Brown & Brown

EMPLOYEE BENEFITS

1095-C Reporting Practice Scenarios

December 2023

Topics

NOTES 3

Form 1095-C Line 14 Codes 6

Form 1095-C Line 16 Codes 8

- Scenario 1 – Ongoing Employee (Code 1A and the FLP Safe Harbor) 9
- Scenario 1A – Ongoing Employee (Code 1E and the Non-FPL Safe Harbor) 9
- Scenario 2 – Mid-Year Termination Does Not Elect COBRA 10
- Scenario 2A – Mid-Year Hire and Mid-Year Termination + COBRA 11
- Scenario 3 – Initial Measurement Period 12
- Scenario 4 – VHE Transders to FT 13
- Scenario 5 – Divorce 13
- Scenario 5A – Divorce 14
- Scenario 6 – Deceased Employee 14
- Scenario 7 – COBRA: Terminated/Former Employee 15
- Scenario 7A – COBRA: Reduction in Hours of Active Employee 15
- Scenario 8 – Retiree 16
- Scenario 8A – Surviving Spouse 16
- Scenario 9 – Loss of Dependent Status 17
- Scenario 10 – Married Employees Same Employer 18
- Scenario 11 – Spouse with Conditional Offer of Coverage 19
- Scenario 12 – Individual Coverage HRA (ICHRA) 20

DISCLAIMER: ***Brown & Brown, Inc. and all its affiliates, do not provide legal, regulatory or tax guidance, or advice. If legal advice counsel or representation is needed, the services of a legal professional should be sought. The information in this document is intended to provide a general overview of the topics and services contained herein. Brown & Brown, Inc. and all its affiliates, make no representation or warranty as to the accuracy or completeness of the document and undertakes no obligation to update or revise the document based upon new information or future changes.***

NOTES

General Guidelines

1. Form 1095-C is an individualized form that provides information specific to the individual identified on the form.

    a. The form is filed with the IRS and also furnished to the employee.

2. Provide the 1095-C to the employee's last known address.

    a. If a spouse or dependent receives their own 1095-C (such as when an ex-spouse retains COBRA in a calendar year following the qualifying event year), send the 1095-C to the spouse's or dependent's last known address.

    b. If no address has been provided for the ex-spouse or dependent, provide the 1095-C to the employee's last known address.

3. Part I and non-employees.

    a. It appears that the non-employee's name should be entered here even though the "employee" label is technically incorrect.

    b. The Applicable Large Employer (ALE) member will indicate in another section of the form that the individual was not an employee.

    c. Note that the ALE member can use Form 1095-C to report self-insured medical plan coverage to a non-employee only if it has an SSN for the recipient identified on **Line 1**; this requirement does not apply to Form 1095-B.
    Part I and non-employees.

    Part II - Plan Start Month

    a. Each Form 1095-C must report the first month of the plan year that corresponds with the employer's offer of minimum essential coverage to its employees. This is reflected as a two digit number.

        Example: Employer offers a minimum value plan to its employees, their spouse and their dependent children. The lowest cost minimum value plan has a calendar year start date (i.e., January 1st - December 31st plan year). The employer would complete Part II of the Form 1095-C in the section titled "Plan Start Month" with "01" as the applicable two-digit number that reflects the plan's first month of the plan year.

4. For purposes of **Line 14**, do not confuse Code 1A and 1E.

    a. Code 1A requires that the employer offer minimum essential coverage providing minimum value to the full-time employee with an employee contribution for self-only coverage for the lowest-cost plan option offered to the employee equal to or less than 9.5%* of the mainland (or if applicable, Hawaii or Alaska) single federal poverty line and at least minimum essential coverage is offered to both the spouse and dependent(s) of the employee. This is a specific affordability safe harbor.

        1. If an ALE utilizes Code 1A in **Line 14**, an ALE need not report the cost of coverage to employees in **Line 15**.
        2. When this affordability code applies to one or more employees, the ALE member can use an alternative Form 1095-C to report their offer of coverage for such employees if they also report that they have made a "Qualifying Offer" of coverage under the "Certifications of Eligibility" (line 22) on Form 1094-C.

    b. Code 1E requires that the employer offer minimum essential coverage providing minimum value to the employee and at least minimum essential coverage to the employee's spouse and dependent(s). No specific affordability safe harbor is required.

    **The percentage is indexed to inflation and is 9.12% for 2023, and the affordability percentage for 2024 is 8.39% (see IRS Rev. Proc. 2023-29).*

5. Affordability safe harbor codes for **Line 16**: 2F, 2G or 2H can be used when an employee does not elect (i.e., waives) coverage, provided the employee was offered affordable coverage under one of the three IRS-prescribed affordability safe harbors.

    a. If the coverage offered to an employee is not considered affordable (under any of the affordability safe harbors), an employer cannot use these codes on **Line 16** of Form 1095-C.

    b. Leave **Line 16** blank if no other code is applicable.

6. Inverse premium structures.

    a. Some ALEs charge a higher premium for employees with higher salaries (i.e., the more a person makes, the greater the employee contribution towards health benefits for the same coverage).
    b. When determining which employee premium contribution amount to include in **Line 15**, the amount is based on the employee premium contribution amount for the lowest-cost medical plan providing minimum value that is available to each specific employee.
    c. Under this structure, the reported self-only cost for the lowest-cost medical plan providing minimum value that is available to the lowest-paid employee in **Line 15** will be less than the self-only cost for the lowest-cost medical plan for employees who are more highly compensated than this employee. Use the actual self-only premium contribution of the specific employee for the lowest-cost plan that was available/offered to the specific employee and not the lowest-cost employee premium contribution for the lowest compensation tier.

Example: Bob is required to pay $105 for self-only coverage, based on his salary tier. Sarah is required to pay $145 for the same coverage based on her salary tier. **Line 15** of Bob's 1095-C will report a cost of $105 for single-only coverage, and **Line 15** of Sarah's 1095-C will report a cost of $145 for self-only coverage. The ALE accurately reported the cost of self-only coverage for both Bob and Sarah because the ALE reported the applicable self-only cost of coverage specific to each individual.

