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## Important Information

The following information is provided to assist you when reviewing data for ACA filings and 1095-C (employee forms) creation.

**Please note:** Pay-Net is not licensed by the IRS to provide legal advice and this information is for guidance only. You are strongly encouraged to review ACA guidelines as highlighted on the [ACA information for employers section of the IRS website](#) and on the pages referenced below.

### Which Employees Should Receive a 1095-C Form?

Not all employees employed in year need to receive a 1095-C form. According to question 6 on a [Q & A page on the IRS website](#):

Form 1095-C is **not** required for the following employees (unless the employee or the employee's family member was enrolled in a self-insured plan sponsored by an ALE Member):

- an employee who was not a full-time employee in any month of the year; or
- an employee who was in a limited non-assessment period for all 12 months of the year (for example, a new variable hour employee still in an initial measurement period).

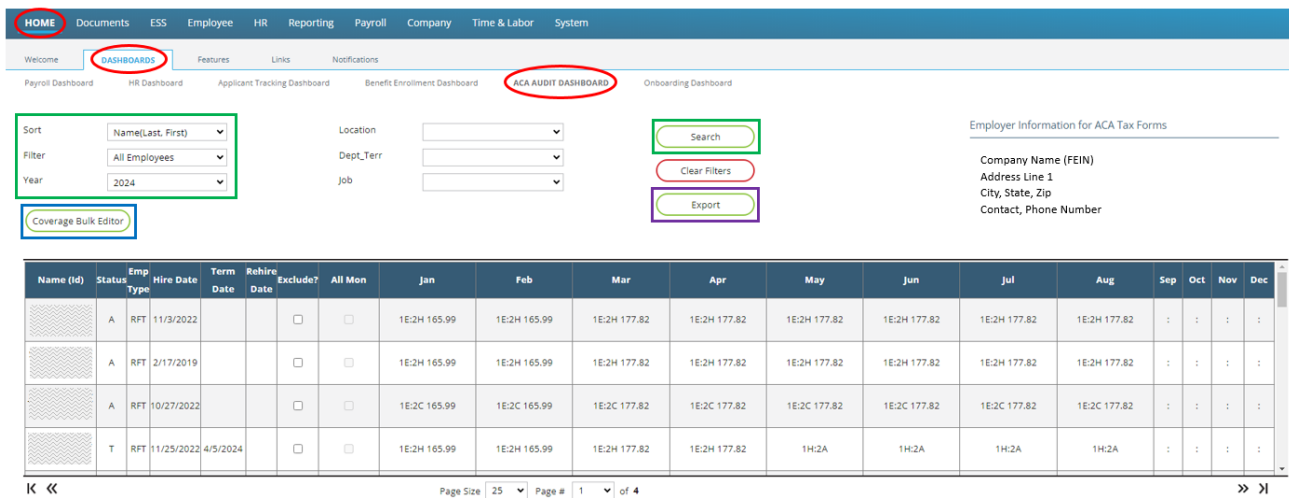
## ACA Data Review Options

It is important to regularly review the ACA data for each employee for the tax year in which they were employed. You should determine if the data in the system matches your records before the 1095-C forms have been created and distributed. There are three options to review the ACA data for the year:

- ACA Audit Dashboard
- ACA Data and 1095-C Review report
- Employee-level ACA Coverage tab

## ACA Audit Dashboard

The ACA Audit Dashboard on Pay-Net Online (located Home -> Dashboards -> ACA Audit Dashboard) is a simple way to review employee ACA coverage for the year. Based on the parameters entered, the dashboard will display all employees with a 1095-C record for the year selected, allow you to export this information, and allow you to update the records in bulk.



