

Understanding the 1095-C Form



Overview

Who



Employers with 50 or more full-time employees (including full-time equivalent employees) in the previous year use Forms 1094-C and 1095-C to report the information required under sections 6055 and 6056 about offers of health coverage and enrollment in health coverage for their employees.



An ALE Member: Generally, a single person or entity that is an Applicable Large Employer, or if applicable, each person or entity that is a member of an Aggregated ALE Group. An Applicable Large Employer, generally, is an employer with 50 or more full-time employees (including full-time equivalent employees) in the previous year.

How



For each full-time employee of an ALE Member, there must be only one Form 1095-C filed for employment with that ALE Member. For example, if an ALE Member separately reports for each of its two divisions, the ALE Member must combine the offer and coverage information for any employee who worked at both divisions during the calendar year so that a single Form 1095-C is filed for the calendar year for that employee which reports information for all 12 months of the calendar year from that ALE Member.

What



Forms 1094-C and 1095-C are used in determining whether an ALE Member owes a payment under the employer shared responsibility provisions under section 4980H. Form 1095-C is also used in determining the eligibility of employees for the premium tax credit.

Timelines



You must electronically file Form 1094-C with the IRS annually, no later than March 31, 2019 or the first business day thereafter if it falls on a weekend, and February 28 if filing on paper.



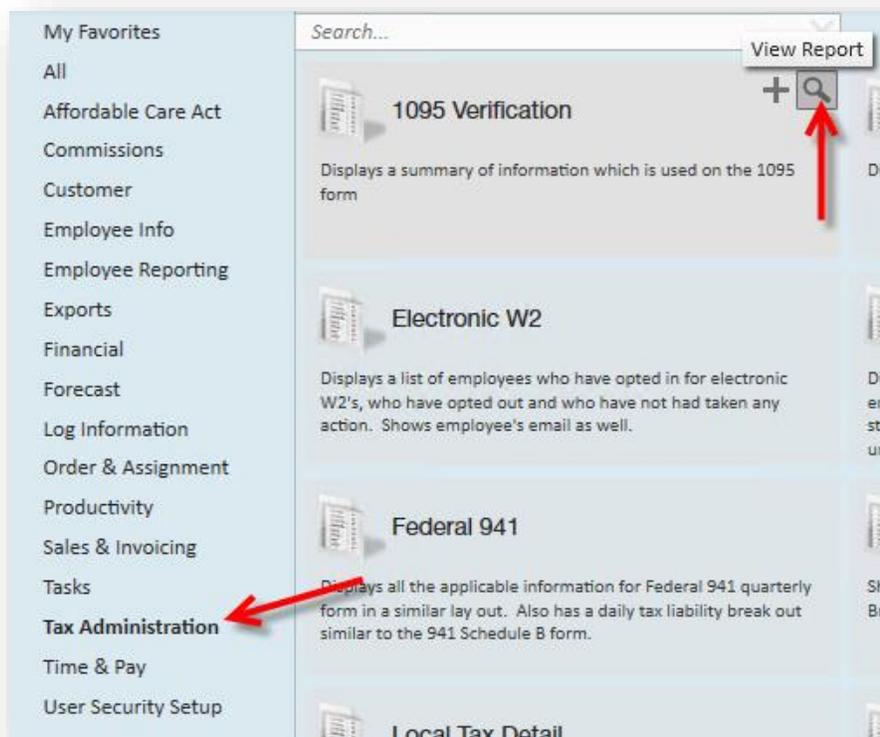
You must distribute Form 1095-C to your full-time employees annually, no later than January 31, 2019 for the previous calendar year.

Utilizing the 1095 Verification Report

In TempWorks, a 1095 verification report can be used to display a summary of information which is used on the 1095 form.

Note This report will not populate with information until the 1095-C forms are generated.

To find this report, in TempWorks Enterprise, navigate to reports in the navigation tree. Here, you may either enter in the search field "1095" or, in the "Tax Administration" category, the first report listed is the 1095 Verification Report. Hover over the report with your mouse and the 'View Report' magnifying glass will appear. Here, you may select to view the report:



You can also find this on the right-hand side of the 1095 worksheet form within Enterprise:

0 Year 1094-C/1095-C Survey (EINC:)

Reports
1095 Verification

Survey

What is the full legal name of your business entity?

