



# COBRA Basics With an ACA Twist

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# Introduction

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**Lynn McGuire**

**BUTZEL LONG, P.C.**

301 E. Liberty, Suite 500

Ann Arbor, MI 48130

**(734) 213-3261**

[mcguire@butzel.com](mailto:mcguire@butzel.com)

**Tom Shaevsky**

**BUTZEL LONG, P.C.**

41000 Woodward Ave.

Stoneridge West Bldg.

Bloomfield Hills, MI 48304

**(248) 258-7858**

[shaevsky@butzel.com](mailto:shaevsky@butzel.com)

Michigan | New York | Washington, D.C.

# What is COBRA?

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- Continuation of existing group health plan coverage for certain employees, former employees, covered spouses, and dependents who lose eligibility for coverage
  - Internal Revenue Code
  - Employee Retirement Income Security Act of 1974
  - Public Health Service Act



# Which Employers Are Affected?

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- Employed 20+ employees in prior year
  - At least 50% of typical business days
- Part-time employees counted as fractional full-time equivalents
  - 8 hours per day/40 hours per week maximum
- Transition Rule
  - Subject to COBRA until calendar year after norm is <20
  - Can't drop COBRA for existing recipients

# Which Employers Are Affected?

- Number of employees in prior year **based on headcount in employer's common control group**



**Employer with less than 20 employees may be subject to COBRA because of sister or parent company headcount**

# Which Employers Are Affected?

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## **Common Control Example:**

- US Corp is a wholly owned subsidiary of Japan Corp Ltd
- US Corp = 10 employees and Japan Corp Ltd = 500 employees
- US Corp is subject to COBRA

# Which Benefits Are Affected?

- Group Health Plans only:
  - Medical/Rx/Hospitalization
  - Dental
  - Vision
  - Hearing
  - Substance abuse
  - Health Flexible Spending Accounts (FSAs)
  - Health Reimbursement Accounts (HRAs)
  - Some discount programs and Employee Assistance Programs (EAPs)

# Which Benefits Are Affected?

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- COBRA does not apply to:
  - STD or LTD
  - Life insurance and AD&D
  - Dependent care Flexible Spending Accounts (FSAs)
  - On-site spas, pools, gyms or fitness facilities generally available to healthy employees
  - On-site first aid for workplace illnesses/injuries
  - Long term care plans
  - Medical Savings Accounts (MSAs)
  - Health Savings Accounts (HSAs)



# Which Benefits Are Affected?



- Since Health FSAs and HRAs may be subject to COBRA, make sure you're handling COBRA correctly
- Check with legal counsel to determine if your particular EAP or on-site clinic is subject to COBRA

# Disclosure Requirements

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- Three separate COBRA disclosure requirements:
  - General Notice
  - Summary Plan Description (for ERISA-governed plans) disclosures
  - Notice of right to elect COBRA following qualifying event (“QE”)

# General Notice

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- “Initial” notice of COBRA rights and responsibilities
- Must be provided no later than 90 days from date employee and spouse first become covered
  - First class mail to employee’s home
  - Addressed to employee and covered spouse (if shared address)
  - Separate notice to spouse if at different address **or added later**

# General Notice

- DOL Final Regulations list information to be included:
  - Plan name and the name, address and phone number of the party responsible for providing additional information about COBRA
  - General description of coverage (*e.g.*, classes of individuals who may become qualified beneficiaries, qualifying events, employer's obligation to inform plan administrator of certain qualifying events, maximum continuation period, when continuation may be extended beyond the original maximum period, and premiums payment requirements)

# General Notice

(Cont.)

