

As a result of the health care reform law, you will receive Form 1095-C by mail if you were:

- A full time employee of the School District of Menomonee Falls any time in 2016; or
- Enrolled in the School District of Menomonee Falls self-insured health plan at any time in 2016 (you will receive a form even if you decided not to enroll, or waived the District's health insurance plan.)

The 1095-C is being provided to you as proof of health coverage we offer to you and your family. It contains information about who provides the health insurance coverage, as well as specific details about the lowest cost self-only coverage that was offered to you. If you were enrolled in the District's self-insured health plan, it will also indicate which members of your family were covered by the policy and the months of the year that each person was covered. This information will be used to assess whether you will be required to pay the individual tax penalty, or whether you may be eligible for any tax subsidies.

The information on the 1095-C may be helpful when filing your 2016 tax return, but does not need to be filed with your individual tax return. Keep it in a safe place with your other tax records.

Pages 3, 4 and 5 of this document can also be found under the Knowledge Base in BenefitReady entitled IRS form 1095 explained.

The School District of Menomonee Falls is unable to respond to questions regarding the IRS. If you need additional resources, please use the links below.

For a more detailed understanding of the codes and how the IRS will use them to administer the Affordable Care act you can see the following link:

- <https://www.irs.gov/uac/About-Form-1095-C>

The regulations that govern this form are IRC 6056 which can be found at:

- https://www.irs.gov/irb/2014-13_IRB/ar09.html

Information concerning the definitions of 'large employer' and 'full-time employees' can be found at:

- <https://www.irs.gov/Affordable-Care-Act/Employers/Employer-Shared-Responsibility-Provisions>

Date: Wednesday, February 1, 2017

To: School District of Menomonee Falls Employees

SUBJECT: Affordable Care Act – Employee Notice IRS FORM 1095-C


As part of the IRS reporting requirements associated with the Affordable Care Act, large employers (those with more than 50 full-time employees) are required to give notice to any employee (who works more than 130 hours in any calendar month of the year) about their health coverage in the prior year. The notice is called IRS Form 1095-C. This form indicates (using IRS codes) your health insurance coverage status for each month of the year. This reporting is designed to assist you with the preparation of your individual or household tax returns but is not required for the 2016 tax year. You should provide it to your tax preparer and keep it with your other supporting documents for your tax return. You are not required to submit the 1095-C with your tax filing. This information will be reported to the IRS through your employer. If you believe any information on this form is incorrect, you must notify your employer within 10 days of the above date.

Generally, the form is self-explanatory, except for lines 14, 15 and 16. Here is an explanation of several of the codes that you could see on lines 14, 15 and 16 of your 1095-C.

1095-C Line 14									
Code	Offer of Coverage Made to:								
	Employee who was NOT Full-time for any month of the year	Full-Time Employee include these elements:			Dependents include these elements:		Spouse include these elements:		
	Self-Insured Coverage	Minimum Essential Coverage	Minimum Value	9.66% of FPL	Minimum Essential Coverage	Minimum Value	Minimum Essential Coverage	Minimum Value	Conditional Offer
1A		Yes	Yes	Yes	Yes	Yes or No	Yes	Yes or No	Yes or No
1B		Yes	Yes	Yes or No	No	Yes or No	No	Yes or No	Yes or No
1C		Yes	Yes	Yes or No	Yes	Yes or No	No	Yes or No	Yes or No
1D		Yes	Yes	Yes or No	No	Yes or No	Yes	Yes or No	Yes or No
1E		Yes	Yes	Yes or No	Yes	Yes or No	Yes	Yes or No	Yes or No
1F		Yes	No	Yes or No	Yes or No	No	Yes or No	No	No
1G	EE Accepted Offer								
1H		No	Yes or No	Yes or No	Yes or No	Yes or No	Yes or No	Yes or No	Yes or No
1J		Yes	Yes	Yes or No	No	Yes or No	Yes	Yes or No	Yes
1K		Yes	Yes	Yes or No	Yes	Yes or No	Yes	Yes or No	Yes

