

Preparing for Your 2015 Tax Return

Questions and Answers on Tax Changes Related
to the Affordable Care Act



This guide provides you with questions and answers designed to assist you with understanding some additional new 2015 reporting requirements related to the Affordable Care Act. For further questions, please consult with a tax professional.



Westminster School District

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Questions & Answers

1. What new forms is the Internal Revenue Service (IRS) requiring for the 2015 tax year?

Under the Affordable Care Act employers are required to provide all employees with proof of the health coverage offered to you on IRS Form 1095-C. Westminster School District will be sending this to employee homes as required by February 1, 2016.

Employees who have health insurance with the district will also receive a Form 1095-B but it will not come from the district. This form will be sent by SISC (Self-Insured Schools of California) if you have a PPO plan or directly from the insurance company if you have an HMO. This form is the proof of Minimum Essential Coverage that is required. This form is also required to be sent by February 1, 2016.

2. What exactly is a Form 1095-B?

A Form 1095-B is a statement from your medical insurance carrier that will show that you, your spouse, and any individuals you claim as dependents had qualifying health coverage, referred to as “minimum essential coverage” (MEC), for one or more months during 2015.

3. Why do I need a Form 1095-B to prepare my tax return?

The Affordable Care Act (ACA) requires most individuals to have health insurance that provides MEC, or pay a penalty. This is referred to as the individual shared responsibility payment, or individual mandate. The Form 1095-B will demonstrate that you, your spouse, and/or your dependents had MEC.

For 2015, the penalty amount is \$325 for each individual in your household without health coverage (the penalty for each child without coverage is 50% of that amount, or \$162.50), up to a maximum of \$ 975 per family, or up to 2% of your household income, whichever is greater.

4. What is Minimum Essential Coverage?

Minimum Essential Coverage, commonly referred to as MEC, refers to the type of coverage an individual must have to comply with the ACA’s individual mandate. MEC includes the medical coverage options provided by WSD.

You are considered to have MEC for the entire month as long as you are enrolled in and entitled to receive benefits under an MEC plan for at least one day during that month.

5. What information must be reported on a Form 1095-B?

Form 1095-B will specify the months during the year that you were enrolled in MEC. In addition, it will also reflect your (and covered dependents’) identifying information, including social security numbers.

6. When will I receive my Form 1095-B?

You will receive the Form 1095-B no later than January 31 following the end of the tax year to which it relates. For the 2015 tax year, because January 31, 2016 falls on a Sunday, the deadline for providing you with the 2015 Form 1095-B is February 1, 2016, the next business day. This is the same deadline for providing you with your Form W-2.

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7. What if my spouse/ domestic partner and our children are enrolled with me on the plan? Will they also receive their own Form 1095-B?

A Form 1095-B will generally only be prepared for you, as the primary insured. However, all dependents enrolled with you on the plan, will be reflected on your Form 1095-B.

Note that if your spouse/domestic partner or child is enrolled in a plan sponsored by their employer they will receive a Form 1095-B (or Form 1095-C) from their employer for the month(s) they were enrolled in that employer's medical plan.

8. What if it is after February 1st and I have not received a Form 1095-B?

If you are enrolled in a fully-insured medical plan and do not receive your Form 1095-B by the February 1, 2016 deadline, please contact Tina Gestoso, Insurance Services at extension 1027.

9. What is a Form 1095-C?

Form 1095-C is a statement that will show Full-time Employees whether or not Westminster School District offered them and their dependents MEC during 2015 and which months MEC was offered.

10. Why do I need to receive a Form 1095-C?

Under the ACA, an employer with at least 50 full-time equivalent employees must offer its Full-time Employees MEC that is "affordable" and provides "minimum actuarial value", or else potentially be subject to a penalty. This is known as the employer mandate. The Form 1095-C is intended to demonstrate that Westminster School District is in compliance with this mandate.

In addition, if you purchased health coverage through a Health Insurance Marketplace, such as Covered California, and seek to claim a subsidy, this information will assist you in determining whether you are eligible.

