



The IRS provides two sets of codes for lines 14 and 16 respectively, that employees will need to use in a consistent way to describe their offers of health coverage. Each code describes a different situation regarding the offer of coverage, or explains why the employer should not be subject to a penalty for a certain employee on a monthly basis.

The first list of codes is for Line 14 of the 1095c form and I have provided a breakdown on page 2 of this document. They address:

- Whether an individual was offered coverage
- What type of coverage was offered
- Which months that coverage was offered

The two most popular codes for line 14 when offering coverage are codes 1A and 1E. A lot of our clients had a tough time figuring out which code applied to them so I hope this document as well as the *Codes Help Sheet* (plus another year of filing) will make this easier on everyone. Please review page 2 and page 3. Page 3 will have further detail for the two most popular codes mentioned above.

Please review the bottom of page 3 for help on line 15. Many people had difficulty with placing the correct amount on line 15.

The second list of codes is for Line 16 on the 1095c form and I have provided a breakdown of page 4 of this document. They address:

- Whether the individual was employed and, if so, whether the employee was full time or part time.
- Whether the employee was enrolled in coverage
- Whether coverage was affordable, and if so, based on which IRS safe harbor.

The respective breakdowns on page 4 will provide an overview of the codes, descriptions that will sound similar to our *Codes Help Sheet*, brief general explanations of when the codes should be used, and a clarification of what the effect of choosing that code may be.

1095-C Line 14

Code		What does the code mean?
1A	You made a Qualifying offer: You offered Minimum Essential Coverage (MEC) with Minimum Value (MV) to the Employee (EE). The offer is affordable because it's less than or equal to 9.69% of the single, mainland federal poverty line(FPL). You offered MEC to Spouse & Dependents. Single FPL is \$12,060 (divide by twelve to get monthly, multiply by .0969, equals \$97.38)	<ul style="list-style-type: none"> You offer coverage to EE's, Spouses & Children You offer MEC providing MV (Qualifying Offer) Your coverage is affordable at the employee-only level because it's < or = to 9.69%
1B	You only offer coverage to EEs. The coverage is MEC and provides MV.	<ul style="list-style-type: none"> You exclude spouses & children from your plan.
1C	You offer coverage to EEs that is MEC and MC and offer MEC to EE's children. Spouses are not offered coverage.	<ul style="list-style-type: none"> You exclude spouses from your plan.
1D	You offer coverage to EEs that is MEC and MV and offer MEC to EE's spouses. Children are not offered coverage.	<ul style="list-style-type: none"> You exclude children from your plan.
1E	You offer coverage to EEs that is MEC and MV and offer MEC to EE's spouses and children.	<ul style="list-style-type: none"> The only difference between this and code 1A is that your coverage may not be affordable OR it is affordable based on a safe harbor other than the federal poverty line.
1F	You offer MEC to the EE or EE + Spouse and/or dependents but the coverage does not provide MV.	<ul style="list-style-type: none"> Your coverage does not provide MV.
1G	You offer self-insured coverage to an EE who was not a full time at any point in the year.	<ul style="list-style-type: none"> You offer a self-insured plan. Non-Full time EEs are eligible for your plan. The EE was enrolled in the plan, for this month.
1H	You made no offer of coverage (or one that didn't provide MEC for the EE).	<ul style="list-style-type: none"> The EE was not yet hired The EE was in a limited non-assessment period (Probation). The EE was otherwise ineligible for coverage. Your offer of coverage was not MEC. The employee terminated and you offered COBRA.
1J	You offer MEC providing MV to the EE, the offer of coverage is conditionally offered to EE's spouse, & MEC was not offered to the employee's dependents.	<ul style="list-style-type: none"> You offer coverage that is MEC and MV to EE. You conditionally offer MEC to spouse. You did not offer MEC for the EE's dependents.
1K	You offer MEC providing MV to the EE, the offer of coverage is conditionally offered to EE's spouse, & MEC was offered to the employee's dependents.	<ul style="list-style-type: none"> You offer coverage that is MEC and MV to EE. You conditionally offer MEC to spouse. You offer MEC for the EE's dependents.

A conditional offer of coverage is an offer of coverage that is subject to a certain conditions which would impact availability of coverage for the spouse of the employee.