- Duty to notify plan administrator of divorce, separation, loss of dependent status, and how to provide notice
- Duty to notify administrator of Social Security disability determination, and how to provide notice
- Explanation of importance of keeping plan administrator informed of the current addresses
- Statement that General Notice does not fully describe COBRA coverage or other rights under plan, and more complete information is available from plan administrator and in SPD

# General Notice



- If you fail to provide proper General Notice, individual's right to elect COBRA is extended until AFTER General Notice is actually provided – which may be many months after COBRA rights would otherwise expire, including after a catastrophic illness or injury



# SPD Disclosures

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- Under ERISA, group health plan Summary Plan Description **must** contain full COBRA information
  - Qualifying events
  - Premiums
  - Notice and election rules and procedures
  - Duration of coverage

# SPD Disclosures



- Review to ensure you have SPD for EACH of your benefits that are subject to COBRA
- Many dental and vision insurers and network providers do not provide SPDs and their Certificates of Coverage do not include required COBRA disclosures

# Qualifying Events

- For an EMPLOYEE, a QE:
  - Must result in **loss of coverage** (some time before end of maximum COBRA coverage period); **and**
  - Be either **termination** of employment (other than for gross misconduct) or **reduction** in employee's hours of employment
- Loss of coverage means:
  - Individual not covered under plan under same terms and conditions as immediately before QE

# Qualifying Events

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What happens when employer using ACA look-back measurement period determines employee is no longer full time, and therefore is no longer eligible for group health coverage after end of current Stability Period?

**COBRA eligibility triggered**

# Qualifying Events

- For a covered SPOUSE or DEPENDENT, a QE must result in a loss of coverage (before end of maximum COBRA coverage period) **and** be:
  - Covered employee's termination (other than for gross misconduct)
  - Covered employee's reduction in hours of employment
  - Covered spouse's divorce or legal separation
  - Covered employee's death
  - Covered employee's entitlement to Medicare\*
  - Dependent child's loss of dependent status

# Qualifying Events

- Start of FMLA leave is **not** a QE
- COBRA QE occurs on last day of FMLA leave **if**:
  - Employee, spouse or dependent covered under Plan before FMLA leave began
  - Employee does not return to work after leave
- Employee entitled to COBRA even if coverage lapses during FMLA leave due to nonpayment of premiums
- COBRA measured from end of FMLA leave
- COBRA not conditioned on employee repayment of premiums advanced during FMLA leave



# Qualifying Events

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- Reason for termination (unless gross misconduct) or reduction in hours is NOT relevant
- Modification or termination of plan is NOT a QE, even if results in loss of coverage
- Chapter 11 Bankruptcy is QE only for covered retiree, spouse and dependents
  - Only if employer files for bankruptcy and the covered person's health care coverage under the plan is substantially eliminated within one year before or after bankruptcy filing

# Gross Misconduct

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- NOT:
  - Ordinary negligence, incompetence, poor judgment
- USUALLY IS:
  - Dishonesty-related criminal conduct
- SOMETIMES IS:
  - Violation of employer's established rules of conduct or intentional or substantial disregard of employer's interests or job duties
  - Activity disqualifying person from unemployment benefits

# Qualified Beneficiaries

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- To be a Qualified Beneficiary (“QB”) must be employee or former employee (including a retiree), or spouse or dependent child of an employee or former employee; **and**
- Have been covered under plan on day before the QE

# Qualified Beneficiaries

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- Includes: children born to, adopted by, or placed for adoption with, covered employee during COBRA continuation period
- Does not include: Domestic partners, adult dependents, individuals eligible to enroll but not actually enrolled

# Qualified Beneficiaries

- Cancellation of coverage in anticipation of QE to negate QB status is ineffective – disregard it
- Individual is eligible to elect COBRA as of date QE would have occurred, not date of cancellation
- Example:
  - At open enrollment in October, employee drops spouse from health coverage, effective next January 1
  - Divorce effective March 1
  - If drop in anticipation of divorce, former spouse gets COBRA, effective March 1
  - No coverage between January 1 – February 28

# Notice After Qualifying Event

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- **Employer** has duty to notify plan administrator within 30 days of certain QEs:
  - Termination
  - Reduction in hours
  - Death
  - Medicare entitlement\*
  - Bankruptcy