11. What specific information is reflected on the Form 1095-C?

The 1095-C has three parts:

- Part I contains information identifying you and Westminster School District, similar to that found on your Form W-2.
- Part II includes information about the health insurance coverage that was offered to you, your spouse, and/or dependents by WSD, if any. The information on Lines 14 and 16 is provided using identifying codes. For Line 15, you may have a dollar amount indicated that represents the monthly cost for employee-only coverage under the lowest cost health plan option that was offered to you by WSD, not necessarily the cost for the coverage that you were enrolled in during 2015.
- Part III will be completed if WSD's health plan is self-insured, and will reflect information about any family members that were enrolled in the plan with you. This is necessary information for you to demonstrate compliance with the individual mandate (see Question 3 above).

Please consult the instructions accompanying the Form 1095-C for further information.

12. What if fields are left blank on the Form 1095-C?

If a field is left blank, it means that the field either does not apply to you or it is not required to be completed. It doesn't necessarily mean that your Form 1095-C is incomplete.

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13. What does it mean to be a Full-time Employee?

Under the ACA, generally all employees who work or are scheduled to work an average of at least 30 hours per week, are considered Full-Time Employees for medical benefits purposes.

Westminster School District uses what is known as the “look-back measurement method” to determine whether or not you meet the definition of Full-time Employee. The rules for the look-back measurement method are very complex. Generally, your hours are tracked over a 12-month measurement period. If you are found to have worked an average of at least 30 hours per week during this period, you will be considered a Full-time Employee and eligible for coverage for a 12-month stability period that coincides with your medical coverage plan year. Slightly different rules may apply to newly hired and rehired employees. WSD intends to follow applicable IRS guidance when administering the look-back measurement method.

14. Is the medical coverage offered by WSD “affordable” and does it provide “minimum actuarial value”?

Yes. The coverage offered by WSD meets the ACA definitions of affordability and minimum actuarial value.

15. Who will be providing me with the Form 1095-C?

You will be receiving the Form 1095-C directly from WSD.

16. When will I receive my Form 1095-C?

Like the Form 1095-B and Form W-2, you will receive the Form 1095-C no later than January 31 following the end of the tax year to which it relates. Because January 31, 2016 falls on a Sunday, the deadline for providing you with the 2015 Form 1095-C is February 1, 2016, the next business day.

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17. What if I have my spouse and children enrolled with me on a WSD plan but their information is not reflected on the Form 1095-C?

If you are enrolled in a fully insured medical plan, enrollment information regarding your spouse, domestic partner, children, or other dependent will not be reported on Form 1095-C, but on Form 1095-B, as described above. However, if you are enrolled in a self-insured medical plan, dependent enrollment information will be reflected in Part III of the Form 1095-C.

18. What if I terminate from WSD before the end of the year?

If you terminate with WSD during the year, and are either (1) enrolled in a WSD medical plan or (2) a Full-time Employee for any portion of the year, you will still receive a Form 1095-B, and/or Form 1095-C, as applicable, that will show the months in which you were enrolled or determined to be eligible for coverage under a WSD medical plan.

19. What if I fail to include information from Forms 1095-B and 1095-C on my tax return?

The information on the Forms 1095-B and C is needed to complete your individual tax return. Thus, the IRS will consider your return as “incomplete”, which may result in a delay in processing your tax return and receipt of any refund that you may be due.

Moreover, the IRS will use the information to determine whether or not you had MEC during the year, and thus, whether you could be assessed a penalty for not complying with ACA’s individual mandate. The IRS may assume that you were not enrolled in MEC and assess you a penalty for not complying with the individual mandate.

20. Do I have to provide my spouse/domestic partner or child’s social security number?

To the extent that a social security number is not on file for anyone enrolled in a WSD medical plan, you may be requested to provide one in order to support that your spouse/domestic partner or dependent was enrolled in MEC, and thus not subject to a penalty.

21. Where can I get more information?

For additional information on your medical plan options and questions regarding whether or not you are classified as a Full-time Employee for medical benefits, please contact Tina Gestoso, Insurance Services ext. 1027.

For further information on the individual mandate, please contact the IRS website at: www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Individual-Shared-Responsibility-Provision