



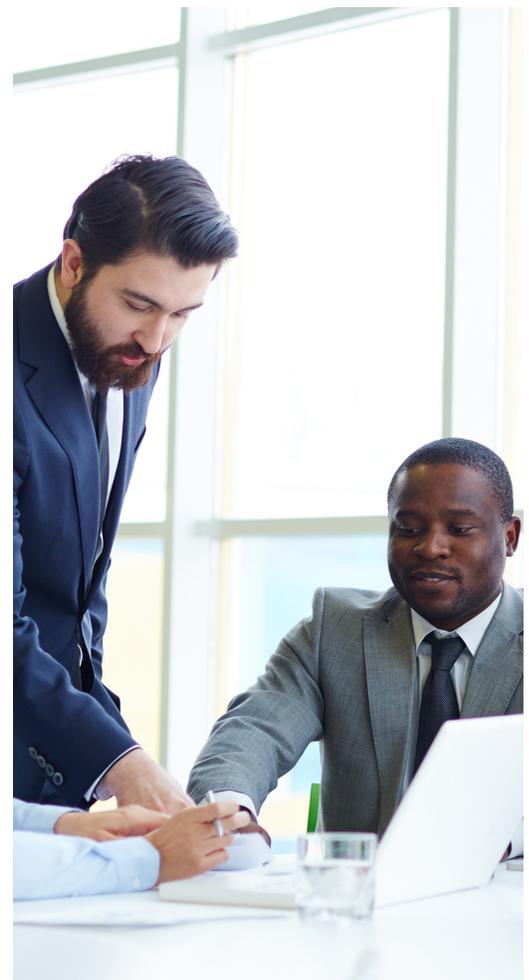
Potential Penalty Code Combinations



11 IRS Form 1095-C Code Combinations and Potential Penalties

The 1095-C form is used by employers with 50 or more full-time and full-time equivalent employees (also referred to as Applicable Large Employers or ALEs) to report information required under Section 6056 of the Affordable Care Act. This includes their offers of health coverage and the employees' enrollment in health coverage.

Part II (Lines 14-17) of the 1095-C provides information by month about the type of coverage that was offered, to whom it was offered, the cost to the employee for employee-only coverage, and any safe harbors or other relief that the employer reports. These lines are completed using a complex combination of indicator codes. These codes are required to be used in combination with not only each other, but also the employee's full-time ACA status for each month and, in some cases, for the entire year. There are over 100 possible indicator code combinations for Lines 14 and 16, with just over half them being valid combinations (a code combination of 1H and 2C, for example, would be entirely invalid because 1H indicates that no offer was made, yet 2C indicates that an employee enrolled in coverage).





Valid Indicator Code Combinations that May Trigger a Penalty

While invalid code combination may result in a rejected form, there are some code combinations that could trigger an IRS penalty if the employee enrolls through the Marketplace.

There are 11 of these valid code combinations to watch for on your employee's 1095-C forms. The following chart details these combinations:

Code Combination	Meaning of Code Combination
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Line 14 - 1B Line 16 - Blank	1B – Minimum essential coverage (MEC) providing minimum value (MV) was offered to employee only (not dependents and/or spouse) Blank – The employee did not enroll in coverage and this coverage does not qualify for a Safe Harbor
Line 14 - 1C Line 16 - Blank	1C – MEC providing MV was offered to employee and at least MEC offered to dependents (not spouse) Blank – The employee did not enroll in coverage and this coverage does not qualify for a Safe Harbor
Line 14 - 1D Line 16 - Blank	1D – MEC providing MV was offered to the employee and at least MEC offered to spouse only (not dependents) Blank – The employee did not enroll in coverage and this coverage does not qualify for a Safe Harbor
Line 14 - 1E Line 16 - Blank	1E – MEC providing MV was offered to employee, spouse, and dependents Blank – The employee did not enroll in coverage and the employee-only cost does not meet the applicable Safe Harbor
Line 14 - 1F Line 16 - 2F	1F – MEC NOT providing MV was offered to any employee and either both the dependents and spouse or only the dependents or spouse 2F – The employee did not enroll in coverage and this coverage does not qualify for the W2 Safe Harbor. Line 16 incorrectly reports a Safe Harbor when MV was not provided to the employee
Line 14 - 1F Line 16 - 2G	1F – MEC NOT providing MV was offered to any employee and either both the dependents and spouse or only the dependents or spouse 2G – The employee did not enroll in coverage and this coverage does not qualify for the Federal Poverty Line Safe Harbor. Line 16 incorrectly reports a Safe Harbor when MV was not provided to the employee

(continued)