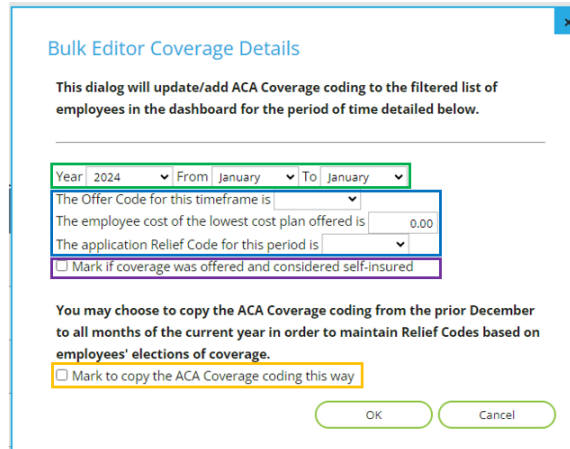
Update the **sorts and filters** to select the employees you wish to review. It is recommended that you filter for all employees to ensure any employee with an ACA coverage record for the year is included. (If you only select active employees, any employees who were terminated in the year, but who have a form will not appear in the list.) Select the ACA filing year that you wish to review then click on the Search button.

Once you have the filtered employees, you can click the **Export** button. This will download an Excel file with the coverage for all employees in the filter.

The ACA Audit Dashboard allows you to edit coverage codes in bulk. This is not recommended if you are unsure of the needed changes or if you have changes that only affect some employees.

## Coverage Bulk Editor

If you need to use the **Coverage Bulk Editor**, here's what you need to know.



**Bulk Editor Coverage Details**

This dialog will update/add ACA Coverage coding to the filtered list of employees in the dashboard for the period of time detailed below.

Year: 2024 | From: January | To: January

The Offer Code for this timeframe is [dropdown]  
The employee cost of the lowest cost plan offered is [input] 0.00  
The application Relief Code for this period is [dropdown]

Mark if coverage was offered and considered self-insured

You may choose to copy the ACA Coverage coding from the prior December to all months of the current year in order to maintain Relief Codes based on employees' elections of coverage.

Mark to copy the ACA Coverage coding this way

OK Cancel

Select the **year and months** you wish to update. (**Important note:** Do not make changes to previously filed ACA records. If changes need to be made to records already filed with the IRS, please contact [aca@pay-net.net](mailto:aca@pay-net.net), as there are different procedures for corrections.)

Select the **Employee Offer of Coverage Code**, the **employee cost**, and the **Safe Harbor Code** that you want to apply to all filtered employees for the selected months.

Only check the **self-insured box** if the insurance plan offered to employees is a self-funded/self-insured plan. (A self-insured plan is an insurance plan where the employer collects premiums from enrollees and takes on the responsibility of paying employees' and dependents' medical claims. If you are unsure if your company offers self-funded plans, please contact your health insurance broker/representative.)

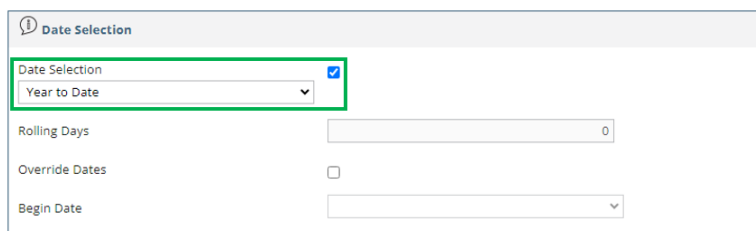
The final option for bulk code editing is to **copy the ACA data from December** of the prior year to all months of the current year. This is only recommended if you know that most (or all) of the employees should have the same exact ACA data for the current year as they did the prior December.

### Labor Hours Summary Report for Employee List Comparison

The ACA Audit Dashboard only includes employees with an ACA coverage record for the year. However, there may be some employees who should receive a 1095-C form, but who do not have an ACA record so they will not appear on the ACA Audit Dashboard (e.g., employees who changed from Part-Time to Full-Time, employees with rehire dates, etc.). To catch these employees, it is recommended that you run a Labor Hours Summary report for comparison.

On Pay-Net Online, go to Reporting -> Standard Reports and search "labor hours summary" in the Title field. After selecting the report, use the following options to best help you find any missing employees.

