

IRS Releases New ACA Reporting Rules for Individual Coverage HRAs

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The IRS has recently updated Forms 1094 & 1095 for the 2020 plan year that include new reporting requirements for Individual Coverage HRAs (ICHRAs). ICHRAs were first made available to employees beginning in January 2020. Under an ICHRA, an employee is reimbursed for medical plan premiums by their employer, so long as the employee is enrolled in an individual health insurance plan or Medicare. Reimbursements are also available to the employee's dependents if the dependents are enrolled in an individual health plan.

Please Note: These reporting requirements only apply to **Applicable Large Employers** (ALEs) that offer an ICHRA. An ALE is an employer that employed an average of 50 or more full-time employees (or part-time equivalents) during the previous calendar year. Small, fully-insured employers offering an ICHRA are **not required** to file any ACA forms with the IRS and are therefore exempt from these requirements.

Updated ACA Reporting Requirements for ICHRAs

Form 1094-C

- The IRS has confirmed that an offer of ICHRA coverage will be considered an offer of “**minimum essential coverage**” for purposes of Section 4980H(a) of the ACA.

Form 1095-B

- One **Line 8**, Code G (a new code) will be entered to identify that the employer-sponsored coverage is an ICHRA.

Form 1095-C

- **Line 14** Codes will note information about ICHRA coverage offered to employees (including: the full-time or part-time status of the employee; whether ICHRA coverage was offered to spouses/dependents; whether the ICHRA coverage was affordable; and whether the employee's primary address or work site was used in determining affordability.)
- ALE's must enter the employee's age as of January 1, 2020 in **Part II** of the form if the employee received an ICHRA offer.
- The employee's zip code from his/her primary address or work site must be entered on **Line 17**.
- The [instructions form](#) includes information on how to calculate the employee's required contribution (**Line 15**) using the employee's age and zip code along with the ALE's ICHRA contribution amount.

If you have any questions or concerns, please contact me at: adillingham@benefitreview.com

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