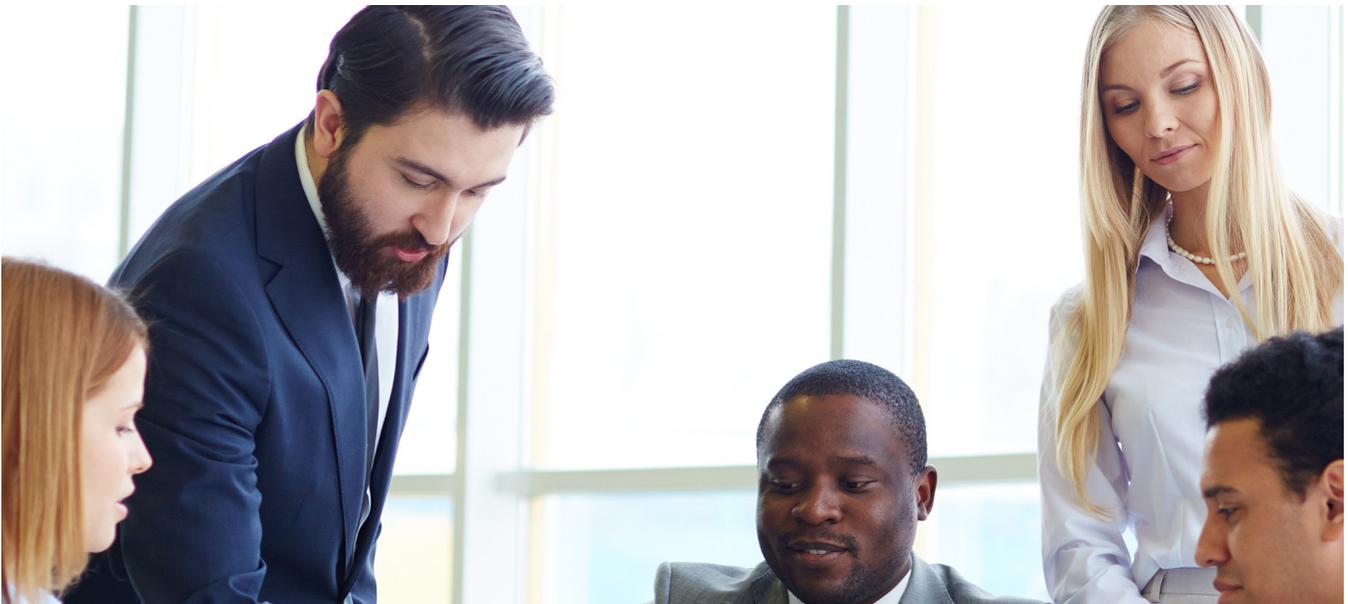
Code Combination Meaning of Code Combination

<p>Line 14 - 1F Line 16 - 2H</p>	<p>1F – MEC NOT providing MV was offered to any employee and either both the dependents and spouse or only the dependents or spouse 2H – The employee did not enroll in coverage and this coverage does not qualify for the Rate of Pay Safe Harbor. Line 16 incorrectly reports a Safe Harbor when MV was not provided to the employee</p>
<p>Line 14 - 1F Line 16 - Blank</p>	<p>1F – MEC NOT providing MV was offered to any employee and either both the dependents and spouse or only the dependents or spouse Blank – The employee did not enroll in coverage and this coverage does not qualify for a Safe Harbor</p>
<p>Line 14 - 1H Line 16 - Blank</p>	<p>1H – Offer does not provide MEC or no offer made Blank – There is no valid reason why coverage was not offered to this full-time employee (e.g., not full-time for the month, in a Limited Non-Assessment Period, not an employee any day during the month, etc.)</p>
<p>Line 14 - 1J Line 16 - Blank</p>	<p>1J – MEC providing MV offered to employee and at least MEC conditionally offered to spouse; MEC not offered to dependent(s) Blank – The employee did not enroll in coverage and this coverage does not qualify for a Safe Harbor</p>
<p>Line 14 - 1K Line 16 - Blank</p>	<p>1K – MEC providing MV offered to employee; at least MEC offered to dependents; and at least MEC conditionally offered to spouse Blank – The employee did not enroll in coverage and the employee-only cost does not meet the applicable Safe Harbor</p>



While these indicator code combinations are valid, they may trigger a penalty if an employee enrolls for coverage through the Exchange. Check for any of these code combinations and make sure that the data that was used to determine them is accurate (e.g., coverage offered definition is correct, \$ amount in Line 15 accurately shows the employee share of employee-only coverage—not necessarily what they enrolled in, etc.).

Always refer to the current year's 1095-C instructions for the indicator code descriptions, as they may change from year to year.



Disclaimer The information provided within is for general informational purposes only. It does not necessarily address all of your specific questions or issues. It should not be construed as, nor is it intended to provide, legal advice. Questions regarding specific issues and application of these rules to your 1095-C reporting should be addressed by your legal counsel.