

Common Errors

ACA Reporting Mistakes

The complexity and magnitude of the Affordable Care Act reporting process leaves many employers scrambling to meet the operational deadlines each year. To help ease the process, here is a list of the most common reporting mistakes to avoid with this year's reporting template.

Taxpayer Identification Number (TIN) and Name NOT matching errors.

- A TIN validation error may indicate that the employee Name/TIN combination is incorrect, or that there is an incorrect Name/TIN combination in the Covered Individuals section, or both. If the Name/TIN combination is not correct for the employee, it is also not correct if they are listed in the Covered Individuals section. You will also need to review and correct any covered dependents for that employee.
- The employee states all the data is correct, what is the employer supposed to do? Employers are allowed to use "Good Faith Effort Relief". The relief is for reporting the most accurate and complete information to the IRS. The downside to the relief, there is not a guideline to what is good faith. Use the key rule of three. If the employer has tried to ascertain the corrected information and are unable to on 3 separate occasions, document the attempts.

Template Formatting Errors

- Affordable Care Act Common ID number missing leading 0s
- Social Security Numbers (SSN) that drop leading 0s
- Missing Address line 1
- Symbols in the City field
- Missing State or Zip code
- External data connections used to populate the template

No offer of coverage indicated

- If the employee is being included on the reporting template to have a Form 1095C produced, at least one month of coverage or all 12 months must be selected. The row cannot be blank for these columns. Also, if an offer of coverage is present for "All 12 months" and at least one individual month is provided, all months must be filled in and have the same code. Or remove the "All 12 months" coverage code.

Not properly reporting waivers of coverage.

- In cases where an employee waives coverage, it is still the responsibility of the employer to report information regarding the coverage offered, so the IRS can decide whether an individual or employer penalty may apply.

Lowest Cost monthly premium amount missing or in-consistent.

- When a monthly premium is present for “All 12 months” and at least one individual month is provided, all months must be equal to the premium for “All 12 months”. If coverage code is 1B, 1C, 1D, 1E, 1J or 1K you must have a premium value.

Not properly reporting full month versus partial month offer/enrollment.

- The ALE member uses Line 14 in Part II of Form 1095-C to report whether an offer of coverage was made to an employee for each month of the year. For these purposes, the ALE member should enter the appropriate code to indicate what type of coverage, if any, was offered to the employee for that month, not the coverage actually elected by the employee. So, an employer should not report that an employee was only offered self-only coverage because that is what he/she enrolled in, if in fact the employee had the opportunity to elect family coverage.

Incorrect completion of Part III of Form 1095-C.

- Only certain ALE members should complete Part III. An ALE member that offers coverage through an employer-sponsored, fully-insured health plan (and does not sponsor a self-insured health plan) should NOT complete Part III. Instead, information about coverage will be furnished to employees on Form 1095-B, which is filed by the insurance provider.

Incorrect COBRA coding in reporting.

- An offer of COBRA continuation coverage that is made to a former employee (or to a former employee’s spouse or dependents) due to termination of employment should not be reported as an offer of coverage on line 14. In this situation, code 1H (No offer of coverage) must be entered on line 14 for any month for which the offer of COBRA continuation coverage applies, and code 2A (Employee not employed during the month) must be entered on line 16 (see the instructions for line 16), without regard to whether the employee or spouse or dependents enrolled in the COBRA coverage. However, for the month in which the employee terminates employment with the ALE Member, see the instructions for line 16, code 2B.
- An offer of COBRA continuation coverage that is made to an employee who remains employed by the ALE Member (or to that employee’s spouse and dependents) should be reported on line 14 as an offer of coverage, but only for any individual who receives an offer of COBRA continuation coverage (or an offer of similar coverage that is made at the same time as the offer of COBRA continuation coverage is made to enrolled individuals). Generally, an offer of COBRA continuation coverage is required to be made only to

individuals who were enrolled in coverage and would lose eligibility for coverage due to the COBRA qualifying event, but an ALE Member may choose to extend a similar offer of coverage to a spouse or dependent even if the offer is not required by COBRA.

- An offer of post-employment coverage to a former employee (or to that former employee's spouse or dependent(s)) for coverage that would be effective after the employee has terminated employment (such as at retirement) should not be reported as an offer of coverage on line 14. If the ALE Member is otherwise required to file Form 1095-C for the former employee (because, for example, the individual was a full-time employee for one or more months in the calendar year in which the termination of employment occurred), the ALE Member should enter code 1H (no offer of coverage) on line 14 for any month to which an offer of post-employment coverage applies, and should also enter code 2A (not an employee) on line 16 (see the instructions for line 16).

Reporting codes should reflect measurement method.

- Employers are permitted to determine full-time status using either the monthly measurement method or the look-back/stability measurement method. While the measurement method is not required to be "declared" on the Form 1095-C, the coding necessarily reflects the employers choice. Employers should ensure that they are measuring hours in accordance with the IRS approved methods (refer to ACA Resources).

Reduction in Hours – Failure to account for stability period.

- Outside of very narrow circumstances involving a bona fide change in position if the employee's hours are reduced below 30 hours a week, the employee must remain benefit-eligible for the remainder of the stability period (for most employers, the rest of the calendar year).

Incorrect reporting for new hire full-timers under look-back/stability period method.

- The application of the look-back measurement method to a new employee depends on the employers reasonable expectations of the status of the employee at the start date. Employees reasonably determined to be in a full-time position are not placed in an initial measurement period. Instead, their hours are determined on a month-by-month basis. An employer's reasonable expectations are only applied during the initial measurement period and not during subsequent standard measurement periods where the determination of the full-time is strictly made by hours of service in the prior measurement period.

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