7. Multiple coverage options.

    a. For employers with more than one coverage option available to employees and at least one coverage option costs more than the other option(s), the lowest-cost available option providing minimum value to the employee – not the actual elected coverage - is reported in **Line 15**. As a reminder, if an ALE utilizes code 1A in **Line 14**, an ALE need not include cost of coverage information in **Line 15**.

8. **Line 16** should be left blank if there is no appropriate "2" safe harbor code.

9. Premium amounts used in the scenarios are for illustrative purposes only.

Reporting for Terminated Employees

1. **For the year in which the employee terminates employment** (if the employee was an active employee offered coverage for any previous months of the calendar year):

    a. **If coverage is terminated prior to the end of the month** in which the employee terminated employment, an offer code of 1H should be used on line 14 for the employee's last month of employment. Line 16 will reflect a code of 2B, indicating the employee's coverage ended before the last day of the month solely because the employee was not offered coverage for each day of the final month of employment.
    b. **If coverage extends through the end of the month of termination**, report as a standard offer of coverage for an active employee (that is, use code 1E (if this is the applicable offer code) on line 14 and 2C on line 16) for the final month of employment.
    c. **For subsequent months** after the employee terminates, the offer code on line 14 is 1H (no offer of coverage). The line 16 "safe harbor" code is 2A (employee not employed during the month).
    d. **Self-insured employers** will complete Part III indicating the individuals covered under the plan and the months they were covered, including through COBRA continuation coverage.
    e. **Fully insured employers** will not complete Part III as the insurer will provide a separate Form 1095-B to covered individuals reflecting that the individual enrolled in fully insured coverage.

2. **For subsequent years following an employee's termination** (when COBRA coverage is effective, but the former employee/individual was not an active employee for any month within that calendar year):

    a. **Self-insured employers** will report the offer of coverage as 1G (offer of coverage to individual who was not an employee for any month of the calendar year and who enrolled in self-insured health coverage) on line 14. Nothing is entered on line 15 (cost of coverage) or in Line 16 (safe harbor codes). Part III will indicate who is enrolled in the COBRA coverage.
    b. **Fully insured employers** will not complete a Form 1095-C for individuals who were not employed for any month within the calendar year. The insurer will report the coverage (for purposes of reporting whether the individual was covered under minimum essential coverage for a month) on a 1095-B form.

3. **If the individual did not terminate employment, but rather had a status change event** (for example, went from a full-time position to part-time or took a leave of absence) that caused a loss of eligibility during the year and that individual was offered and elected COBRA continuation coverage, then line 14 for the months after the event will reflect that an offer of coverage was made. The appropriate code is contingent upon who was originally enrolled in the coverage and then becomes a qualified beneficiary after a loss of coverage.[1] For example, even though an employee and his/her/their family members were offered coverage at the beginning of the plan year, if only the employee enrolled in the coverage, then the employer would report that COBRA coverage was offered only to the employee using code 1B. Line 15 will be completed with the COBRA premium for single coverage. If the employee elects COBRA coverage, line 16 would show that coverage was elected (2C). If the employee does not elect COBRA, the applicable code on line 16 depends on the circumstances. For instance, if the change in status caused the employee to become a part-time employee, then code 2B would be used. If the employee remains a full-time employee (e.g., the change in status occurred during a stability period), an affordability code might apply if the COBRA premium is affordable. Self-insured employers will complete Part III of Form 1095-C; fully insured plan sponsors will not.

[1] The codes are:

- 1B – Employee only
- 1C – Employee plus dependents, but no spouse
- 1D – Employee plus spouse, but no dependents
- 1E – Employee plus spouse plus dependents
- 1J – Employee plus conditional offer for spouse, no dependents
- 1K – Employee plus dependents, plus conditional offer for spouse

Health Reimbursement Arrangement Reporting Rules

A Health Reimbursement Arrangement (HRA) is an employer-funded arrangement that reimburses employees for certain medical care expenses incurred by employees as well as their spouses and dependents.

1. If the employer offers a **self-insured major medical** plan and an HRA that permits the employee to receive HRA funds only if the employee elects coverage under the major medical plan, report only information related to coverage offered under the major medical plan on Form 1095-C.

NOTE: If the employee elects single-only coverage under the medical plan, but the HRA reimburses expenses of the employee's family members (e.g., spouse and tax dependents) who have not actually enrolled in the major medical plan under the current Code §6055 requirement the ALE member will have a separate reporting obligation for those individuals on Part III of Form 1095-C to reflect HRA coverage.

2. If the employer offers a **fully insured major medical plan and an HRA**, under which the employee can receive HRA funds only if the employee elects coverage under the medical plan, report only information related to coverage offered under the major medical plan on Form 1095-C.

NOTE: If the employee elects single-only coverage under the medical plan, but the HRA reimburses expenses of the employee's family members (e.g., spouse and tax dependents) who have not actually enrolled in the major medical plan, under the current Code §6055 requirement the ALE member will have a separate reporting obligation for those individuals on Part III of Form 1095-C to reflect HRA coverage.

Form 1095-C Line 14 (1 Series Codes)