# Notice After Qualifying Event

- **Qualified Beneficiary** has duty to notify plan administrator of certain QEs:
  - Divorce or legal separation
  - Loss of dependent status
- Notification due by **60 days after latest of:**
  - The date of the QE
  - The date the QB loses coverage due to the QE or
  - The date the QB is informed through SPD or General Notice of responsibility to provide notice and plan's procedures for providing notice

# Notice After Qualifying Event

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## Due Date Example

- Employee divorced March 15; spouse loses coverage March 31
- Notice due no later than May 30 [60 days after later of QE (divorce) or date coverage is lost]
- NOTE: Assumes General Notice previously provided; General Notice required, or 60-day period does not start

# Notice After Qualifying Event

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- Failure of QB to provide timely notice = loss of COBRA rights
- Plan must have reasonable procedures for QB to follow
  - May require use of specific form, if available and no cost
  - Must be in SPD (if Plan subject to ERISA)
  - Specify who receives notice and how
  - Specify required information

# Notice After Qualifying Event

- Administrator must notify QBs of COBRA election rights and obligations within 14 days
  - 44 days total if employer is Administrator
- Plan can measure notice dates from loss of coverage date, if Plan document says so
- Each QB has separate COBRA rights
  - First class mail to last known address
  - Combine notice if same addresses
- Establish consistent procedures

# Notice After Qualifying Event

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- If QB notifies administrator of divorce, legal separation or loss of dependent status
  - If COBRA denied, administrator must provide notice and explanation within 14 days

# Notice After Qualifying Event

- Final Regulations require Notice to include:
  - Name of plan, contact information for administrator of COBRA coverage
  - The qualifying event
  - Identify each QB beneficiary entitled to elect COBRA for that QE, and date plan coverage will terminate (or has terminated) otherwise
  - Statement that each listed QB has independent right to elect COBRA, covered employee or spouse may elect COBRA on behalf of all QBs, and parent or guardian may elect on behalf of minor child
  - Procedures to elect COBRA, including last date to elect



# Notice After Qualifying Event

(Cont.)

- Consequences of not electing COBRA (impact on rights of QBs, special enrollment rights under ERISA, etc) where QB may obtain more information, and plan's procedures for waiving COBRA
- Coverage available including date coverage begins, or instead refer to summary plan description
- Maximum COBRA period, termination date, and events that cause coverage to terminate early
- When maximum period may be extended due to second qualifying event or Social Security-determined disability, and length of extension

# Notice After Qualifying Event

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(Cont.)

- Responsibility of QB to provide notice of second QE or disability determination (or end of disability), how and when to provide notice, and consequences of failure
- Amount QB must pay for COBRA
- Due dates and address for payments, right to pay on monthly basis, grace periods, and consequences of late or non-payment
- Duty to keep Administrator informed of current addresses
- Statement that Notice does not fully describe COBRA coverage or rights under plan and more complete information is available

# Notice After Qualifying Event



New DOL Model COBRA Notices include description of Marketplace and statement that individuals may be able to get lower-cost (federally-subsidized) coverage through Marketplace

**Consider adding this to SPD, too**

# Electing COBRA

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- QB must elect COBRA within 60 days of later of date notice mailed or coverage lost
  - Coverage retroactive to date of loss
  - Election made on date election sent to administrator
- QB can waive COBRA and still elect during 60-day period
  - But then coverage is prospective only

# Electing COBRA

- During election period, plan can:
  - Suspend coverage, then reinstate if elected
  - Continue coverage
  - Tell providers if person is not covered
- Plan can require QB to elect all coverages under plan if single option plan

# COBRA Coverage

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- COBRA coverage is same as prior coverage
  - But if active employee Plan coverage changes, COBRA coverage changes
- QBs can change dependents and coverage under same circumstances as active employees
- QB moving out of HMO coverage area has right to elect other available coverage, if any
- Credit for deductibles paid before QE
  - Separate deductibles follow QB
  - Family deductibles depend on coverage elected