Are you an Applicable Large Employer (ALE)? No

Are you self-funded? No

What is your plan start date?

What logic should TempWorks use to determine the employee's original employment status?

Which method did you use to determine full-time status?

How many employees did you have who were classified as Full Time Employees (FTEs) for at least one month during the calendar year?

What is your waiting period for new hires to be eligible for Insurance?

What is the best type of insurance you offered to all FTE's?

Which Safe Harbor Rule did your company use?

Sign Up

You're not signed up for 1094-C/1095-C filing and printing services with Tempworks.

Please complete this survey to sign up for printing services on the Primary Survey for this EINC.

Once the report window opens, filter out the employees you want to view at the top of the page. Remember to enter the correct year and 'Needs 1095' is True:

EINC High Tech Staffing

Branch Name Canada Test, CardiffUK, Eag

Year 2018

Needs1095 True False

Employee Filter

Survey EmployerID: 21 Year: 20

When you obtain your results, this list will help you identify who needs to fulfill 1095-C forms and assist with code distinctions. Open an employee's details by clicking the minimize box next to the employee's name:

Employer Name: High Tech Staffing		Employer Identification Number (EIN): 154645165		EINC Count: 304									
Employer Address: 701 Main St. Duluth, CAM 12345													
Branch Name: Memphis NE													
Employee Name		Social Security Number (SSN)		Employee Address									
<input type="checkbox"/> Abotorabi, Deborah		xxx-xx-5461		111 Main Street Cincinnati, DC 45203									
<input type="checkbox"/> Becket, Sam		xxx-xx-7777		456 Main St Rosemount, MN 55068									
Employee Offer and Coverage													
Plan Start Month : 1													
	All 12 Months	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Hours	55.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00	25.00	0.00	0.00	0.00
Fulltime		False	False	False	False	False	False	False	True	True	False	False	False
14 Offer Coverage		1H	1H	1H	1H	1H	1H	1H	1C	1C	1H	1H	1H
15 Employee Share of Lowest Cost									\$65.00	\$65.00			
16 Applicable Section 4980H Safe Harbor		2A	2A	2A	2A	2A	2A	2A	2D	2G	2A	2A	2A
<input type="checkbox"/> Catalano, Susie	xxx-xx-2525		123 Main Street Eagan, MN 55121										
<input type="checkbox"/> Davis, Susie	xxx-xx-7777		123 Main Street Heartland, CA 90011										
<input type="checkbox"/> Donovan, Mariah	xxx-xx-1052		456 Main St Eagan, MN 55121										
<input type="checkbox"/> Indiana, Jones	xxx-xx-5654		744 Main St Indianapolis, IN 46201										

You will notice this report slightly mirrors Part 2 of the 1095-C form.



For assistance with reports: [Reports Manual](#)



For documentation on setting up 1095 in the TempWorks Enterprise system: [1094/1095 Overview and Setup](#)



Part 1

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

2017

Part I Employee						Applicable Large Employer Member (Employer)					
1 Name of employee		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	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)													

Part III Covered Individuals																
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. <input type="checkbox"/>																
(a) Name of covered individual(s)	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of Coverage												
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60705M

Form **1095-C** (2017)

Lines 1-13 of the form includes information about the employee and the employer.

The Company name in the Employer Root needs to be your LEGAL name, not a DBA, or your 1094/1095-C will be rejected. You may update your company name in the Administration section of TempWorks Enterprise.



Part 2

[Part 2](#) of the form includes information about the coverage offered to your employees, the affordability of the coverage offered, and the reason why they were or were not offered coverage. The information must be reported on a month-by-month basis unless the information is the same for all 12 months.

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
2017

Part I Employee				Applicable Large Employer Member (Employer)			
1 Name of employee		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	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)													

Plan Start Month: To complete the box, enter the two-digit number (01 through 12) indicating the calendar month during which the plan year begins of the health plan in which the employee is offered coverage (or would be offered coverage if the employee were eligible to participate in the plan). If more than one plan year could apply (for instance, if the ALE Member changes the plan year during the year), enter the earliest applicable month. If there is no health plan under which coverage is offered to the employee, enter "00."

Line 14

Line 14 of IRS Form 1095-C lists a code that describes whether an employee was offered coverage by their employer, the type of the coverage offered, and for which months the coverage was offered.