Code	Description
1A	Qualifying Offer: Minimum value (MV) coverage offered to full-time employee, **with employee contribution for self-only coverage equal to or less than 9.5% (as adjusted for inflation) of the mainland (or Hawaii/Alaska, if applicable) single federal poverty line** and at least minimum essential coverage (MEC) offered to spouse and dependent(s).
1B	Minimum value (MV) coverage offered to employee only
1C	Minimum value (MV) coverage offered to employee and at least minimum essential coverage (MEC) offered to dependent children (coverage not offered to spouse)
1D	Minimum value (MV) coverage offered to employee and at least minimum essential coverage (MEC) offered to spouse (coverage not offered to dependent children)
1E	**Minimum value (MV) coverage offered to employee and at least minimum essential coverage (MEC) offered to dependent children and spouse.**
1F	Minimum essential coverage (MEC) (coverage that does not qualify as minimum value (MV)) offered to employee, or employee and spouse or dependent children, or employee, spouse and dependent children
1G	Offer of either minimum essential coverage (MEC) or minimum value (MV) coverage to an individual who was not an employee, or an employee who was not a full-time employee, for any month of the calendar year and who enrolled in self-insured coverage for one or more months of the calendar year.
1H	No offer of MEC or MV coverage (i.e., employee not offered any health coverage or employee offered coverage that does not qualify as minimum essential coverage (MEC) or minimum value (MV) coverage)
1I	Reserved. Qualifying Offer Transition Relief for 2018 – **No longer applicable.**
1J	Minimum value (MV) coverage offered to employee and at least minimum essential coverage (MEC) conditionally offered to spouse (e.g., spouse cannot enroll in coverage if spouse is offered MEC coverage by another employer) and no offer of MEC or MV coverage to dependent children
1K	Minimum value (MV) coverage offered to employee, and at least minimum essential coverage (MEC) offered to dependent children. At least minimum essential coverage (MEC) conditionally offered to spouse (e.g., spouse cannot enroll in coverage if spouse is offered MEC coverage by another employer)

Form 1095-C Line 14 (ICHRA 1 Series Codes)

Code	Description
1L	Individual coverage HRA offered to employee only with affordability determined using employee's primary residence location ZIP code
1M	Individual coverage HRA offered to employee and dependent children (ICHRA not offered to spouse) with affordability determined by using employee's primary residence location ZIP code
1N	Individual coverage HRA offered to employee, spouse and dependent children with affordability determined by using the employee's primary residence location ZIP code
1O	Individual coverage HRA offered to employee only using the employee's primary employment site ZIP code affordability safe harbor
1P	Individual coverage HRA offered to employee and dependent children (ICHRA not offered to spouse) using the employee's primary employment site ZIP code affordability safe harbor
1Q	Individual coverage HRA offered to employee, spouse, and dependent children using employee's primary employment site ZIP code affordability safe harbor
1R	Individual coverage HRA that is NOT affordable offered to employee; employee and spouse, or dependent children; or employee, spouse, and dependent children
1S	Individual coverage HRA offered to an individual who was not a full-time employee
1T	Individual coverage HRA offered to employee and spouse (ICHRA not offered to dependent children) with affordability determined using employee's primary residence location ZIP code
1U	Individual coverage HRA offered to employee and spouse (ICHRA not offered to dependent children) using employee's primary employment site ZIP code affordability safe harbor
1V 1Z	Reserved for future use

Form 1095-C Line 16 (2 Series Codes)

2A	Employee not employed during any day in the month
2B	Employee was not a full-time employee for the month
2C	**Employee enrolled in coverage offered**
2D	Employee in a section 4980H(b) Limited Non-Assessment Period (LNAP)*
2E	Multiemployer interim rule relief (e.g., union plan or temporary staffing agency/PEO plan)
2F	Section 4980H affordability Form W-2 (Box 1) safe harbor
2G	Section 4980H affordability federal poverty line (FPL) safe harbor
2H	Section 4980H affordability rate of pay safe harbor
2I	Reserved. **No longer applicable**

****2D - Limited Non-Assessment Period (LNAP) – For first five LNAPs (scenarios below), 2D may only be used if such coverage provided minimum value (MV) and was offered by the end of such applicable period.***

- *First Year as ALE: Applies only to January through March of the first calendar year, and employee must not have been offered coverage in the prior calendar year.*
- *Waiting Period under the Monthly Measurement Method: Only applies to employees reasonably expected to be FT, ends no later than the period beginning with the first full calendar month in which the employee is first otherwise (but for completion of the waiting period) eligible for an offer of health coverage and ending no later than two full calendar months after the end of that first calendar month. This limited non-assessment period may apply only once per period of employment.*
- *Waiting Period under the Look-Back Measurement Method: Only applies to employees reasonably expected to be FT on date of hire. It begins on the employee's start date and ending no later than three full calendar months of employment. This limited non-assessment period may apply only once per period of employment.*
- *Initial Measurement Period and Associated Administrative Period (if applicable) under the Look-Back Measurement Method: Only applies to part-time, variable hour and seasonal employees who are not reasonably expected to be FT.*
- *Period Following Change in Status that Occurs During Initial Measurement Period Under the Look-Back Measurement Method: Employee must be hired as variable-hour, seasonal, or part-time employee and later has a change in employment to an employee expected to have full-time hours of service per week/month during their Initial Measurement Period. It begins on date of employment change and ends no later than the end of the third full calendar month following the month of change in employment status. This does not apply when the employee's Stability Period starts sooner than the end of the third full calendar month following the change in employment status and the employee is considered a full-time employee based on his/her/their Initial Measurement Period (i.e., averaged 30 or more hours of service during the Initial Measurement Period), the Limited Non-Assessment Period ends on the day before the first day of that associated Stability Period. This limited non-assessment period may apply only once per period of employment.*
- *First Calendar Month of Employment: So long as the first day of employment does not fall on the first day of the calendar month.*

Sample Coding Combinations

Note: The examples used below are for a **self-insured employer**. Employers providing fully insured group health plan coverage are not required to Complete Part III of the 1095-C.

Scenario 1 – Ongoing Employee (Code 1A and the FPL Safe Harbor)

Employee enrolls in single coverage, and the employer utilizes the Federal Poverty Line (FPL) affordability safe harbor. The coverage offered provides minimum value and is considered affordable to the employee at $109 a month. The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children.

Part II Employee Offer of Coverage					Employee's Age on January 1				Plan Start Month (enter 2-digit number):				
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1A												
15 Employee Required Contribution (see instructions)	$ 125.00	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)	2C												
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- Employer offered employee + spouse + dependent children minimum value coverage for 2023 at open enrollment under the mainland FPL affordability safe harbor (Line 14, code 1A).
- The cost for coverage under the option available to the employee with the lowest single-only contribution is $109, but under the rules if an employer utilizes the FPL affordability safe harbor, an employer need not report the cost of coverage in Line 15 (Line 15, blank).
- Employee elects coverage for all 12 months of the calendar year (Line 16, code 2C).
- Employer must also report that employee was enrolled in coverage for all 12 months in 2023 under Part III "Covered Individuals" because the employee was enrolled in self-funded coverage for all 12 months.

