



Keeping up with Health Care Reform

1095-C and COBRA QBs

Reporting full time employees on 1095-C

Under the Affordable Care Act's (ACA's) Employer Shared Responsibility provision, better known as the Play or Pay provision, applicable large employers (ALEs) are required to provide a report to each of their full time employees for coverage offered to the employee for any months in the calendar year (e.g., 2015) and that the offered coverage was of minimum value and affordable. This report to the full time employee is on Form 1095-C.

The IRS has provided guidance in the [Instructions for Forms 1094-C & 1095-C](#) for how the ALE should report coverage when COBRA is involved. The reporting differs based on whether the ALE's group health plan is insured or self-insured.

Insured ALE reporting

The issuer of the ALE's group health plan will provide a report to each "responsible individual" enrolled in the ALE's group health plan, including COBRA qualified beneficiaries (QBs), on Form 1095-B.

The insured ALE is responsible to provide a [Form 1095-C Full time employee report of coverage offer](#) only to an employee that was considered a full time employee for any month(s) of the calendar year, by completing Parts I and II of the 1095-C.

Termination of Employment: If a full time employee had the qualifying COBRA event of termination of employment during the calendar year and the former employee was offered COBRA, the ALE does not report the COBRA offer as an offer of coverage on the employee's Form 1095-C. Rather, for any months after the termination of employment, the ALE uses code 1H (no offer of coverage) on line 14 in Part II of the 1095-C.

In addition, the ALE would report \$0 as the cost of the former employee's coverage on line 15 in Part II and use

code 2A (employee not employed) in line 16 of Part II for the month(s) after the termination of employment.

Reduction in Hours: If a full time employee had the qualifying COBRA event of reduction in hours during the calendar year and was offered COBRA due to that reduction in hours, the ALE reports the offer of COBRA as an offer of coverage and uses the same code on line 14 in Part II of the 1095-C as for any other full time employee.

In addition, the employee's share of the lowest cost self-only plan option on line 15 in Part II would be the full COBRA premium cost of the lowest cost single plan option the ALE offers to its full time employees and the ALE would assign the appropriate series 2 code in line 16 for the month(s) that the reduced hours employee was offered COBRA.

Other COBRA Events: Insured ALEs are not responsible to provide reporting to any other QBs that were offered or enrolled in COBRA during the calendar year, such as for retirees, surviving or ex-spouses and

dependents that lost eligibility. The insurer of the ALE's group health plan will provide a 1095-B report to these individuals if they are/were enrolled through COBRA.

The Bottom Line: The only COBRA events that an insured ALE is concerned with are termination of employment for the full time employee during the calendar year and reduction in hours that led to an offer of COBRA during the calendar year to a full time employee.

Self-insured ALE reporting

A self-insured ALE is responsible to provide a [Form 1095-C Full time employee report of coverage offer](#) to any employee that is enrolled in the self-insured group health plan, even if not a full time employee, including through COBRA. In addition, the ALE is responsible to provide a report to non-employees (e.g., retirees, ex-

spouses, former dependents, etc.) that are enrolled in the self-insured health plan, for example, through COBRA.

For full time employees that were offered COBRA due to the qualifying events of termination of employment or reduction in hours during the calendar year, the self-insured ALE should follow the same reporting procedure as indicated above for insured ALEs.

In addition to the reporting in Parts I and II of Form 1095-C, the self-insured ALE must complete Part III by checking the box regarding self-insured coverage and provide the required information for each of the covered individuals for all of the months the individual was covered by the self-insured health plan, including through COBRA.

The IRS guidance for self-insured ALEs and their 1095-C reporting requirements provides that the ALE can use [Form 1095-B](#), rather than Form 1095-C, to report coverage that a non-employee was enrolled in during the calendar year.

Consequently, a self-insured ALE can use Form 1095-B to report COBRA coverage that a former employee was enrolled in who was not employed during any month of the calendar year or the COBRA coverage that a surviving spouse, ex-spouse and/or dependent was enrolled in during the calendar year.

The Bottom Line: Self-insured ALEs have additional 1095-C reporting requirements beyond those required of insured ALEs, including the reporting of individuals covered through COBRA, even if the COBRA event occurred in a prior calendar year.