5 Common
ACA Reporting Errors

ACA REPORTER

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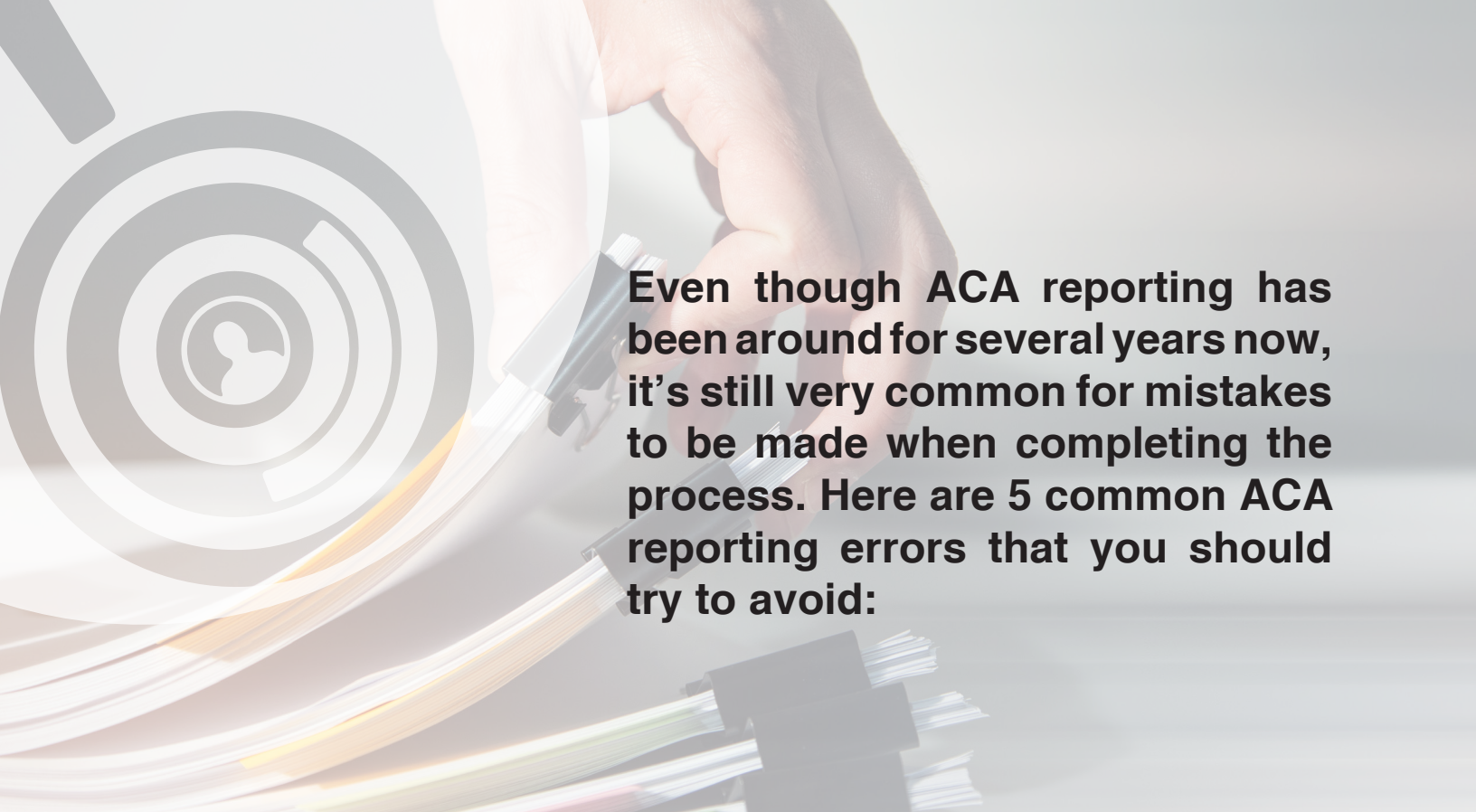
Even though ACA reporting has been around for several years now, it's still very common for mistakes to be made when completing the process. Here are 5 common ACA reporting errors that you should try to avoid:

1 Improperly Classifying Employees

Classifying your employees as full-time, part-time, seasonal, and variable hour is critical to ensuring that they have the proper ACA statuses calculated for them based on the rules and regulations. For example, an employee who is hired and reasonably expected to work 30 or more hours every week must be classified as full-time for ACA purposes. While you may be used to using 40 or more hours a week as a minimum for considering an employee as full-time, the ACA standard is 30. Understanding and adhering to these classifications will help to ensure that you don't missing offering someone coverage and submitting a form for them.

2 Using Invalid Indicator Code Combinations

Part II (Lines 14-16) of the 1095-C provides information by month about the type of coverage that was offered to an employee as well as 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 currently 90 possible indicator code combinations for Lines 14 and 16, with just over half them being valid combinations. For example, a code combination of 1H and 2C would be entirely invalid as 1H indicates that no offer of coverage was made, yet 2C indicates than an employee enrolled in coverage. Not having a solid understanding of the indicator codes and how they interact with each other can lead to creating erroneous forms, which can lead to increased scrutiny and potential penalties from the IRS.

Form **1095-C**
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage
▶ Do not attach to your tax return. Keep for your records.
▶ Go to *www.irs.gov/Form1095C* for instructions and the latest information.

☐ VOID
☐ CORRECTED

OMB No. 1545-2251

2020

Part I Employee

Applicable Large Employer Member (Employer)

1 Name of employee (first name, middle initial, last name)	**2** Social security number (SSN)

7 Name of employer **8** Employer identification number (EIN)

3 Street address (including apartment no.)

9 Street address (including room or suite no.) **10** Contact telephone number

4 City or town **5** State or province **6** Country and ZIP or foreign postal code

11 City or town **12** State or province **13** Country and ZIP or foreign postal code

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)													
15 Employee Required Contribution (see instructions)	$	$	$	$	$	$	$	$	$	$	$	$	$
16 Section 4980H Safe Harbor and Other Relief (enter code, if applicable)													

17 ZIP Code

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form **1095-C** (2020)

3 Incorrectly Reporting Employees Who Work in Multiple Locations

Employers are required to complete a 1095-C form for any employee that was considered full-time for any part of a calendar year. However, if an employee is working for two separate employers that are part of an Aggregated ALE Group (a group of ALE members that are treated as a single employer under sections 414(b), 414(c), 414(m), or 414(o) of the IRS code), then that employee's hours must be aggregated to determine whether they were full-time. Furthermore, the employers that share the employee need to communicate with each other to determine which of them will report on that employee each month, as the employee should only be considered a full-time employee for the employer that they worked the greatest number of hours for during a month. Having an understanding of shared employees within an Aggregated ALE Group can help to make sure that filing mistakes for those employees are avoided.

4 Missing or Incorrect Employee Addresses

Employers will often furnish 1095-C forms to employees via the mail and only discover that they are missing addresses for their employees once the mailing deadline is upon them. It can also be the case that a mass mailing will take place, only to have forms returned to the sender due to incorrect mailing addresses. Taking time to review for any missing addresses as well as to verify the ones that you do have on file can pay off prior to the form furnishing deadline.

5 Incorrect EINs and Legal Names

When your 1094-C/1095-C forms get filed with the IRS, one of the most common problems is a mismatch between the EIN and/or legal name that you submitted and what the IRS has on file. Making sure that you review the EINs and legal names that you plan to submit for misspellings, improper characters, etc., is usually time well spent when it comes to avoiding errors.