Affordable Care Act - Generating 1095-C Records in Enterprise ERP (Munis)

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CONTENTS

Introduction

Understanding the reporting requirements imposed by the Affordable Care Act (ACA) may seem overwhelming and a formidable task. KDE has tested and reviewed documentation from Tyler on the Enterprise ERP (Munis) reporting process. To assist districts with 1095 reporting and based on the way districts gather health insurance information in Kentucky, the information is compiled below to assist with reporting.

Please note, that users can find documentation on the ACA reporting process by visiting the Tyler Community Affordable Care Act Wiki on Tyler Community. Tyler Community if accessed via the Tyler Support website https://www.tylertech.com/client-support/enterprise-erp-support. Instructions on completing the 1095 form can be found on the IRS Website.

This document contains information to facilitate a general understanding of the reporting requirements under the law. It is neither an exhaustive treatment of the law on this subject nor is it intended to substitute for the advice of an attorney.

ACA Command Center

The ACA Command Center is a program that tracks all possible steps to process ACA records and 1094/1095 processes. The link to an overview document can be found in the next section and you can find the ACA Command Center by going to:

Human Resources/ Payroll -> Payroll -> 1095-B/C Processing

☐Step 1 – Ensure All Prior Steps Are Completed

Once all the steps detailed in the KDE document *ACA – Generating and Maintaining ACA Period Records for 1095 Reporting* have been completed, users can then begin creating 1095-C's.

More information on ACA and other year-end processing can be found on the Affordable Care Act – Wiki found on Tyler Community. You must be a member of the Human Resources & Payroll group on Tyler Community to access the prior link. If you aren't, you can request access by selecting the appropriate link on the Tyler Community website found via the support portal: https://www.tylertech.com/client-support/enterprise-erp-support.

Links to the documents stored on the KDE Enterprise ERP (Munis) SharePoint Site are included below.

- 2023 - Affordable Care Act Reporting - Generating and Maintaining 1095 Records
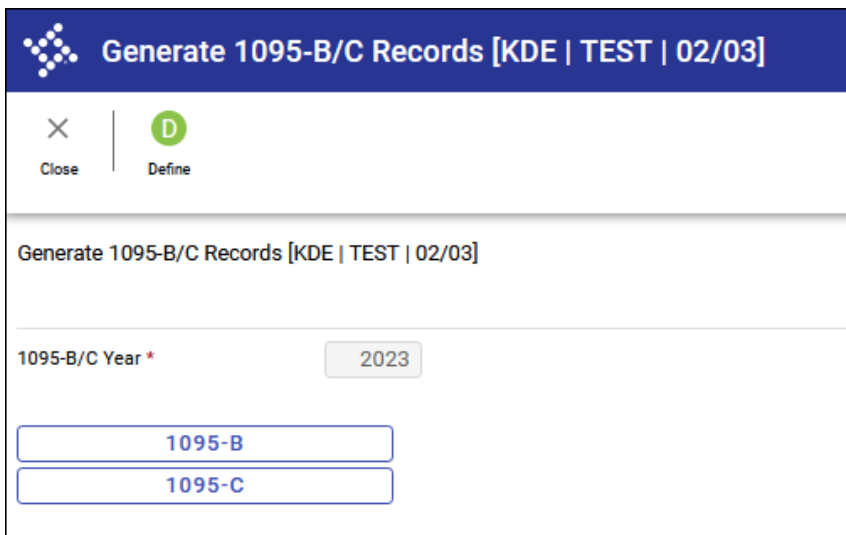- 2023 - Printing and Distributing 1095 Forms

- [2023 - Affordable Care Act Reporting - Electronic Filing for 1094s and 1095s](#)

The information below is intended to assist districts with the process, however, it is not an all-encompassing document and if you have any questions, please refer to the documents from Tyler Technologies listed above.

☐Step 2 – Define the Generate 1095-B/C Program

Navigate to the **Generate 1095-B/C Program**

- Human Resources/Payroll > Payroll > 1095-B/C Processing > Generate 1095-B/C

1. Select **Define**, enter the reporting year, and select **1095-C**.

2. Select the **Copy to New Year** button from the menu.
3. Select **Define** and copy from the prior reporting year to this reporting year. Select **Execute** to complete the process.
4. Verify the information on all tabs of the 1095-C generate screen. Some information may need to be updated for the reporting year.