Scenario 1A – Ongoing Employee (Code 1E and the Non-FPL Safe Harbor)

Employee enrolls in single coverage, and the employer utilizes the W-2 (Box 1) affordability safe harbor. The coverage offered provides minimum value and is considered affordable to the employee at $125 a month. The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children.

Part II Employee Offer of Coverage					Employee's Age on January 1				Plan Start Month (enter 2-digit number):				
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1E												
15 Employee Required Contribution (see instructions)	$ 125.00	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)	2C												
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- Employer offered employee + spouse + dependent children minimum value coverage for 2023 at open enrollment using the W-2 (Box 1) affordability safe harbor (Line 14, code 1E). Employer cannot use code 1A because it is not using the Federal Poverty Line affordability safe harbor.
- The cost for coverage under the option available to the employee with the lowest single-only contribution is $125 and is reported in Line 15.
- Employee elects coverage for all 12 months of the calendar year (Line 16, code 2C).
- Employer must also report that employee was enrolled in coverage for all 12 months in 2023 under Part III "Covered Individuals" because employee was enrolled in self-funded coverage for all 12 months.

Scenario 2 – Mid-Year Termination Does Not Elect COBRA

The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children. The employee, spouse and dependents are covered under the plan and the employer utilizes the Rate of Pay affordability safe harbor and such coverage provides minimum value and is considered affordable to the employee at $125 a month.

Employee Offer of Coverage					Employee's Age on January 1				Plan Start Month (enter 2-digit number):				
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
of (enter code)		1E	1E	1E	1E	1E	1E	1E	1H	1H	1H	1H	1H
yee ion (see ns)	$	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$	$	$	$	$
n 4980H or and ief (enter pplicable)		2C	2C	2C	2C	2C	2C	2C	2A	2A	2A	2A	2A
ode													

Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
n		Smith	XXX-XX-XXXX		☐	☒	☒	☒	☒	☒	☒	☒	☐	☐	☐	☐	☐
e		Smith	XXX-XX-XXXX		☐	☒	☒	☒	☒	☒	☒	☒	☐	☐	☐	☐	☐
					☐	☒	☒	☒	☒	☒	☒	☒	☐	☐	☐	☐	☐

- Employee was employed as of January 1 of the calendar year, and employee + spouse + dependent children were offered minimum value and affordable coverage under the Rate of Pay safe harbor from January to July of the calendar year (Line 14, code 1E), the cost of coverage was $125 a month for self-only coverage for the lowest cost plan available to the employee (Line 15), and the employee enrolled in the coverage for the months of January through July (Line 16, code 2C), which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (i.e., no need to report code 2H here). Employee (and family members) enrolled in the self-funded plan are reflected in Part III under "Covered Individuals" with an "X" in the checkboxes for months January to July.
- Employee terminated employment mid-year on 07/07/2023, but the employee remained enrolled in the coverage for the entire month of July (Line 16, code 2C).
- As of August, the employee was not offered coverage for the remaining calendar year because the employee was no longer employed from August to December of the calendar year, and the employee (and family members) did not elect COBRA coverage. Line 14 should reflect code 1H (no offer of coverage), and Line 16 would reflect code 2A (not an employee) for the months of August through December. Employer no longer marks the checkboxes with an "X" under Part III under "Covered Individuals" for the months of August through December because the employee and family members are no longer enrolled in the self-funded plan as of those months because they did not elect COBRA.

Note: Indicate the individual was not offered coverage for the months of August through December (code 1H in Line 14), due to not being an employee for those months (code 2A in Line 16), leave Line 15 blank in Part II and leave those months unchecked in Part III.

Note: $125.00 for single-only contribution is for illustrative purposes only. Confirm actual single-only contribution applicable to the offer made to the specific employee.

Scenario 2A – Mid-Year Hire and Mid-Year Termination + COBRA

The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children. The employee, spouse and dependent are covered under the plan and the employer utilizes the Rate of Pay affordability safe harbor and such coverage provides minimum value and is considered affordable to the employee at $125 a month.

Part II Employee Offer of Coverage | Employee's Age on January 1 | Plan Start Month (enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1H	1H	1H	1E	1E	1E	1E	1E	1H	1H	1H	1H
15 Employee Required Contribution (see instructions)	$	$	$	$	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)		2A	2A	2D	2C	2C	2C	2C	2C	2A	2A	2A	2A
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☐	☐	☐	☐	☒	☒	☒	☒	☒	☒	☒	☒	☒
19	Jane		Smith	XXX-XX-XXXX		☐	☐	☐	☐	☒	☒	☒	☒	☒	☒	☒	☒	☒
20	Jim		Smith	XXX-XX-XXXX		☐	☐	☐	☐	☒	☒	☒	☒	☒	☒	☒	☒	☒

- Employee was hired on 3/15/23. The employer reports that the employee did not have an effective offer of coverage in January and February because they were not employed by this employer at that time (Line 14, Code 1H and Line 16, Code 2A). The employer also reports that they did not offer coverage to this employee for the month of March due to the employee being hired mid-month. Therefore, they could not have been offered coverage for every day of that month (Line 14, code 1H). Employer also reported in March that the employee is in a LNAP because they were hired mid-March (Line 16, code 2D).
- Employee + spouse + dependent children were offered minimum value coverage that was affordable based upon the Rate of Pay affordability safe harbor for the months of April, May, June and July of 2023 (Line 14, code 1E) with a $125 a month cost for self-only coverage for the lowest cost plan available to the employee (Line 15), and the employee enrolled in such coverage from April until July of 2023 (Line 16, code 2C), which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (i.e., no need to report code 2H here). This enrollment in the self-funded plan is also reflected in Part III for Covered Individuals under the health plan, and an "X" should be placed into the checkboxes for the months of April, May, June and July.
- Mid-year termination of employment occurs 08/07/2023, and coverage is provided to the employee until the last day of August. The employer reports that it did offer coverage to this employee for the entire month of August (Line 14, code 1E), with a $125 a month cost for self-only coverage for the lowest cost plan available to the employee (Line 15), and the employee enrolled in such coverage for August of 2023 (Line 16, code 2C), which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (e.g., no need to report code 2H here). This enrollment in the self-funded plan is also reflected in Part III for Covered Individuals under the health plan, and an "X" should be placed into the checkboxes for the month of August.
- Employee elects COBRA coverage for themselves and their family from September through December of 2023.
  - Employer would report that the employee was not offered coverage for the months of September through December despite the employee (and family members) having enrolled in COBRA coverage, due to the employee being terminated from employment for those months (Line 14, code 1H). The employer does not report anything on the cost of such COBRA coverage for September through December (Line 15), and reports that the employee is no longer an employee of this employer for the months of September through December (Line 16, code 2A)
  - This enrollment in the self-funded plan is also reflected in Part III for Covered Individuals under the health plan, and an "X" should be placed into the checkboxes for the months of September through December.