[Codes in Code Series 1](#)

- **1A.** Qualifying Offer: Minimum essential coverage providing minimum value offered to full-time employee with employee contribution equal to or less than 9.5% of federal poverty line and at least minimum essential coverage offered to spouse and dependent(s).
- **1B.** Minimum essential coverage providing minimum value offered to 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)).

- **1E.** Minimum essential coverage providing minimum value offered to employee and at least minimum essential coverage offered to dependent(s) and spouse.
- **1F.** Minimum essential coverage NOT providing minimum value offered to employee; employee and spouse or dependent(s); or employee, spouse and dependents.
- **1G.** Offer of coverage for at least one month of the calendar year 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 was enrolled in self-insured coverage for one or more months of the calendar year.

 **Note:** Code 1G applies for the entire year or not at all. Therefore, if code 1G applies, an ALE Member must enter code 1G on line 14 in the “All 12 Months” column or in each separate monthly box (for all 12 months).

- **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).
- **1I.** Reserved
- **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). (See *Conditional offer of spousal coverage*, above, for an additional description of conditional offers.)
- **1K.** Minimum essential coverage providing minimum value offered to employee; at least minimum essential coverage offered to dependents; and at least minimum essential coverage conditionally offered to spouse. (See *Conditional offer of spousal coverage*, above, for an additional description of conditional offers.)

Line 15

[Line 15](#) is used to report your employee’s share of the lowest-cost monthly premium for self-only qualifying coverage. The amount reported on line 15 may not be the amount they paid for coverage if, for example, you chose to enroll in more expensive coverage such as family coverage. Line 15 will show an amount **only if** code 1B, 1C, 1D, or 1E is entered on line 14. If they were offered coverage but not required to contribute any amount towards the premium, this line will report a "0.00" for the amount.

Line 16

Line 16 of IRS Form 1095-C lists a code that describes, for each month in the previous year, the kind of coverage that an employee enrolled in, and how the employer meets the employer shared responsibility "Safe Harbor" (or ways that insurance offered is determined to meet the requirements of the law regarding both coverage provided and affordability) provisions of Section 4980H.

Codes in Code Series 2

- **2A.** Employee not employed during the month. Enter code 2A if the employee was not employed on any day of the calendar month. Do not use code 2A for a month if the individual was an employee of the ALE Member on any day of the calendar month. Do not use code 2A for the month during which an employee terminates employment with the ALE Member.
- **2B.** Employee not a full-time employee. Enter code 2B if the employee is not a full-time employee for the month and did not enroll in minimum essential coverage, if offered for the month. Enter code 2B also if the employee is a full-time employee for the month and whose offer of coverage (or coverage if the employee was enrolled) ended before the last day of the month solely because the employee terminated employment during the month (so that the offer of coverage or coverage would have continued if the employee had not terminated employment during the month).
- **2C.** Employee enrolled in health coverage offered. Enter code 2C for any month in which the employee enrolled for each day of the month in health coverage offered by the ALE Member, regardless of whether any other code in Code Series 2 might also apply (for example, the code for a section 4980H affordability safe harbor) except as provided below. Do not enter code 2C in line 16 for any month in which the multiemployer interim rule relief applies (enter code 2E). Do not enter code 2C in line 16 if code 1G is entered in line 14. Do not enter code 2C in line 16 for any month in which a terminated employee is enrolled in COBRA continuation coverage or other post-employment coverage (enter code 2A). Do not enter code 2C in line 16 for any month in which the employee enrolled in coverage that was not minimum essential coverage.
- **2D.** Employee in a section 4980H(b) Limited Non-Assessment Period. Enter code 2D for any month during which an employee is in a section 4980H(b) Limited Non-Assessment Period. If an employee is in an initial measurement period, enter code 2D (employee in a section 4980H(b) Limited Non-Assessment Period) for the month, and not code 2B (employee not a full-time employee). For an employee in a section 4980H(b) Limited Non-Assessment Period for whom the ALE Member is also eligible for the multiemployer interim rule relief for the month, enter code 2E (multiemployer interim rule relief) and not code 2D (employee in a section 4980H(b) Limited Non-Assessment Period).
- **2E.** Multiemployer interim rule relief. Enter code 2E for any month for which the multiemployer arrangement interim guidance applies for that employee, regardless of whether any other code in Code Series 2 (including code 2C) might also apply.