One example of a conditional offer of coverage would be if an employee offered health coverage to an EE and their spouse, unless the spouse was otherwise eligible for another group health plan sponsored by another employer



Please note, for code 1A, it technically states “9.5% (as adjusted)” this number has changed for each year, for 2017, it is 9.69%

1A – Using this code means you made a qualifying offer (this is good). You will use this code if you pass the affordability test in the definition. Was your employee’s monthly contribution cost for self only of the cheapest offered plan equal to or less than \$97.38/month? If so, this is the code to use. (You would use code 2G for line 16 in times an employee chose not to enroll but coverage was available to them).

1E - So if the company is not planning to use the Federal Poverty Level Safe Harbor (or doesn’t pass it and isn’t considered “affordable”) and offered coverage to this full-time employee and their family members, this would be the correct code. This has been the most frequently used code in past years. You will want to make sure that you pass one of the other safe harbor code tests in order to use that code for line 16. Line 16 codes are on the next page, the safe harbor codes available are (2F, 2G, 2H, you will not be able to use 2G if using 1E.)

Line 15

Complete line 15 if code 1B, 1C, 1D, or 1E is entered for an employee on line 14 either in the “all 12 months” box or in any of the monthly boxes. If one of these codes is in line 14 month box, line 15 needs the amount. *you do not report the actual amount the specific employee paid for coverage* Line 15 is asking for the employee share of the monthly premium for the lowest cost plan that you offer, single-only minimum value coverage. It’s possible that the specific employee selected a more expensive plan or enrolled a spouse and/or dependents as well, so only report the amount that it would have cost the employee if they had selected employee only coverage for your least expensive plan option that meets the minimum value requirements.

1095-C Line 16

Code	What does the code mean?	When should I use the code?
2A	You did not employ this person during the month.	<ul style="list-style-type: none"> The EE is not yet hired. The EE is no longer employed.
2B	The EE was not full time (FT) for this month.	<ul style="list-style-type: none"> The EE is part time. The EE is seasonal or variable hour. The EE is in a measurement period and his/her FT status is not yet established (Probation). (See code 2D).
2C	The EE enrolled in the coverage you offered.	<ul style="list-style-type: none"> The EE accepts and enrolls in your offer of coverage. IF you have an option between code 2C & another code, use 2C.
2D	The EE was in a limited Non-assessment Period for the month (Probation).	<ul style="list-style-type: none"> The EE is in a waiting period under the Monthly or Look-Back measurement method. The EE is in an initial measurement period under the Look-Back method. The EE is in the first calendar month of employment and did not start on the first day of the month It is your first year as an applicable large employer (ALE) The Employee has a change in status during his/her initial Look-back measurement period.
2E	You are eligible for the multiemployer interim relief rule.	<ul style="list-style-type: none"> Some portion of your workforce is eligible for a multiemployer (Union) plan. You make an ongoing contribution to the plan on behalf of the EEs.
2F	The coverage you offered is affordable based on the Form W-2 safe harbor.*	<ul style="list-style-type: none"> Coverage is affordable for this EE based on the W-2 safe harbor method. You used the W-2 safe harbor for every month that the EE is offered coverage.
2G	The coverage you offered is affordable based on the Federal Poverty Line safe harbor.**	<ul style="list-style-type: none"> Coverage is affordable to this EE based on the federal poverty line safe harbor method.
2H	The coverage you offered is affordable based on the Rate of Pay safe harbor.***	<ul style="list-style-type: none"> Coverage is affordable to this EE based on the rate of pay safe harbor method.

*W-2 Wages: 9.69% of an employee's W-2 wages (reduced for salary reductions under 401(K) plan or cafeteria plan).

**Federal Poverty Line: 9.69% of the Federal Poverty Line for a single individual (\$97.38/month).

*** Rate of Pay: 9.69% of an employee's monthly wages (Hourly X 130 hours per month).

Unlike Line 14, Line 16 technically doesn't require a code to be entered. However, if one applies, you should enter it because it provides an opportunity for you to explain to the IRS why you should not be penalized for an employee for a given month (especially one of the safe harbor codes).

If you don't fill in codes for Lines 16, it leaves a large opportunity for the IRS to charge you with penalties. Please refer to ACA Update 1 for the breakdown of the penalties.