Note: Leave Line 15 blank beginning with September.

Scenario 3 – Initial Measurement Period

A new variable-hour employee completes their 12-month Initial Measurement Period by July 31, 2023, with an Administrative Period of one month (August 1 – August 31, 2023), and the employer utilizes the Rate of Pay affordability safe harbor. The employee is required to pay $125 towards self-only coverage per month, which provides minimum value but is **not** considered affordable to the employee under the ACA Rate of Pay safe harbor, and the employee waives coverage. The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children.

Part II Employee Offer of Coverage | Employee's Age on January 1 | Plan Start Month (enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1H	1H	1H	1H	1H	1H	1H	1H	1E	1E	1E	1E
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$ 125.00	$ 125.00	$ 125.00	$ 125.00
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)		2D	2D	2D	2D	2D	2D	2D	2D				
17 ZIP Code													

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☐

	(a) Name of covered individual(s) First name, middle initial, last name	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18				☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- The new variable hour employee was not offered coverage for the months of January through August because he was in his Initial Measurement Period and associated Administrative Period (Line 14, code 1H). The employer reports that the employee was in a Limited Non-Assessment Period (i.e., Initial Measurement Period) (Line 16, code 2D) and leaves Line 15 blank for the months of January through August.
- The employee averaged 130 or more hours of service a month during his Initial Measurement Period, and the employee + spouse + dependent children were offered minimum value coverage for a 12-month Stability Period under the employer plan as of September 1, 2023 (Line 14, code 1E). Because the employee waived the offer of coverage for the months of September through December, and because the plan was unaffordable for this employee, the employer leaves Line 16 blank (because there is no affordability safe harbor that applies to this employee) and inserts $125 in Line 15 to reflect the cost of single coverage.
- Part III is left blank because the employee was not enrolled in the plan during the year.

Scenario 4 – VHE Transfers to FT

A new variable-hour employee is hired on October 1, 2022, and transfers to a full-time position on February 15, 2023. This new employee's Initial Measurement Period began on October 1, 2022, and would normally continue until September 30, 2023. The employer utilizes the W-2 (Box 1) affordability safe harbor, and such coverage provides minimum value and is considered affordable to the employee at $125 a month. The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children. Only the employee enrolls in the self-funded coverage.

Part II Employee Offer of Coverage | Employee's Age on January 1 | Plan Start Month (enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1H	1H	1H	1H	1H	1E	1E	1E	1E	1E	1E	1E
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)		2D	2D	2D	2D	2D	2C	2C	2C	2C	2C	2C	2C
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	Jane		Smith	XXX-XX-XXXX		☐	☐	☐	☐	☐	☐	☒	☒	☒	☒	☒	☒	☒

- New variable hour employee's Initial Measurement Period began on October 1, 2022, and was scheduled to end on September 30, 2023 (i.e., 12-month Initial Measurement Period). Employee was, therefore, not offered coverage for January through May of 2023 (Line 14, code 1H). Line 15 is left blank for those months (due to no offer of coverage) and the employee would be in an LNAP due to her status as a variable hour employee during the Initial Measurement Period during that period of time (Line 16, code 2D).
- On February 15, 2023, the new variable-hour employee transferred to a full-time position where they would reasonably have been expected to work full-time hours if they had originally been hired into this position. Due to this change, the LNAP period for the employee expires on the first day following the first three calendar months after the month in which the employee changed to a position that they would have reasonably been expected to work full-time hours.
- Employee is offered and enrolls in coverage June 1, and maintains coverage through the end of 2023. Employer would report that the employee + spouse + dependent children were offered minimum value coverage for the months of June through December (Line 14, code 1E). The employer reports a cost of such coverage for June through December of $125 (Line 15) and reports that the employee is covered under the health plan for the months of June through December (Line 16, code 2C), which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (e.g., no need to report code 2F here).
- The employer reports that only the employee enrolled in its self-funded coverage in Part III.

Scenario 5 – Divorce

An employee and spouse are married and covered under the health plan until the couple divorces on 5/15/23. Coverage for the spouse terminates on 5/30/23. Spouse elects COBRA coverage under the employer's self-funded plan beginning 6/1/23 and remains covered through 12/31/23. Employee remains covered under the health plan, for a total of 12 months of 2023, and the plan is considered affordable and provides minimum value to the employee (and family) for all 12 months under the Rate of Pay safe harbor. The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children.

Part II Employee Offer of Coverage | Employee's Age on January 1 | Plan Start Month (enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1E												
15 Employee Required Contribution (see instructions)	$ 125.00	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)	2C												
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19	Jane		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- The employer reports that the employee + spouse + dependent children were offered minimum value coverage for the entire 12 months of 2023 in Part II (Line 14, All 12 months column, code 1E). The cost of coverage to the employee for self-only coverage for the lowest cost plan is $125 (Line 15, All 12 months column), and the employee is enrolled in the coverage for all 12 months of the calendar year (Line 16, code 2C, All 12 months column), which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (i.e., no need to report code 2H here). The information reported in Part II is not affected by the mid-year divorce.
- Because the employee was enrolled in the self-funded plan for all 12 months, and because the spouse elected COBRA coverage after the divorce and therefore remained enrolled in the plan for all 12 months, Part III reports both employee and spouse being enrolled in self-funded coverage for all 12 months with an "X" in the checkbox column "(d) Covered all 12 months" for both the employee and the spouse.