In the **Date Selection** field of the section with the same name, select Year to Date.



**Date Selection**

Date Selection [dropdown]

Year to Date [dropdown]

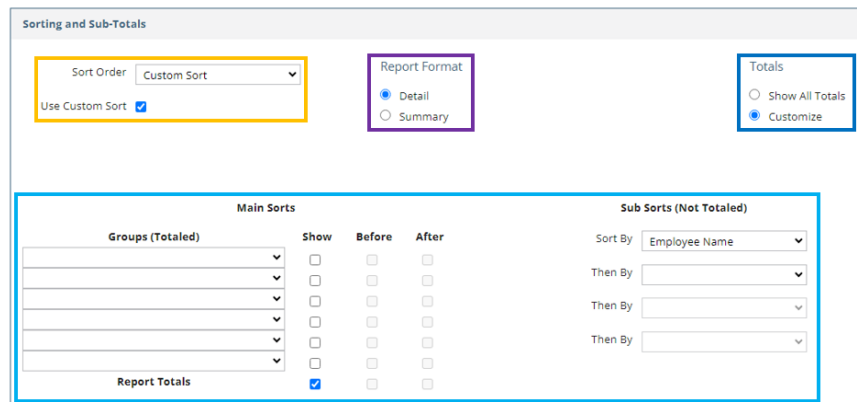
Rolling Days [input] 0

Override Dates

Begin Date [dropdown]

In the Sorting and Sub-Totals section, select the following:

- **Sort Order:** Custom Sort
- **Report Format:** Detail
- **Totals:** Customize
- **Main Sorts and Sub Sorts:** Do not list and Groups and uncheck all boxes except Report Totals. Only select Employee Name (or whatever employee record sort you used on the ACA Audit Dashboard).



Sorting and Sub-Totals

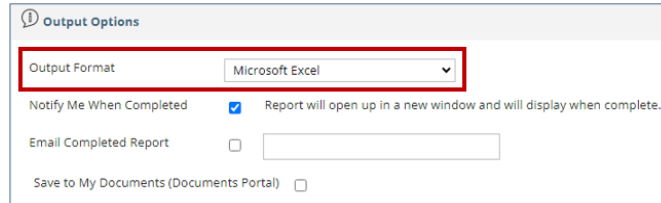
Sort Order: Custom Sort  
Use Custom Sort

Report Format  
 Detail  
 Summary

Totals  
 Show All Totals  
 Customize

Main Sorts				Sub Sorts (Not Totaled)		
Groups (Totalled)	Show	Before	After	Sort By	Then By	Then By
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Employee Name		
	<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"/>			
Report Totals	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

In the Output Options, select Microsoft Excel as the **Output Format**.



Output Options

Output Format: Microsoft Excel

Notify Me When Completed  Report will open up in a new window and will display when complete.

Email Completed Report

Save to My Documents (Documents Portal)

You can compare the employees on the Labor Hours Summary report to the employees exported from the ACA Dashboard to see if any employees are missing an ACA record.

## ACA Data and 1095-C Review Report

If you do not want to use the ACA Dashboard and the Excel export, you can run the ACA Data and 1095-C Review report, which is produced in PDF format. The report includes basic 1095-C information, including:

- **Demographics Information:** Included is the employee's name, numbers, address, hire and term dates, employee status, and employee type.
- **1095-C Part II Data:** These codes (both offer of coverage and safe harbor) and dollar amounts (employee share) are what will appear on the employee's 1095-C form.
- **Employer Self Insured:** This section indicates if the health insurance is self-funded. (On this report, if one month is checked, then all months are checked. On the 1095-C these checked boxes will only appear on months with a 2C safe harbor code.)

