

# Health Reform Bulletin



Subject: **1) 2018 Forms and Instructions for 1094/1095 Series, and 2) Adjusted PCORI Fee**  
Date: November 5, 2018

## 2018 Forms and Instructions for 1094/1095 Series

The 2018 Affordable Care Act reporting is upon us. The forms to be used, and the instructions for those forms, have been released by the Internal Revenue Service. Notably, the required content of the 2018 edition of the forms is essentially the same as the 2017 versions.

There are two annual reporting obligations imposed by IRC Section 6055 minimum essential coverage reporting, and by IRC Section 6056, employer shared responsibility reporting.

- ◆ The minimum essential coverage (MEC) reporting obligation is accomplished on the Form 1094-B transmittal and Form 1095-B statement to individuals. Generally, this reporting is accomplished by the insurer if the plan is insured. If the plan is self-funded, the employer is obligated to complete the MEC reporting and disclosure.
- ◆ Employers subject to employer shared responsibility (those employing 50 or more employees as of December 31, 2017 for the 2018 reporting year), can accomplish the MEC obligation by completing Part III on the Form 1095-C. Employers not subject to employer shared responsibility reporting accomplish the MEC reporting obligation by reporting on the B series described above. The employer shared responsibility reporting obligation is accomplished on the Form 1094-C transmittal and the Form 1095-C statement to individuals.

The 2018 reporting forms and instructions are available for viewing and downloading from the IRS website:

- Health Insurance Coverage Reporting by Insurers and Sponsors of Self-funded Plans (IRC Section 6055)*
  - ◆ **Instructions** for 2018 Forms 1094-B and 1095-B (**PDF**)
  - ◆ **Form 1094-B**, *Transmittal of Health Coverage Information Returns*
  - ◆ **Form 1095-B**, *Health Coverage*
- Employer Health Insurance Reporting Requirement (IRC Section 6056)*
  - ◆ **Instructions** for 2018 Forms 1094-C and 1095-C (**PDF**)
  - ◆ **Form 1094-C**, *Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns*
  - ◆ **Form 1095-C**, *Employer-Provided Health Insurance Offer and Coverage*

## Deadlines for Filing and Distributing Forms 1094 and 1095

- ✓ Statements to individuals for both the B and C series must be furnished by January 31, 2019. Entities can request an extension for furnishing the statements by sending a letter to the IRS (see the instructions for the required content of the letter to request the extension and mailing address).

- ✓ Electronic filing of the forms must be accomplished by April 1, 2019; or, February 28, 2019 if filing by paper (paper filing is only available to employers filing fewer than 250 Form W-2s per year). At this point, no delay has been granted for filing these forms. An automatic 30-day extension is available by filing a Form 8809.

**Information reporting penalties.** The penalties for failure to provide the information return or provide correct payee statement are subject to indexing. Following are the adjusted penalties applicable for the 2019 tax year:

- ◆ The penalty for failure to file a correct information return is \$270 for each return for which the failure occurs, with the total penalty cap of \$3,275,500 for a calendar year.
- ◆ The penalty for failure to provide a correct payee statement is \$270 for each statement for which the failure occurs, with the total penalty cap of \$3,275,500 for a calendar year.

Special rules apply that increase the per-statement and total penalties if there is intentional disregard of the requirement to file the returns and furnish the required statements.

**IRS Resources.** Additional information relating to ALE obligations, including the ACA Information Returns (AIR) system, can be found on the IRS's dedicated webpage, [ACA Information Center for Applicable Large Employers \(ALEs\)](#). Of particular note:

- ◆ [Questions and Answers about Information Reporting by Employers on Form 1094-C and Form 1095-C](#)
- ◆ [Questions and Answers on Information Reporting by Health Coverage Providers \(Section 6055\)](#)

As a reminder, an employer subject to the ACA's employer shared responsibility who employs 50 or more employees on business days during the preceding calendar year must offer adequate and affordable health coverage to its full-time employees, or risk a penalty. For 2019, coverage under an employer-sponsored plan is deemed affordable to a particular employee if the employee's required contribution to the plan does not exceed 9.86% (indexed for 2019; 9.56% for 2018) of the employee's household income for the taxable year, based on the cost of single coverage in the employer's least expensive plan.

With regard to potential penalties, the IRC Section 4980H(a) and (b) penalty amounts for 2019 have not been issued by the IRS. Based on the HHS inflationary percentage for 2019 contained in the final benefit and payment parameter standards released on April 9, 2018, the estimated 'no coverage' excise tax is estimated at \$2,500; the estimated 'inadequate or unaffordable' excise tax is \$3,750. However, it is important to note that until the inflationary adjusted penalty amounts are officially released by IRS, these are estimated amounts only.

### Adjusted PCORI Fee

The Internal Revenue Service released the adjusted applicable dollar amount for the Patient Centered Outcome Research Institute (PCORI) fee. For policy and plan years ending between October 1, 2017 and September 30, 2018, the PCORI fee was \$2.39. The fee increases to \$2.45 for policy and plan years ending between October 1, 2018 and September 30, 2019, according to [IRS Notice 2018-85](#).

As background, the PCORI fee is assessed on the average number of lives covered under the policy or plan. The fee is required to be reported annually to the IRS on the second quarter Form 720 and paid by its due date, July 31st.

Under current law, the PCORI fee will no longer be assessed for policy/plan years ending on or after October 1, 2019.

## CBIZ Health Reform Bulletin

*About the Author:* Karen R. McLeese is Vice President of Employee Benefit Regulatory Affairs for CBIZ Benefits & Insurance Services, Inc., a division of CBIZ, Inc. She serves as in-house counsel, with particular emphasis on monitoring and interpreting state and federal employee benefits law. Ms. McLeese is based in the CBIZ Kansas City office.

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