Scenario 5A – Divorce

An employee and spouse are married and covered under the health plan until they divorce on 5/15/22. As of 6/1/22, the spouse has elected COBRA coverage. The employee is later terminated from employment on 12/15/22 and the employee does not elect COBRA. Spouse remains enrolled in COBRA for the entire 2023 year.

EX-SPOUSE

Part II Employee Offer of Coverage					Employee's Age on January 1				Plan S				
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug				
14 Offer of Coverage (enter required code)	1G												
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	Jane		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

In calendar year 2023, the employer must report that the spouse is enrolled in the self-funded plan as a COBRA participant. The employer reports that the spouse is a non-employee enrolled in self-funded coverage of the employer for all 12 months of the 2023 calendar year in Part II (Line 14, code 1G, column All 12 months), leaving Lines 15 and 16 blank. The employer also completes Part III with the name and social security number of the spouse and checks the box enrolled in self-funded coverage for all 12 months with an “X” in the checkbox column “(d) Covered all 12 months” after the spouse’s information.

Scenario 6 – Deceased Employee

An employee is offered minimum value coverage as of January 1, 2023, and enrolls in self-only coverage at that time. The employee is required to pay $125 towards self-only coverage per month, which is affordable coverage under the Rate of Pay affordability safe harbor that the employer utilizes. The employee passes away on July 15, 2023. The employer’s coverage is offered to the employee, the employee’s spouse and employee’s dependent children.

Part II Employee Offer of Coverage					Employee's Age on January 1				Plan Start Month (enter 2-digit number):				
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1E	1E	1E	1E	1E	1E	1H	1H	1H	1H	1H	1H
15 Employee Required Contribution (see instructions)	$	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)		2C	2C	2C	2C	2C	2C	2B	2A	2A	2A	2A	2A
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☐

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☐	☒	☒	☒	☒	☒	☒	☒	☐	☐	☐	☐	☐

- The employer reports that the employee + spouse + dependent children were offered minimum value coverage under the Rate of Pay safe harbor (Line 14, code 1E), the cost of self-only coverage was $125 per month (Line 15) and the employee was enrolled in such coverage (Line 16, code 2C) for the months of January through June, which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (i.e., no need to report code 2H here). However, because the employee was not offered coverage for the entire month of July (since they passed mid-month), the employer reports that it did not offer coverage to the employee from July through December of 2023 (Line 14, code 1H). Line 15 remains blank for months July to December of 2023. For the month of July, the employer uses code 2B for Line 16 either because (1) the employee was not a full-time employee during the month or (2) the instructions indicate that, even if the employee is a full-time employee for the month, code 2B applies when the 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. Thereafter, the deceased employee was no longer considered an employee for the period of August through December 2023 (Line 16, code 2A).
- Part III is checked with an “X” in the January through July columns and includes July because the employee was covered on at least one day within that month before his passing. Thereafter, from August through December 2023, the employee is no longer enrolled in self-funded coverage, and the checkbox for those columns is left blank.
- If a covered employee passes away mid-year, provide the 1095-C to the employee’s last known address.
  - » The employee’s estate will need the 1095-C for its records.
  - » If an executor of the estate provides an updated address, provide the 1095-C to that address.

Scenario 7 – COBRA: Terminated/Former Employee

FORMER EMPLOYEE

The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children. However, only the employee enrolls in coverage at the time of open enrollment, and the employee waives coverage for both his spouse and dependent child.

Employee is enrolled in coverage as a full-time employee beginning 1/1/22 but leaves employment on 11/15/22. As of 12/1/22, the employee elects COBRA coverage. The terminated employee remains enrolled in COBRA for the entire 2023 year.

Part II Employee Offer of Coverage | **Employee's Age on January 1** | **Plan**

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	A				
14 Offer of Coverage (enter required code)	1G												
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- In calendar year 2023, the employer must report that the employee is enrolled in the self-funded plan as a COBRA participant. The employer reports that the employee is a non-employee enrolled in self-funded coverage of the employer for all 12 months of the 2024 calendar year in Part II (Line 14, code 1G, column All 12 months), and also by reporting in Part III the name of the employee, the social security number of the employee, and checking the box enrolled in self-funded coverage for all 12 months with an "X" in the checkbox column "(d) Covered all 12 months" after the employee's information.

Scenario 7A – COBRA: Reduction in Hours of Active Employee

PART-TIME EMPLOYEE

The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children. Employee is offered minimum value coverage as of January 1, 2023, and is required to pay $125 towards self-only coverage per month, which is affordable coverage under the Rate of Pay affordability safe harbor that the employer utilizes.

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug				
14 Offer of Coverage (enter required code)		1E	1E	1E	1E	1E	1E	1B	1B				
15 Employee Required Contribution (see instructions)	$	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 125.00	$ 350.00	$ 350.00	$ 350.00	$ 350.00	$ 350.00	$ 350.00
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)		2C	2C	2C	2C	2C	2C	2C	2C	2C	2C	2C	2C
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

However, at the time of open enrollment for the 2023 plan year, the employee enrolls only himself in coverage and waives coverage for both his spouse and dependent child. The employee reduces his work hours to less than 30 hours of service a week as of 6/15/23, loses eligibility for coverage as of 6/30/23, and becomes a part-time employee for purposes of Section 4980H starting with the month of July (e.g. because the employer uses the Monthly Measurement Method or the employee was not in a stability period at the time of the reduction in hours). The employee is offered COBRA coverage as of 7/1/23, and he elects the COBRA coverage. The COBRA premium for self-only coverage under plan is $350.The employee remains enrolled in COBRA for the remainder of 2023

