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# THE AFFORDABLE CARE ACT

*Cadillac Tax, Reporting Requirements  
And Other Updates*

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# WHAT IS THE EXCISE (CADILLAC) TAX?

- **2018 thresholds:**
    - \$10,200 - Single Plan (\$850/month)
    - \$27,500 - Family Plan (\$2,292/month)
  - **Amount includes:**
    - Employer paid premiums.
    - Employee paid premiums.
    - Employer contributions to HSAs and FSAs.
    - Self-Insured Dental and Vision may count.
- \*\*\*Still no final guidance on what is included.

# HIGH RISK PROFESSIONS

- **Employees in high risk professions have higher threshold.**
  - \$11,850.
  - \$30,950.
  - Law enforcement, Fire Protection, EMS.
- **Must be a majority of employees to use the higher threshold.**
  - County is the employer for the ACA.

# THE EXCISE TAX AFTER 2018

- **For 2019 and 2020, threshold is tied to CPI plus 1%.**
- **Beginning in 2021 threshold increases by CPI.**
- **Thresholds will be adjusted up if premiums for the Blue Cross Blue Shield Standard Federal Employee Health Benefit experience premium growth of more than 55% from 2010-2018.**
  - Does not appear trending more than 55%.

# EXCISE TAX ISSUES

- **Will it be delayed?**
  - **Will it be repealed?**
- **IRS has not issued proposed regulations regarding the tax yet, but have issued Notices seeking comment**
- **Can the tax be passed on to employees?**

# IRS Notice 2015-16

- Issued Feb. 23, 2015, comment period ending May 15, 2015
- Invited comment on the following issues:
  - Definition of applicable coverage
  - Determination of the cost of applicable coverage
  - Application of the dollar limit to the cost of applicable coverage to determine any excess benefit subject to the excise tax

# IRS Notice 2015-52

- Issued July 30, 2015, comment period ending October 1, 2015
- Explains possible approaches the IRS is considering for administering the tax.
- Issues:
  - Who is liable to pay the excise tax?
  - Employer aggregation
  - Taxable Period for Cadillac Tax
  - Adjustments to dollar limits based on Age and Gender demographic of employer

# ACA REPORTING REQUIREMENTS

- **Every person providing minimum essential coverage to individuals must provide certain information.**
- **Reported on form 1094-C and/or 1095-C.**
- **Requirement begins in 2015.**



# PURPOSE OF REPORTING

- **Verifies that minimum essential coverage was offered.**
- **Verifies that employee accepted or denied coverage.**
- **IRS will use the information to administer the employer responsibility provisions and premium tax credits.**

# 29 U.S.C.A. SECTION 6055

- **Every provider of minimum essential coverage will report coverage information by filing an information return with IRS and statement to individuals.**
  - Information includes the type and period of health insurance coverage.
  - Will be used to administer ACA individual mandate.

# WHO IS A PROVIDER

- **Health insurance issuers or carriers for insured coverage.**
- **Plan sponsors of self-insured group health plan coverage.**
  - Self-insured group health plans maintained by more than one employer- Each employer must report.
  - Plan sponsor- Who maintains and participates in the self-funded plan.

# INFORMATION REQUIRED

- **Contact information about entity providing coverage.**
- **Which individuals are enrolled in coverage.**
- **Identifying information about the individuals.**
- **The month each individual was covered.**

# 26 U.S.C.A. SECTION 6056

- **Requires applicable large employers to file information returns with the IRS and provide statements to their full-time employees about the health insurance coverage the employer offered.**
- **The IRS will use the information that employers report under this section to verify employer-sponsored coverage and administer the ACA's shared responsibility provisions for large employers.**

# INFORMATION REQUIRED

- Info about the employer offering coverage:
  - Contact information.
  - Number of full-time employees.
- For each employee:
  - Information about the coverage offered to the employee by month.
  - Must report the lowest employee cost of self-only coverage offered.
- **Large employers are also required to provide each full-time employee with a written statement that includes information relating to that employee (+ dependents) that is required to be reported on the IRS Return.**

# IRS FORM 1094-C

- **Large employers are required to provide information to the IRS regarding the terms and conditions of health plan coverage offered to their full time employees.**

# IRS FORM 1095-C

- **Information required by the form:**
  - Employer Identification Number (“EIN”);
  - Taxpayer Identification Number;
  - Addresses;
  - Employee’s full-time status;
  - Length of time of the employee’s full-time status;
  - Proof of MEC offered;
  - Coverage dates; and
  - Employees’ share of coverage premium costs.



# IRS FORMS

- **Large employers that provide MEC on a self-insured basis can file a combined return under § 6055 and § 6056 on Form 1095-C.**
- **Large employers who provide coverage through an insurance plan will leave information required by § 6055 blank.**
- **Fines of up to \$100 per day.**
- **Deadlines:**
  - February 29, 2016 for paper filing.
  - March 31, 2016 for electronic filing.

# Counties with Self-Insured and Fully Funded Agencies

- No clear answer on who is responsible for Form 1095- no guidance has been issued for government entities regarding this
- Aggregation rules
  - Assume each applicable large employer member have their own EIN number.
  - County Agencies/Departments do not have separate EINs.
- No penalties if incorrect or incomplete returns are filed or furnished to employees in 2016 for coverage offered in 2015 so long as employer had a good faith effort to comply with reporting requirements.

# Measurement Periods

Standard Measurement Period	Standard Administrative Period	Standard Stability Period
<p><b>No shorter than 3 months</b></p> <p><b>No longer than 12 months</b></p>	<p>Starts right after the last day of the measurement period</p> <p>Cannot be longer than 90 days</p>	<p>Starts right after the last day of the administrative period</p> <p>For employees determined to be full-time: cannot be shorter than the longer of: six (6) calendar months or the standard measurement period.</p> <p>For employees determined to be part-time: cannot be longer than the standard measurement period.</p>

# Penalties under the Employer Mandate

- 2 Types of Penalties:
  1. Fail to offer health insurance to all full-time employees.
  2. Offer health insurance to all full-time employees, but the insurance is not adequate or affordable

# IF YOU HAVE ANY QUESTIONS, PLEASE ASK!!

*THANK YOU!*

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