- **2F.** Section 4980H affordability Form W-2 safe harbor. Enter code 2F if the ALE Member used the section 4980H Form W-2 safe harbor to determine affordability for purposes of section 4980H(b) for this employee for the year. If an ALE Member uses this safe harbor for an employee, it must be used for all months of the calendar year for which the employee is offered health coverage.
- **2G.** Section 4980H affordability federal poverty line safe harbor. Enter code 2G if the ALE Member used the section 4980H federal poverty line safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).
- **2H.** Section 4980H affordability rate of pay safe harbor. Enter code 2H if the ALE Member used the section 4980H rate of pay safe harbor to determine affordability for purposes of section 4980H(b) for this employee for any month(s).
- **2I.** Reserved.



Part 3

Complete Part III **ONLY** if the ALE Member offers employer-sponsored self-insured health coverage in which the employee or other individual enrolled.

Do **NOT** complete Part III if the ALE Member offers coverage only under an insured group health plan. If an ALE Member offers both insured and self-insured coverage, complete Part III **ONLY** for employees who enroll in the self-insured coverage.

Part 3 of the form includes information about you and the individuals (including dependents) covered under your self-insured plan.

Form **1095-C** **Employer-Provided Health Insurance Offer and Coverage** VOID CORRECTED OMB No. 1545-2251
 Department of the Treasury Internal Revenue Service **2017**
 Do not attach to your tax return. Keep for your records.
 Go to www.irs.gov/Form1095C for instructions and the latest information.

Part I Employee **Applicable Large Employer Member (Employer)**

1 Name of employee		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 **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)													

Part III Covered Individuals
 If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee.

(a) Name of covered individual(s)	(b) SSN or other TIN	(c) DOB (if SSN or other TIN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

While Part 2 will tell the IRS if your employer offered coverage, Part 3 shows who accepted the offer and is actually covered. The box will be checked for any month that you were enrolled in coverage for at least one day. For example, if you enrolled in coverage on July 31, the box will be checked for the month of July.



Helpful Definitions

Aggregated ALE Group: An Aggregated ALE Group refers to a group of ALE Members treated as a single employer under section 414(b), 414(c), 414(m), or 414(o). An ALE Member is a member of an Aggregated ALE Group for a month if it is treated as a single employer with the other members of the group on any day of the calendar month. If an ALE is made up of only one person or entity, that one ALE Member is not a part of an Aggregated ALE Group. Government entities and churches or conventions or associations of churches may apply a reasonable, good faith interpretation of the aggregation rules.

Applicable Large Employer (ALE): An ALE is, for a particular calendar year, any single employer, or group of employers treated as an Aggregated ALE Group, that employed an average of at least 50 full-time employees (including full-time equivalent employees) on business days during the preceding calendar year. For purposes of determining an employer's average number of employees, disregard an employee for any month in which the employee has coverage under a plan described in section 4980H(c)(2)(F) (generally, TRICARE or Veterans Administration coverage). A new employer (that is, an employer that was not in existence on any business day in the prior calendar year) is an ALE for the current calendar year if it reasonably expects to employ, and actually does employ, an average of at least 50 full-time employees (including full-time equivalent employees) on business days during the current calendar year.

Bona fide volunteer: A bona fide volunteer is an employee of a government entity or tax-exempt organization whose only compensation from that entity or organization is (1) reimbursement for (or reasonable allowance for) reasonable expenses incurred in the performance of services by volunteers, or (2) reasonable benefits (including length of service awards), and nominal fees, customarily paid by similar entities in connection with the performance of services by volunteers.

COBRA continuation coverage: COBRA continuation coverage is health coverage that is required to be offered under the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) in certain circumstances in which an employee or other individual covered under a health plan loses eligibility for coverage under that health plan (for example, because the employee terminates employment or has a reduction in hours). For purposes of these instructions, COBRA continuation coverage also includes coverage required under any other federal or state law that provides continuation coverage comparable to that provided under COBRA.

Dependent: A dependent is an employee's child, including a child who has been legally adopted or legally placed for adoption with the employee, who has not reached age 26. A child reaches age 26 on the 26th anniversary of the date the child was born and is treated as a dependent for the entire calendar month during which he or she reaches age 26. For this purpose, a dependent does not include stepchildren, foster children, or a child that does not reside in the United States (or a country contiguous to the United States) and who is not a United States citizen or national. Also, a dependent does not include a spouse.