- The employer reports that the employee + spouse + dependent children were offered minimum value coverage under the Rate of Pay safe harbor (Line 14, code 1E), that the cost of self-only coverage per month was $125 (Line 15), and that the employee was enrolled in coverage (Line 16, code 2C) for months January through June of 2023, which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (i.e., no need to report code 2H here).
- Because the employee was no longer eligible for coverage when their position changed to part-time and the employee had enrolled only themselves in coverage as a full-time employee, only the employee is entitled to an offer of COBRA coverage. The employer reports that only the employee was offered COBRA coverage (Line 14, code 1B), that the cost of the COBRA premium was $350 a month (Line 15, $350). The employee is enrolled in COBRA coverage (Line 16, code 2C) for the months of July through December of 2023. Note: had the employee waived the employer's offer of COBRA, the Line 16 safe harbor code would change to 2B to reflect that the employee was not a full-time employee for the months of July through December.
  - » The employer also reports that the employee was enrolled in coverage for all 12 months of the calendar year in Part III by placing an "X" in the checkbox column titled ""(d) Covered all 12 months" following the employee's personal information in Line 18.

Scenario 8 – Retiree

An ex-employee is not an employee for any month in 2023 and is enrolled as a retiree in the employer's self-funded health plan in 2023. The employee passes away on 7/7/2023 but is covered by the group health plan until that date. The employee's spouse is also enrolled in the retiree's employer-sponsored health plan under the terms of the retiree plan, the spouse is entitled to remain enrolled in the self-funded group health plan until the end of her life. Therefore, the spouse is enrolled in the self-funded retiree coverage for all 12 months of 2023.

Part II Employee Offer of Coverage | Employee's Age on January 1 | Plan Start Month (enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1G												
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☐	☒	☒	☒	☒	☒	☒	☒	☐	☐	☐	☐	☐
19	Jane		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- Employee is considered covered under the self-funded retiree plan from January through July of 2023, and the spouse is considered covered for all 12 months of the calendar year. Because the spouse is enrolled in the self-funded retiree group health plan for all 12 months, the employer reports code 1G in Line 14 in the All 12 Months column in Part II. All other information in Part II is left blank.
- Part III reports the retiree as being covered under the self-funded retiree health plan January through July with an "X" in each respective month column. Part III also accurately reflects the retiree's spouse as being covered under the self-funded retiree health plan for all 12 months by placing an "X" in the "(d) Covered all 12 months" column after the spouse's information.
- If a covered retiree passes away mid-year, provide the 1095-C to the employee's last known address.
  - » The retiree's estate will need the 1095-C for its records.
  - » If an executor of the estate provides an updated address, provide the 1095-C to that address.

Scenario 8A – Surviving Spouse

Alternative to the approach described in Scenario 8, the employer could have issued separate Form 1095-Cs to the retiree and the retiree's spouse.

Part II Employee Offer of Coverage | Employee's Age on January 1 | Plan Start Month (enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1G												
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	Jane		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- Spouse is considered covered under the self-funded retiree plan for all 12 months of the calendar year. Because the spouse is enrolled in the self-funded retiree group health plan for all 12 months, the employer reports code 1G in Line 14 in the All 12 Months column in Part II. All other information in Part II is left blank.
- Part III reports the spouse as being covered under the self-funded retiree health plan for all 12 months by placing an "X" in the "(d) Covered all 12 months" column after the spouse's information.

Scenario 9 – Loss of Dependent Status

An employee is offered minimum value coverage as of January 1, 2023, and enrolls in self-funded coverage. The cost of self-only coverage is $125 per month, which is affordable coverage under the Rate of Pay affordability safe harbor that the employer utilizes. The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children.

The employee and their spouse are enrolled for all 12 months of 2023. Their dependent child is enrolled until they turn age 26. The dependent child turns age 26 on July 10, 2023, and coverage is provided to them until July 31, 2023. The dependent child elects COBRA coverage as of August 1, 2023, through December of 2023.

EMPLOYEE JOHN

Part II Employee Offer of Coverage | Employee's Age on January 1

	All 12 Months	Jan	Feb	Mar	Apr	May	June						
14 Offer of Coverage (enter required code)	1E												
15 Employee Required Contribution (see instructions)	$ 125.00	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)	2C												
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19	Jane		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
20	James		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- The employer reports that the employee was offered minimum value coverage under the Rate of Pay safe harbor (Line 14, code 1E), the cost of self-only coverage was $125 per month (Line 15), and the employee was enrolled in coverage for all 12 months of 2023 (Line 16, code 2C, column All 12 Months) in Part II, which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (i.e., no need to report code 2H here).
- In Part III, the employer reports that the employee, spouse, and dependent child are all enrolled in the self-funded group health plan for all 12 months (including the dependent child, because the dependent child enrolled in COBRA coverage beginning August 1, 2023) by placing an "X" in the "(d) Covered all 12 months" column after each covered individual's information.
- In the alternative, the employer could have reported the dependent child on his own individual Form 1095-C and removed the dependent child's name (James Smith) from Part III of the employee's Form 1095-C and issued a separate Form 1095-C for only the dependent child which would have resembled a Form 1095-C that is illustrated below.

DEPENDENT JAMES

Part II Employee Offer of Coverage | Employee's Age on January 1 | Plan

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	A				
14 Offer of Coverage (enter required code)	1G												
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	James		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scenario 10 – Married Employees Same Employer

Employee John is married to Jane, and both work for the same employer. The employer offers both spouses coverage as of January 1, 2023. However, John enrolls Jane under his election for employee + spouse coverage for all 12 months, and Jane waives coverage as an employee for all 12 months under the self-funded employer sponsored plan. Employees are required to pay $125 towards self-only minimum value coverage per month, which is affordable coverage under the Rate of Pay affordability safe harbor (which the employer utilizes) for John but is considered unaffordable coverage for Jane. The employer's coverage is offered to the employee, the employee's spouse and employee's dependent children.

