

ACA REFERENCE SHEET: IRS FORM 1095-B vs 1095-C

UPDATED NOV 01. 23 BENEFITSCAPE.COM

This REFERENCE SHEET explains the key differences between IRS Form 1095-B and 1095-C as relevant to ACA compliance for Applicable Large Employers [>50 FTE employees].

WARNING: Many online explanations of these forms, especially AI-generated ACA guides, are not only confused and confusing but sometimes wrong. Please contact BENEFITSCAPE if you have any questions about your company's ACA reporting & compliance.

FORM 1095-B

This employee IRS form is the responsibility of **health cover providers** – in other words the insurance company [or other entities, including some employers] paying the medical bills.

The provider must send this completed form to **every covered employee** detailing their coverage and thereby enabling them to report their own individual ACA compliance to the IRS.

Form 1095-B includes information on **all dependents & other individuals covered** by a policy in addition to the employee as policy holder. It enables the IRS to determine who has minimum essential coverage & therefore is not liable for an individual shared responsibility payment.

FORM 1095-C

This IRS form is the responsibility of ALEs as **health cover sponsors**.

As part of their ACA reporting & compliance, ALEs must send this completed form to every eligible employee, detailing the **Offer of Coverage** they have received under the company's sponsored plan. These forms are subsequently also filed by the employer [along with other required documentation] to the IRS.

SO FAR SO GOOD

In some instances, **ALEs not only sponsor but also provide the health cover** [pay the medical bills] for eligible employee. This is called a **self-insured health plan** – in other words, a plan funded entirely by the employer, who pays for any employee health claims instead of an insurance company.

These ALEs are termed **self-insured** as opposed to **fully insured employers**.

Self-insured employers are accordingly responsible for both **Form 1095-B [as the provider]** and **Form 1095-C [as the sponsor]**. That said, self-insured employers can combine these forms into a single Form 1095-C.

Self-insured employers are accordingly responsible for both **Form 1095-B [as the provider]** and **Form 1095-C [as the sponsor]**. That said, self-insured employers can combine these forms into a single Form 1095-C.

Part III of Form 1095-C must only to be completed by employers sponsoring self-insured health cover; it includes in addition to the named employee. **any dependents and other individuals covered by the plan**

ACA_regtech^{*}

ACA_regtech^{*} from BENEFITSCAPE transforms ACA governance, risk management, and compliance for employers on all HCMs and ACA modules, including **processing, coding & distribution of all IRS Forms 1095-B & C.**

Please contact BENEFITSCAPE to learn about end-to-end of ACA reporting & compliance or how ACA_regtech^{*} can support any individual steps in your ACA process. - END -

IF YOU HAVE QUESTIONS ABOUT ANY ASPECT OF ACA , PLEASE
CONTACT BENEFITSCAPE, THE LEADING SPECIALIST IN ACA COMPLIANCE:

- » +1-508-655-3307
- » info@benefitscape.com
- » benefitscape.com

BENEFITSCAPE

^{*}Any sufficiently advanced technology is indistinguishable from magic. **Arthur C Clarke**

BENEFITSCAPE © 2023