Designated Governmental Entity (DGE): A DGE is a person or persons that are part of or related to the Governmental Unit that is the ALE Member and that is appropriately designated for purposes of these reporting requirements. For a Governmental Unit that has delegated some, or all, of its reporting responsibilities to a DGE for some or all of its employees, one Authoritative Transmittal must still be

filed for that Governmental Unit reporting aggregate employer-level data for all employees of the Governmental Unit (including those for whom the Governmental Unit has delegated its reporting responsibilities).

Eligible Employer-Sponsored Plan: An eligible employer-sponsored plan refers to group health coverage for employees under (1) a governmental plan, such as the Federal Employees Health Benefits Program (FEHB), (2) an insured plan or coverage offered in the small or large group market within a state, (3) a grandfathered health plan offered in a group market, or (4) a self-insured group health plan for employees.

Employee: An employee is an individual who is an employee under the common-law standard for determining employer-employee relationships. An employee does not include a sole proprietor, a partner in a partnership, an S corporation shareholder who owns at least 2% of the S corporation, a leased employee within the meaning of section 414(n), or a worker that is a qualified real estate agent or direct seller.

 In certain circumstances, an employee may have a break in service (including a break in service due to a termination of employment) during which the individual does not earn hours of service, but upon beginning to earn hours of service again the ALE Member must treat the individual as a continuing employee rather than a new hire for purposes of certain rules under the regulations under section 4980H. These rules do not impact whether the individual was an employee during the break in service, so the individual should only be treated as an employee during the break in service for purposes of reporting if the individual remained an employee during that period (and had not terminated employment with the ALE Member).

 A former employee (for example, a retiree) is not a full-time employee for any month after termination of employment with the ALE Member. However, if the former employee was a full-time employee for any month of the calendar year (for example, before retiring mid-year), the ALE Member must complete information in Part II of Form 1095-C for all 12 months of the calendar year, using the appropriate codes.

Employee Required Contribution: The Employee Required Contribution is the employee's share of the monthly cost for the lowest-cost self-only minimum essential coverage providing minimum value that is offered to the employee by the ALE Member. The employee share is the portion of the monthly cost that would be paid by the employee for self-only coverage, whether paid through salary reduction or otherwise.

Employer: For purposes of these instructions, an employer is the person that is the employer of an employee under the common-law standard for determining employer-employee relationships and that is subject to the employer shared responsibility provisions of section 4980H (these employers are referred to as ALE Members).

Full-time equivalent employees: A combination of employees, each of whom individually is not treated as a full-time employee because he or she is not employed on average at least 30 hours of service per week with an employer, but who, in combination, are counted as the equivalent of a full-time employee solely for purposes of determining whether the employer is an ALE.

Hours of service: An hour of service is each hour for which an employee is paid, or entitled to payment, for the performance of duties for the employer, and each hour for which an employee is paid, or entitled to payment, for a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence. An hour of service does not include any hour of service performed as a bona fide volunteer of a government entity or tax-exempt entity, as part of a Federal Work-Study Program (or a substantially similar program of a State or political subdivision thereof) or to the extent the compensation for services performed constitutes income from sources outside the United States.

Limited Non-Assessment Period: A Limited Non-Assessment Period generally refers to a period during which an ALE Member will not be subject to an assessable payment under section 4980H(a), and in certain cases section 4980H(b), for a full-time employee, regardless of whether that employee is offered health coverage during that period.

Minimum essential coverage (MEC): Although various types of health coverage may qualify as minimum essential coverage, for purposes of these instructions, minimum essential coverage refers to health coverage under an eligible employer-sponsored plan.

Minimum Value: A plan provides minimum value if the plan pays at least 60% of the costs of benefits for a standard population and provides substantial coverage of inpatient hospitalization services and physician services.

Qualifying Offer: A Qualifying Offer is an offer of MEC providing minimum value to one or more full-time employees for all calendar months during the calendar year for which the employee was a full-time employee for whom a section 4980H assessable payment could apply, with an Employee Required Contribution for each month not exceeding 9.5 % (as adjusted) of the mainland single federal poverty line divided by 12, provided that the offer includes an offer of MEC to the employee's spouse and dependents (if any).

For more help with form 1095-C, please visit the IRS website: [Instructions for Form 1095-C](#).