# Cost of COBRA Coverage

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- Plan may charge up to 102% of “applicable premium”
- Disabled QB can be charged up to 150% for 11 month extension
  - Non-disabled family members’ maximum COBRA premium remains 102%

# Cost of COBRA Coverage

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- Applicable Premium is cost to Plan of similarly situated participant
  - Fully insured plan: cost for QB charged by insurer
  - Self-insured plan: reasonable cost of similarly situated QB
    - actuarially determined
    - Plan can use prior 12-month period adjusted by inflation unless significant changes to Plan



# Cost of COBRA Coverage

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- Initial premium due within 45 days of COBRA election
  - Payment must include all premiums from QE date through payment date
- Grace period of not less than 30 days required
- Plan cannot require payment more often than monthly

# Cost of COBRA Coverage

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## Example of Timing:

- Qualifying event = 12/31
- 30 day employer notice to admin = 1/30
- 14 days Admin notice to QB = 2/13
- 60 day election period = 4/15
- 45 days to pay = 6/1

# Cost of COBRA Coverage



- COBRA can only be cancelled if underpayment “significantly less” than required amount
  - Significantly less means payment is short by lesser of \$50 or at least 10%
- If underpayment not significantly less, employer must either:
  - Accept it as payment in full; or
  - Notify QB of deficiency and provide reasonable time to pay (at least 30 days)

# Cost of COBRA Coverage

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- COBRA premium set for 12 months, unless:
  - Plan charges less than maximum
  - Increase is due to disability extension
  - QB adds dependents or changes coverage
- COBRA premium considered paid on date mailed
- Any third party can pay the premium – even hospital

# COBRA Coverage Ends

- If QE was termination or reduction of hours:
  - 18 months
- If QE was death, divorce, legal separation, loss of dependent status, or Medicare entitlement:\*
- 36 months
- Original 18 month period extended to 36 months for spouse and dependents if second QE occurs during 18 month period that is a 36 month QE
  - Measured from original QE date
  - Medicare entitlement of employee not a secondary QE if Medicare entitlement not loss of coverage for active employees

# COBRA Coverage Ends

- If QE is disability, 18 month period can be extended by 11 months for individual and family QBs
  - SSA must determine disability first began before 60<sup>th</sup> day of COBRA and before 18 months COBRA expires
  - QB must notify administrator of SSA determination within 60 days of SSA determination, QE, loss of coverage or receipt of general notice
  - QB must notify administrator within 30 days of SSA determination of end of disability

# COBRA Coverage Ends

- Events terminating COBRA:
  - End of maximum COBRA period
  - Last day of period for which COBRA premiums paid
  - Date QB first becomes (after election) covered by other group health plan
  - Date QB first becomes (after election) entitled to Medicare
  - First of month after 30 days after SSA determination of non-disabled
  - Date employer (and entire controlled group) terminates all group health plans

# COBRA Coverage Ends

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- Administrator must provide notice to each QB if COBRA ends earlier than maximum period. **Notice** must include:
  - Reason
  - Date of early termination
  - Rights under plan or law to alternative coverage



# COBRA Coverage Ends

- If plan allows non-QBs to convert to individual coverage when group coverage ends, COBRA QBs may convert
  - Applies only if COBRA ends because maximum period expires
  - Employer **must notify** QB of conversion option no later than 180 days before end of maximum period

# Voluntary Coverage vs COBRA

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- Some employers offer voluntary coverage as part of severance package (continuing existing coverage with employer-paid subsidy)
- Voluntary coverage identical to COBRA can reduce/offset maximum COBRA period – Plan document and/or severance agreement should specify if COBRA period runs concurrently with voluntary coverage

# Voluntary Coverage vs COBRA



- If employer subsidizes voluntary coverage or COBRA coverage for limited period of time, individuals may be ineligible for Marketplace coverage when employer subsidy ends – stuck with more-expensive COBRA until Marketplace open enrollment
- Unless done for all employees, may violate non-discrimination rules