Part 1 Tab

Select the appropriate address option.

Generate 1095-B/C Records [KDE | TEST | 02/03] > Generate 1095-B/C Records [KDE | TEST | 02/03]

Coverage Offered

1095-B/C Year * 2023

1095 Type * C Records ▾

	From	To		From	To
Group/BU Ranges *		to ZZZZ	Location Ranges *		to ZZZZ
		to			to
		to			to

Part I   Line 14   Line 15   Line 16   Coverage

Address Option *
- ⦿ Home Address
- ○ Mailing Address 1
- ○ Mailing Address 2
- ○ Mailing Address 3

SSN Rollup Group *   0

Tab for Line 14

To be eligible to use the Qualifying Offer Method, the ALE Member must certify it made a Qualifying Offer to one or more of its full-time employees for all months during the year in which the employee was full-time and for whom an employer shared responsibility payment could apply. For employers that report using this method, EERP will enter the Qualifying Offer code 1A for any months for which the employee received a Qualifying Offer on Form 1095-C, line 14.

Important: **Select the appropriate Start and End Date indicator that applies to your district. This setting indicates which date identifies when an employee started or ended employment and determines which codes are generated on the 1095 form.**

If there is no termination date on a full-time employee master record for an inactive employee, an ACA period record will likely be created for that employee when ACA period records are generated. The program that creates the 1095-Cs will not recognize the employee no longer works for the district unless a term date exists on the employee master and will, therefore, create a 1095 form for the reporting year. Note, full-time employees termed in the reporting year would receive a 1095-C.

The employment start date is just as important. Each district will need to review how they use the dates on the employee master and determine which employment indicator code should be used to generate the 1095's.

Update the Federal Poverty Line amount to reflect the amount for the reporting year.

https://www.healthcare.gov/glossary/federal-poverty-level-fpl/

Coverage Offered

1095-B/C Year *	2023
1095 Type *	C Records ▾

	From	To		From	To
Group/BU Ranges *		to ZZZZ	Location Ranges *		to ZZZZ
		to			to
		to			to

Part I   **Line 14**   Line 15   Line 16   Coverage

Line 14

Indication of Coverage Offer *   ACA STABILITY PERIOD START/END DATES AND COVERAGE OFFERE ▾

ACA Period Records

Employment Dates

Employment Start Indicator	HIRE DATE ▾
Employment End Indicator	TERMINATED DATE ▾ Offer of Coverage in Last Month of Employment EARLIEST OF THE 15TH OR THE END OF THE M(▾

Coverage Offered

☑ Minimum Essential Coverage Offered   ☑ Coverage Offered Provided Minimum Value

Valid Offer Made To

☑ Employee Offered Coverage   ☑ Spouse Offered Coverage   ☐ Conditional Coverage Offered to Spouse   ☑ Dependent(s) Offered Coverage

Invalid (COBRA) Offer Made To

☑ Employee Offered Coverage   ☑ Spouse Offered Coverage   ☑ Dependent(s) Offered Coverage

Reporting Offer Options

☑ Use Qualifying Offer Method of Reporting   ☐ Use Multiemployer Interim Rule Relief

Federal Poverty Line

Federal Poverty Line   14580.00

Note: This is an example and settings may vary by district. Employment Start and Employment End Date Indicators may vary by district.

Tab for Line 15

Enter the lowest-cost monthly premium for self-only minimum essential coverage providing minimum value that is offered to employees. Since the Waiver HRA plan qualifies as insurance coverage, $0 should be entered.

Tab for Line 16

Enter 1 for Plan Start Month.

Tab for Coverage

- Select "Self-Insured" Plan
- Employee Dates From: "ACA Period Records"
- Dependent Dates From: "Start/End Dates From Employee Dependent As-Is"

5. After any required changes are made select **Accept** to save your changes.
6. Select the **Generate** button and **Yes** to continue. Any existing records will be replaced.

☐Step 3 – Review Employee 1095-C

1. Navigate to the **Employee 1095-B/C Program**
   - Human Resources/Payroll > Payroll > 1095-B/C Processing > Employee 1095-B/C
2. Select **Define** and enter 2023 for the reporting year.
3. Select **1095-C**.
4. Search on all records and review. Records can be manually updated if needed.

