

What Employees Need To Know About IRS Form 1095

Q&A With ACA Expert Joseph Popp, JD, LLM

Why are these new forms necessary?

The Affordable Care Act (popularly known as “Obamacare”) made a number of changes to the insurance industry and imposed new requirements on certain employers (to offer insurance) and to most individuals (to have insurance). The new 1095 forms help report compliance or non-compliance with these requirements to the IRS.

What is a 1095 form?

The new form is known as a 1095. There are three different types of this form and they are issued by different entities.

- **1095-A** – Health Insurance Marketplace Statement (from Healthcare.gov issued insurance).
- **1095-B** – Health Coverage (from health insurance issuer, who are not providing through healthcare.gov).
- **1095-C** – Employer-provided health insurance offer and coverage (from a large employer to certain employees).

If you had insurance in 2015 you will receive at least one of these forms, though you may receive more than one.

What do I need to do with this form?

The information found on the 1095 must be reported on your Federal Income Tax return. The 1095 does not need to be filed with your return – the IRS has already been provided a copy.

If you have paid tax preparer, provide the Form 1095 with your usual tax documents. If you know the data on the form (i.e. when you were offered coverage or not, when you actually had coverage or not) communicating that to the preparer is usually sufficient.

Will I receive Form 1095-C every year?

Yes, this will be provided to you annually similar to the way a W-2 is provided.

What do the codes on Line 14 mean?

Generally, they detail whether coverage of a sufficient quality was offered to you and your family by your employer or not.

- Codes 1A, 1B, 1C, 1D, 1E, and 1G are various situations where coverage was offered to certain members or all of the employee's family.
- Codes 1F and 1H detail months or the whole year where coverage offered either wasn't of a sufficient quality or where coverage wasn't offered at all (for a variety of possible reasons).
- Code 1I is transitional relief that may apply in certain situations. Usually it indicates that coverage was not offered.

What do the codes on Line 16 mean?

- Codes 2A and 2B explain why you weren't offered coverage. 2A indicates that you weren't employed for the month. 2B indicates that you were not full time for the month. There is a special way of testing hours over a period of time that allows an employer to report that you were part time even if for a particular month you were actually full time.
- Code 2C indicates that you accepted the offer of coverage.
- Code 2D is used for new hire waiting periods and for some of those special testing periods mentioned in the description for code 2B. It usually indicates that you weren't eligible for coverage.
- Code 2E is used where coverage may have been offered by another related company or by a union.
- Codes 2F, 2G, and 2H indicate that affordable coverage was offered based on one of three different tests based on your W-2, hourly rate, or the federal poverty level. Usually they indicate that you were offered coverage by your employer and declined that coverage.
- Code 2I is another transitional relief option that may apply in certain situations. Usually it indicates that coverage was not offered.