# Penalties

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- Court can:
  - Award \$110/day penalty for failure to give COBRA notices
  - Order Plan to provide lost benefits if COBRA not provided
- IRS excise tax of \$100/day for failure to comply with COBRA
  - Self-reported on Form 8928, nondeductible
- If not corrected, penalty of \$2,500 for small failures and \$15,000 for serious failures

# Penalties

- No IRS excise tax if:
  - Violation not discovered or discoverable with reasonable diligence
  - Violation due to reasonable cause and not willful neglect and correction made timely
- Form 8928 due by employer's tax return due date (excluding extensions)



Self-reporting of violations now **required**

# Flexible Spending Accounts

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- General concept: Health FSA participants entitled to COBRA if electing COBRA and paying COBRA premiums for Health FSA for remainder of coverage period makes financial sense
  - Former employee has to pay COBRA premiums in order to get the right to use up their existing Health FSA account balance at time of QE

# Flexible Spending Accounts

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- Rule: Health FSA participants entitled to COBRA **unless**
  - Employer provides another group health plan
  - Maximum FSA reimbursement for actives does not exceed greater of 2X employee's salary reduction, or salary reduction plus \$500 (i.e., due to employer contributions/subsidy) **and**
  - COBRA premium would equal or exceed maximum reimbursement for rest of plan year

# Flexible Spending Accounts

## FSA Example:

- Employee has \$1,200/year FSA election and terminates on June 30 having contributed \$600 (\$100/month)
- COBRA for rest of year would cost \$102/month X 6 months = \$612
- If employee was already reimbursed \$400 under FSA before termination, remaining unused benefit is \$800 -- therefore employer must offer COBRA for rest of calendar year because amount available for reimbursement (\$800) exceeds COBRA premium (\$612)



# Health Reimbursement Arrangements

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- HRAs are group health plans subject to COBRA if annual employer contribution \$500 or more
- COBRA premiums for HRA
  - Safe Harbor: based on annual coverage amount under HRA, not actual reimbursements available -- ignore account balances accumulated from prior years

# Health Reimbursement Arrangements

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- If HRA linked to participation in group medical plan, HRA COBRA can be conditioned on election of group medical plan
- If HRA automatic, then COBRA must be offered without condition

# Health Reimbursement Arrangements



- In lieu of voluntary coverage or employer-subsidized COBRA for departing executives, employers used to reimburse employee's premiums under spouse's group health plan or individual policy
- No longer an option -- payments treated as HRA that fails to meet ACA integration rules and prohibition on dollar caps

# ACA Reporting of COBRA

<b>ALE With Insured Plan</b>	<b>ALE With Self-insured Plan</b>	<b>Non-ALEs With Self-Insured Plan</b>
Complete: Form 1094-C + Portion of Form 1095-C	Complete: Form 1094-C + Both sections of Form 1095-C	Complete: Form 1094-B + Form 1095-B

# ACA Reporting of COBRA

<b>Form 1095-C</b> Department of the Treasury Internal Revenue Service	<b>Employer-Provided Health Insurance Offer and Coverage</b> ► Information about Form 1095-C and its separate instructions is at <a href="http://www.irs.gov/1095c">www.irs.gov/1095c</a> .	<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	<b>600115</b> OMB No. 1545-2251 <b>2014</b>												
<b>Part I Employee</b>		<b>Applicable Large Employer Member (Employer)</b>													
1 Name of employee <b>DONALD T. DUCK</b>	2 Social security number (SSN) <b>123-45-6789</b>	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												
<b>Part II Employee Offer and Coverage</b>															
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec		
14 Offer of Coverage (enter required code)															
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)															
<b>Part III Covered Individuals</b>															
If Employer provided self-insured coverage, check the box and enter the information for each covered individual. <input type="checkbox"/>															
(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN 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"/>

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

Form **1095-C** (2014)