Offer of Coverage – Line 14

This line allows the employer to report whether they made a reportable offer of coverage to an employee, and if so, whether that coverage provided minimum value and who else (spouse or dependent(s)) was included in the offer. This line will be populated with one of the below codes with the bolded lines being the most likely used.

An employer only offers health coverage for a month if it provides coverage for every day of that calendar month. Thus, if an employee terminates coverage before the last day of the month and health insurance doesn't cover the employee for the entire month, the employee does not have an offer of coverage for that month.

Offer of Coverage – Line 14

The codes below are the most commonly used on the 1095 form. Refer to the IRS reporting instructions for more information.

IRS Code (Line 14)	Line 14 Description
1A	**Qualifying Offer: Minimum essential coverage providing minimum value offered to full-time employee with employee contribution for self-only coverage equal to or**

IRS Code (Line 14)	Line 14 Description
	less than 9.5% mainland single federal poverty line and at least minimum essential coverage offered to spouse and dependent(s).
1H	**No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage).**

Employee Share - Line 15

This line is typically skipped by Kentucky school districts. Please refer to IRS documentation for more information.

Safe Harbor – Line 16

This code on the 1095-C is intended to allow the employer to explain *why* they may not be subject to penalties under the ACA.

This line should be populated when one of the following scenarios apply:

1) The employee was not employed
2) The employee was not a full-time employee
3) The employee enrolled in the minimum essential coverage offered
4) The employee was in a Limited Non-Assessment Period with respect to section 4980H(b)

If one of the above scenarios applies, then this code should be populated. If none of them do, then this code should be left blank.

Safe Harbor – Line 16

The codes below are the most commonly used on the 1095 form. Refer to the IRS reporting instructions for more information.

IRS Code (Line 16)	Safe Harbor Description – Line 16
2A	**Employee not employed during the month**
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 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.
2D	**Employee in a section 4980H(b) Limited Non-Assessment Period** If an employee is in an initial measurement period, enter code 2D.

Common Scenarios and Code Combinations

#	Description	Line 14	Line 16
1	Full time employee with insurance (including Waiver HRA plan)	1A	2C
2	Full time employee no insurance	1A	No code on line 16
3	Full time employee – new hire with insurance	1H until month insurance starts, then 1A	2A, then 2D during Administrative Waiting Period, then 2C
4	Full time employee – new hire with no insurance	1H until month insurance offer starts, then 1A	2B, then 2D during Administrative Waiting Period, then blank to show waived coverage
5	Full time employee, has insurance then terminates with coverage thru the end of month	1A until termination, then 1H	2C until termination, then 2A
6	Full time employee, has insurance then terminates with coverage thru 15th of month**	1A until month prior of termination, then 1H starting month of termination	2C until month prior to termination, then 2B in termination month, then 2A
7	Full time employee, does not take insurance then terminates	1A until termination, then 1H	No code until termination, then 2A
9	PT/Sub then Full Time Employee with insurance	1H, then 1A	2B, then 2D during Administrative Waiting Period, then 2C
10	PT/Sub then Full Time Employee with no insurance	1H, then 1A	2B, then 2D during Administrative Waiting Period, then blank

** An employer only offers health coverage for a month if it provides coverage for every day of that calendar month.

> *The <u>Waiver HRA- with $</u> plan does qualify as Minimum Essential Coverage (MEC) per the Kentucky Department of Employee Insurance. Both employees and dependents will be included in the participant and dependent files.*
> *The <u>Waiver Limited Purpose HRA</u> plan is NOT considered Minimum Essential Coverage and would report as no coverage (blank) on line 16.*

1095 Records for Summer Terminations

Kentucky is unique in that it offers Health Insurance continuation in the summer after an employee terminates employment. Due to this fact, <u>manual intervention may be warranted, but not required</u>, on those employees who term in the summer, yet their health insurance coverage extends beyond their termination date. It is a district decision on how you wish to report these employees.

Board Members

If you have a school board member who is covered by insurance you can elect to report the board members on a 1095 form. Please see FAQ # 10 on the IRS website.