Key/Explanation

MEC = Minimum Essential Coverage **MV** = Minimum Value **FT** = Full Time **EE** = Employee **FPL** = Federal Poverty Line

	A Shaded box indicates that these conditions are not applicable for this particular code. For Example, you would not use Code 1A for any circumstance where there was not an offer.
Yes	Yes, indicates that this condition MUST be TRUE to use this Code.
No	No, indicates that this condition MUST be FALSE to use this Code.
Yes or No	Yes or No means that this condition can either be true or false - i.e. it is not relevant in determining this Code's use
1A	Qualifying Offer: Minimum essential coverage providing minimum value offered to a full-time employee with an Employee Required Contribution equal to or less than 9.5% (as adjusted) of mainland single federal poverty line and at least minimum essential coverage offered to spouse and dependent(s).
1B	Minimum essential coverage providing minimum value offered to the employee only.
1C	Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) (not spouse).
1D	Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to spouse (not dependent(s)). Do not use code 1D if the coverage for the spouse was offered conditionally. Instead use code 1J.
1E	Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse. Do not use code 1E if the coverage for the spouse was offered conditionally. Instead use code 1K.
1F	Minimum essential coverage NOT providing minimum value offered to the employee; employee and spouse or dependent(s); or employee, spouse, and dependents.
1G	Offer of coverage to an individual who was not an employee for any month of the calendar year or to an employee who was not a full-time employee for any month of the calendar year (which may include one or more months in which the individual was not an employee) and who enrolled in self-insured coverage for one or more months of the calendar year.
1H	No offer of coverage (employee not offered any health coverage or employee offered coverage that is not minimum essential coverage, which may include one or more months in which the individual was not an employee).
1J	Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage conditionally offered to spouse; minimum essential coverage not offered to dependent(s).
1K	Minimum essential coverage providing minimum value offered to the employee; at least minimum essential coverage offered to dependents; and at least minimum essential coverage conditionally offered to the spouse.

Line 14 codes tell you and the IRS if the coverage you were offered (if any) by calendar month is Minimum Essential Coverage and/or Minimum Value Coverage. The code also indicates who in your household was offered the coverage: you the employee, your dependents, and/or your spouse. The table above can be used to decipher the various codes. For example, Code 1C is used if your employer offered MEC and MV coverage to you and your dependents but not to your spouse.

Line 15 is used to inform the IRS how much the lowest cost employee-only coverage providing MEC would cost the employee if the employee selected that option. This amount is entered in Line 15 even if the employee declined the offer or selected a different coverage option (i.e. Employee and family coverage or a buy-up option).

Line 16 codes are a bit more complicated. They can be sorted into 4 categories for ease of understanding. Only one code can be used and the regulations specify which code to use if multiple codes could apply.

- A. Category I – Employee is covered by the offered coverage
 - Code 2C – the employee was enrolled and covered for every day of the calendar month

- B. Category II – Employee was not offered coverage because:
 - Code 2A – Employee was not employed during the month
 - Code 2B – Employee was not a full-time employee
 - Code 2D – Employee was in a Limited Non-Assessment Period – which can be
 - i. The first one to three months of employment
 - ii. Initial Measurement Period
- C. Category III – Employee declined the coverage offered and the offer met one of the Affordability Safe Harbors – which means that the employee portion of the employee-only premium for the 2016 health plan year did not exceed 9.66% of
 - Code 2F – W2 Safe Harbor – the employee's Box 1 W-2 earnings for the period of coverage.
 - Code 2G – Federal Poverty Line Safe Harbor – the individual federal poverty level (\$11,880 for 2016)
 - Code 2H – Rate of Pay Safe Harbor –
 - i. The employee's hourly rate multiplied by 130 or
 - ii. The employee's monthly salary
- D. Category IV – Interim Relief because employer pays contributions to a third party for the employee coverage
 - Code 2E – Employer was part of a multiemployer healthcare plan

Part III is only used if your employer is the sponsor of your Health Plan, and will list the months every individual enrolled in MEC coverage under your policy.

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