

Applicable Large Employers Should Determine Their Full-Time Employees For ACA Purposes And Prepare For Reporting In 2016

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By way of reminder, employers who employ at least 50 full-time employees (including full-time equivalents) on average during the calendar year of 2014 will be required to file Internal Revenue Service (IRS) forms 1095-C and 1094-C with full-time employees and the IRS. The 1095-C forms are first due to the employees by February 1, 2016 and the 1094-C and 1095-C forms are due to the IRS by February 29 (if filing by mail) or March 31 (if filing electronically). In order to properly complete these forms and to understand the potential risk of penalty under the Affordable Care Act's (ACA) Employer Shared Responsibility Mandate (Mandate), it is critical that employers accurately track the hours of their employees in order to determine which employees are full-time by the ACA's standards (i.e., 30 hours per week or 130 hours per month). Despite 2015 transition relief which impacts an employer's potential penalty liability to varying degrees, all employers that are subject to the Mandate must complete and provide the IRS forms described above. As part of the analysis of assessing the potential liability under the Mandate, employers should consider whether their company is commonly controlled by another company, person or group of individuals. The employees of commonly controlled companies are aggregated to determine whether the 50 full-time employees (including full-time equivalents) threshold is met. Additionally, employers should examine their current workforce to determine whether any employees who are working 30 hours per week or more are receiving offers of health coverage. The Mandate penalties first applied in 2015 but enforcement will

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not begin until 2016; as such, employers should take steps to understand their Mandate liabilities, if any, and whether they are subject to the new IRS information reporting requirements.