- The employer issues separate Forms 1095-C to John and to Jane.
- Part II of John's Form 1095-C reflects that John (along with his spouse and any dependent children) were offered minimum value coverage (pursuant to the Rate of Pay affordability safe harbor) for all 12 months (Line 14, code 1E, column "All 12 months"), the cost of self-only coverage per month was $125 per month for all 12 months ($125 in column "All 12 months") and he enrolled himself and Jane in such coverage for all 12 months of the 2023 calendar year (Line 16, code 2C, column "All 12 months"), which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (i.e., no need to report code 2H here).
- Jane's Form 1095-C reflects the same information as John's for Part II Lines 14 and 15. However, because the coverage was unaffordable for Jane under the employer's Rate of Pay safe harbor, the employer leaves Line 16 blank, as no safe harbor code applied to Jane.
- Part III of John's Form 1095-C accurately reflects that he and his spouse, Jane, were enrolled in self-funded coverage for all 12 months of the 2023 calendar year (Part III, Line 17, with an "X" under the column titled "(d) Covered all 12 months"). Because Jane was not enrolled in the coverage offered to her as an employee, Part III of Jane's Form 1095-C is left blank in Line 17.

EMPLOYEE JOHN

Part II Employee Offer of Coverage — Employee's Age on January 1

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1E												
15 Employee Required Contribution (see instructions)	$ 125.00	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)	2C												
17 ZIP Code													

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19	Jane		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

EMPLOYEE JANE

Part II Employee Offer of Coverage — Employee's Age on January 1

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1E												
15 Employee Required Contribution (see instructions)	$ 125.00	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													
17 ZIP Code													

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☐

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18						☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scenario 11 – Spouse With Conditional Offer of Coverage

The employer's coverage is offered to the employee, the employee's spouse and the employee's dependent children. However, the employer allows spouses of employees to be enrolled in the coverage only if the spouse does not have an effective offer of coverage through another employer plan. The employee enrolls in coverage but is unable to enroll his spouse in the coverage because his spouse has an offer of coverage with another employer. Employees are required to pay $125 towards self-only minimum value coverage per month, which is affordable coverage under the Rate of Pay affordability safe harbor (which the employer utilizes).

Part II Employee Offer of Coverage | Employee's Age on January 1 | Plan Start Month (enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1K												
15 Employee Required Contribution (see instructions)	$ 125.00	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)	2C												
17 ZIP Code													

Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

- The employer reports that the employee + spouse + dependent were offered minimum value coverage for 2023 at open enrollment under the Rate of Pay affordability safe harbor, but the offer to the spouse is a conditional offer of coverage (Line 14, code 1K).
- The cost of the coverage option available with the lowest single-only contribution is $125 (Line 15, $125).
- Employee is enrolled in coverage for all 12 months of the calendar year (Line 16, code 2C), which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (i.e., no need to report code 2H here).
- Employer also reports that employee was enrolled in coverage for all 12 months in 2023 under Part III "Covered Individuals" because employee was enrolled in self-funded coverage for all 12 months. Spouse is not included since spouse did not enroll in such coverage due to availability of coverage from another employer.

Scenario 12 – Individual Coverage HRA (ICHRA)

The employer offers a qualified Individual Coverage HRA to all of its employees located in the same state (e.g., Minnesota). The ICHRA is offered to the employee, the employee's spouse and employee's dependent children. The employer utilizes the employee's primary employment site ZIP code affordability safe harbor, and the cost for self-only coverage in the lowest cost silver plan offered within the Marketplace/Exchange for that ZIP code is $500. The employer provides a premium reimbursement amount of $375 per month through the ICHRA. The employee contribution, as described under the regulations, is calculated by taking the monthly cost for self-only coverage for the lowest-cost silver plan in the Exchange/Marketplace subject to the applicable ZIP code (in this scenario, the employer's primary employment site ZIP code) which is a cost of $500 a month and is reduced by the amount of the premium reimbursement employees receive from an ICHRA ($375 in this scenario). Therefore, the cost of coverage for employees participating in the ICHRA is $125 per month ($500 total monthly premium cost for self-only coverage in the Exchange, less employer premium reimbursement of $375 a month).

Part II Employee Offer of Coverage | Employee's Age on January 1: 42 | Plan Start Month (enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1Q												
15 Employee Required Contribution (see instructions)	$ 125.00	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)	2C												
17 ZIP Code	55402												

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. ☒

	(a) Name of covered individual(s) First name, middle initial, last name			(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of coverage Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
18	John		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
19	Jane		Smith	XXX-XX-XXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
20	James		Smith	XXX-XX-XXXX		☒	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

The ICHRA offered by the employer is considered affordable for all eligible employees at $125 a month under the Rate of Pay affordability safe harbor.

- The employer reports that the ICHRA is offered to the employee, the employee's spouse and employee's dependent children for all 12 months of the year and the employer utilizes the employee's primary employment site ZIP code affordability safe harbor in the column "All 12 months" in Line 14 (Line 14, code 1Q).
- The employer reports the cost of coverage ($125) to the employee in column "All 12 months" in Line 15 (Line 15, $125).
- The employer reports the employee was enrolled in ICHRA coverage for all 12 months of the calendar year in column "All 12 months" in Line 16 (Line 16, code 2C), which replaces the need for an applicable affordability safe harbor series 2 code in Line 16 (i.e., no need to report code 2H here).
- Employer reports the employee's age on 1/1/23 in Part II of Form 1095-C.
- Employer enters the primary employment site zip code on Line 17 of the Form 1095-C.
- Employer also reports that employee, spouse and child were enrolled in coverage for all 12 months in 2023 under Part III "Covered Individuals" because the ICHRA is considered self-funded coverage.

How Brown & Brown Can Help

Connect with your Brown & Brown service team to learn more about how we can help find solutions to fit your unique needs.

Find Your Solution at BBrown.com

DISCLAIMER: *Brown & Brown, Inc. and all its affiliates, do not provide legal, regulatory or tax guidance, or advice. If legal advice counsel or representation is needed, the services of a legal professional should be sought. The information in this document is intended to provide a general overview of the topics and services contained herein. Brown & Brown, Inc. and all its affiliates, make no representation or warranty as to the accuracy or completeness of the document and undertakes no obligation to update or revise the document based upon new information or future changes.*

©2024 Brown & Brown. All rights reserved.