☐Step 4 - Printing 1095's

Navigate to the **Print 1095-B/C Program**

- Human Resources/Payroll > Payroll > 1095-B/C Processing > Print 1095-B/C
1. Select **Define** and enter 2023 for the reporting year.
2. Select **1095-C**.
3. Make any necessary updates to the employer information screen.
4. Print your forms. More information on printing can be found on Tyler Community. The guide is also stored on the KDE Enterprise ERP (Munis) SharePoint Site: 2023 - Printing and Distributing 1095 Forms. **If there are any problems printing or problems with the alignment of the forms, please contact Enterprise ERP support**.

☐Step 5 - Address Labels

If you are using pre-printed forms, you may need to print mailing labels as the IRS landscape form was not designed to allow the addresses to be exposed in a standard #10 window envelope. *Using Mail Merge for ACA Mailing Labels* is available KDE Enterprise ERP (Munis) SharePoint Site that walks users through exporting data from the Employee 1095-C module to Excel and then using Microsoft Word's Mail Merge to build address labels.

☐Step 6 – Electronic Filing for Tax Year 2023

- Due to employees (1095-C Form):
  - ✓ March 4, 2024
- Filing to the IRS:
  - ✓ Electronic Form Filing 1094-C: April 1, 2024

Affordable Care Act Reporting -FAQ

Who should receive a 1095 form?
The IRS states that any employee who was Full Time (as defined by the ACA) at any point in the year needs to receive a 1095 with information in Part II. Further, if you are self-insured, which applies to the Kentucky Employee Health plan, then each primary insured who had anyone covered on their plan at any point in the year needs a 1095 with information in Part III.

Where do I get information about dependents that I am required to report?
A file will be distributed by the Department of Employee Insurance which includes all dependents as of the date the file is created. Any dependents that are added as a retro will require manual intervention by the district, with the possibility of sending out corrected 1095 forms for those dependents added after the 1095 forms have been processed. More information on importing dependents is available in the "*ACA – Generating and Maintaining ACA Period Records for 1095 Reporting*" document.

Is the General Purpose (GP) HRA considered a health insurance plan?
The Waiver HRA – with $, also referred to as the General Purpose (GP) HRA, is classified as a health insurance plan and must be reported in the same manner as other KEHP health plans.

The **Waiver Limited Purpose HRA** is NOT classified as a health plan. Therefore, those employees who have this plan would show an offer of coverage on line 14, and line 16 would be blank.

What about reporting employees who retired during the calendar/plan year?
The KEHP maintains health insurance coverage information for certain retirees and COBRA participants and will report on behalf of the former employer. *For employees who retire during the plan year, the employer remains responsible for reporting health insurance coverage information for the portion of the plan year when the individual was actively employed.*

I have less than 50 full-time employees, do I still complete a 1095-C?
Employers participating in KEHP with fewer than 50 full-time employees need only report health Insurance coverage information on the IRS Form 1095-B. The coverage information on Form 1095-B is required to be delivered to the employee. In addition, each Form 1095-B must be transmitted to the IRS using Form 1094-B. However, all KDE documentation will focus on creating and filing the 1095-C.

➢ Before proceeding to produce 1095-B's, the district should first verify they are not an Applicable Large Employer (ALE) because service hours from part-time employees should also be considered in the calculation of 50 full-time employees.

Most Kentucky school districts are considered "large" employers under ACA. For further information regarding employer classification, please view the IRS documentation.

"Full-time" employees, for purposes of determining "large" employer status, are those who average at least 30 hours of service per week. "Hours of service" is defined to include not only hours worked by the employee but also hours for which an employee is paid or entitled to be paid by the employer due to

vacation, holiday, sick leave, incapacity (disability), jury duty, military leave, or other leave of absence. Additionally, employment breaks of at least four consecutive weeks (such as summer break from school) or special unpaid leave (such as FMLA) cannot be counted as zero hours worked. The break must be excluded from the calculation, or the computed average hours must be applied over the employment break period.

Service hours for part-time and variable-hour employees (VHEs) should also be considered when determining whether a district is a large employer. The number of FTE employees is determined by adding together all the hours worked **each calendar month** by employees who are not full-time, and then dividing the total hours by 120.

Where can I find additional information on 1095 reporting?
Additional information can be found on the IRS website: *https://www.irs.gov/Affordable-Care-Act/Employers*

Additionally, the IRS has a good website with questions and answers about information reported by employers on Form 1095.
https://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-about-Information-Reporting-by-Employers-on-Form-1094-C-and-Form-1095-C