# ACA Reporting of COBRA

<b>Part II</b> Employee Offer and Coverage					
	All 12 Months	Jan	Feb	Mar	
<b>14</b> Offer of Coverage (enter required code)					
<b>15</b> Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$
<b>16</b> Applicable Section 4980H Safe Harbor (enter code, if applicable)					

# ACA Reporting of COBRA

Code	Description of Offer of Coverage -- Part II, Line 14
1A	Qualifying Offer
1B	MEC providing MV offered to employee only
1C	MEC providing MV offered to employee and MEC offered to dependents (not spouse)
1D	MEC providing MV offered to employee and MEC offered to spouse (not dependents)
1E	MEC providing MV offered to employee and MEC offered to dependents and spouse
1F	MEC NOT providing MV offered to employee, or employee and spouse or dependents, or employee, spouse and dependents
1G	Offer of coverage to employee who was not full-time for ANY month of calendar year and who enrolled in self-insured coverage for one or more months (e.g., COBRA, retirees, non-employee directors, etc.)
1H	No offer of coverage (no offer of any coverage, or only offered non-MEC
1I	Qualifying Offer Transitional Relief 2015

# ACA Reporting of COBRA

Code	Description of Safe Harbor or Other Relief -- Part II, Line 16
2A	Employee not employed on ANY day in month
2B	Employee not full-time and did not enroll in MEC, if offered
2C	Employee enrolled in coverage offered
2D	Employee in limited non-assessment period
2E	Multiemployer plan interim relief
2F	Employer is using Form W-2 safe harbor to determine affordability
2G	Employer is using federal poverty line safe harbor to determine affordability
2H	Employer is using rate of pay safe harbor to determine affordability
2I	Non-calendar year plan transition relief applies to employee



# ACA Reporting of COBRA

- ALE member that sponsors self-insured plan must report enrollment of any former employee or family member
- Offer of COBRA coverage made to former employee due to termination of employment is not reported as offer of coverage on Part II of Form 1095-C, unless they enroll
- Offer of COBRA coverage made to current employee due to QE that is reduction in hours is reported differently than offer of COBRA coverage to former employee

# ACA Reporting of COBRA

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## ACA Reporting Examples

- Employer is an ALE with self-insured plan
- Employee Steve enrolled in family coverage that provides MEC and meets MV
- On June 15, 2015, Steve terminated and received an offer of COBRA coverage

# ACA Reporting of COBRA

## Example 1: **Steve did not enroll Self or Family in COBRA**

- January 2015 through May 2015
  - Line 14: enter code 1E (or other applicable code)(1E = MEC providing MV offered to employee and MEC offered to dependent(s) and spouse)
  - Line 15: enter employee contribution for the lowest-cost self-only coverage providing minimum value offered under plan to Steve as active employee
  - Line 16: enter Employee enrolled in coverage offered
- June 2015 (the month in which Steve terminated employment):
  - Line 14: enter code 1H (No offer of coverage)
  - Line 16: enter code 2B (Employee not a full-time employee)
- July 2015 through December 2015:
  - Line 14: enter code 1H (No offer of coverage)
  - Line 16: enter code 2A (Steve no longer an employee in those months)

# ACA Reporting of COBRA

## Example 2: **Steve enrolls Self and Family in COBRA**

- January 2015 through December 2015
  - Line 14: enter code 1E (or other applicable code)(1E = MEC providing MV offered to employee and MEC offered to dependent(s) and spouse)
  - Line 16: enter 2C Employee enrolled in coverage offered
- January through May 2015
  - Line 15: enter employee contribution for the lowest-cost self-only coverage providing minimum value offered under plan to Steve as active employee
- June 2015 through December 2015:
  - Line 15: enter COBRA premium for the lowest-cost self-only coverage providing minimum value offered under plan to Steve

