled in MEC for January through June, and that his spouse had coverage, due to the FTE's enrollment in coverage providing coverage to a spouse, for the months January through June. For the period July through December, the spouse should receive a separate Form 1095-C reporting his/her enrollment in MEC under the ALE's plan.

IV. VARIABLE-HOUR AND SEASONAL EMPLOYEES IN A MEASUREMENT PERIOD

Q11. If an ALE hires variable-hour or seasonal employees for the summer and uses lookback measurement periods to determine FTE status, should the ALE report on those employees?

- A.** An ALE would only need to report on a variable-hour or seasonal employee if the employee finished their initial measurement period was determined to be full time and were offered coverage as an FTE for any month of the year. In that situation, for the months the employee was in the measurement period, the ALE would use code 1H on Line 14 and code 2D on Line 16. For any months a variable-hour or seasonal employee was treated as an FTE and offered coverage, the ALE would use codes 1A through 1F (depending on the type of coverage offered) on Line 14 and 2C on Line 16 if they enrolled in coverage. If the employee waived coverage, the ALE would enter one of the affordability safe harbors represented by codes 2F, 2G and 2H, if applicable, on Line 16. The ALE would not report on a variable-hour or seasonal employee who was determined not to be an FTE based on the hours worked during the measurement period.

ADDITIONAL RESOURCES:

- [IRS Q&As about Employer Information Reporting on Form 1094-C and Form 1095-C](#)
- IRS 1094/1095 Form Instructions for TY2019
- 2019 Form 1094-C
- 2019 Form 1095-C