# ACA Reporting of COBRA

## Example 3: **Steve enrolls Self but NOT Family in COBRA**

- January through May 2015
  - Line 14: enter code 1E (or other applicable code)(1E = MEC providing MV offered to employee and MEC offered to dependent(s) and spouse)
  - Line 15: enter employee contribution for the lowest-cost self-only coverage providing minimum value offered under plan to Steve as active employee
  - Line 16: enter 2C (Employee enrolled in coverage offered)
- June 2015 through December 2015:
  - Line 14: enter code 1B (MEC providing MV offered to employee only)
  - Line 15: enter COBRA premium for the lowest-cost self-only coverage providing minimum value offered under plan to Steve
  - Line 16: enter code 2C (Employee enrolled in coverage offered)

# ACA Reporting of COBRA

## Example 4: James has QE due to reduction in hours Nov. 1, 2015; he elects COBRA

- January through October
  - Line 14: enter code 1E (MEC providing MV offered to employee and MEC offered to dependent(s) and spouse)
  - Line 15: enter employee contribution for the lowest-cost self-only coverage providing minimum value offered under plan to James as active employee
  - Line 16: enter code 2C (Employee enrolled in coverage offered)
- November and December
  - Line 14: enter code 1E (MEC providing MV offered to employee and MEC offered to dependent(s) and spouse)
  - Line 15: enter employee contribution for the lowest-cost self-only COBRA coverage providing minimum value
  - Line 16: enter code 2C (Employee enrolled in coverage offered)

# ACA Reporting of COBRA

## Example 5: : James has QE due to reduction in hours Nov. 1, 2015, declines COBRA

- January through October
  - Line 14: enter code 1E (MEC providing MV offered to employee and MEC offered to dependent(s) and spouse)
  - Line 15: enter employee contribution for the lowest-cost self-only coverage providing minimum value offered under plan to James as active employee
  - Line 16: enter code 2C (Employee enrolled in coverage offered)
- November and December
  - Line 14: enter code 1E (MEC providing MV offered to employee and MEC offered to dependent(s) and spouse)
  - Line 15: enter employee contribution for the lowest-cost self-only COBRA coverage providing minimum value
  - Line 16: enter code ???? (2B = no longer FT but offered COBRA that is MEC; if FT enter applicable affordability safe harbor code, if any)

# ACA Reporting of COBRA

Example 6: Keri was FT employee with 2-person coverage. On May 15, 2015, **Keri and Gerald divorce** and Gerald loses eligibility for coverage under the plan. **Gerald elects COBRA** from May 15, 2015 through December 31, 2015.

- January through May 2015
  - Report Keri's and Gerald's enrollment on **Part III** of Form 1095-C
- June through December 2015
  - Gerald gets separate Form 1095-B or Form 1095-C reporting him as enrolled in MEC under self-insured health plan



# ACA Reporting of COBRA

## Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual. ☐

(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is not available)	(d) Covered all 12 months	(e)				
				Jan	Feb	Mar	Apr	May
17			<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"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# ACA Reporting of COBRA

- Report offer of coverage for a month on Part II only if offer would provide coverage for **all days of the calendar month**; so, mid-month termination of coverage = Code 1H (no offer of coverage) on line 14
- Self-insured health plan: Report enrollment information for individuals who were not employees **on any day** of the calendar year by entering code 1G, (Offer of coverage to employee who was not a full-time employee for any month of the calendar year) on line 14 of Part II of Form 1095-C, for all twelve months, and completing Part III of Form 1095-C

# Questions?

**Lynn McGuire**

**BUTZEL LONG, P.C.**

301 E. Liberty, Suite 500

Ann Arbor, MI 48130

**(734) 213-3261**

[mcguire@butzel.com](mailto:mcguire@butzel.com)

**Tom Shaevsky**

**BUTZEL LONG, P.C.**

41000 Woodward Ave.

Stoneridge West Bldg.

Bloomfield Hills, MI 48304

**(248) 258-7858**

[shaevsky@butzel.com](mailto:shaevsky@butzel.com)

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