<b>ACA Data and 1095-C Review</b>	<b>Company Name</b> Company (XYZ123)	<b>Reporting Year 2024</b>	Page 1 of 48
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<b>Employee Name</b>	<b>SSN</b>	<b>ID Co</b>	<b>Address</b>	<b>City/Town</b>	<b>State</b>	<b>ZIP</b>
Lastname, Firstname	XXX-XX-8675	000309 XYZ123	86 Main St	San Diego	CA	92123
Hire Date: 09/10/2020	Rehire Date:	Term Date: 02/01/2024	Status:T	EE Type: RFT		

**1095-C Part II Data**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Offer of Coverage	1E	1H	1H	1H	1H	1H	1H	1H	1H			
Employee Share	33.98											
4980H Safe Harbor	2C	2A	2A	2A	2A	2A	2A	2A	2A			
Employer Self Insured	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

<b>Employee Name</b>	<b>SSN</b>	<b>ID Co</b>	<b>Address</b>	<b>City/Town</b>	<b>State</b>	<b>ZIP</b>
Lastname, Firstname Jr	XXX-XX-0309	008675 XYZ123	86A Main St	San Diego	CA	92123
Hire Date: 08/14/2023	Rehire Date:	Term Date:	Status:A	EE Type: RFT		

**1095-C Part II Data**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Offer of Coverage	1E	1E	1E	1E	1E	1E	1E	1E	1E			
Employee Share	33.98	33.98	33.98	33.98	33.98	33.98	33.98	33.98	33.98			
4980H Safe Harbor	2C	2C	2C	2C	2C	2C	2C	2C	2C			
Employer Self Insured	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

<b>Employee Name</b>	<b>SSN</b>	<b>ID Co</b>	<b>Address</b>	<b>City/Town</b>	<b>State</b>	<b>ZIP</b>
Lastname III, Firstname	XXX-XX-1111	12345 XYZ123	110 Rustin St	Sioux City	IA	51105
Hire Date: 08/26/2024	Rehire Date:	Term Date:	Status:A	EE Type: RFT		

**1095-C Part II Data**

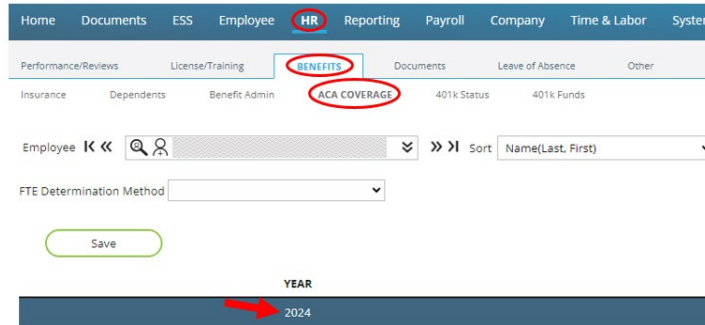
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Offer of Coverage									1H			
Employee Share												
4980H Safe Harbor									2D			
Employer Self Insured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In the example above, the first employee has a termination date of 02/01/2024, which is why January's code combination is 1E/\$33.98/2C and February's code combination is 1H/2A.

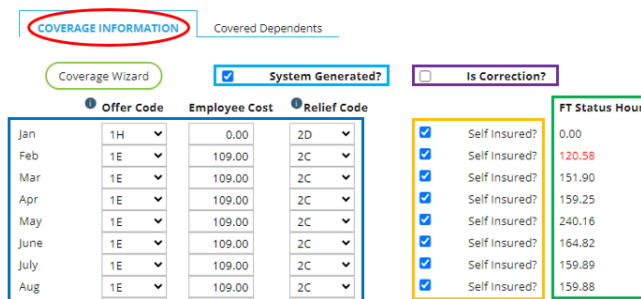
The third employee has a hire date of 08/26/2024. Because the payrolls for January through August had already processed, those months have no codes. This needs to be corrected because all months need to have at least an offer of coverage code. See the section Understanding ACA Codes further in this document to review the code combinations that may work.

## Employee-Level ACA Data Coverage Tab Review

The ACA data can also be reviewed on the employee's record. To review this data, go to HR -> Benefits -> ACA Coverage on the employee's Pay-Net Online record.



Select the correct year, then review the data on the Coverage Information sub-tab.



	Offer Code	Employee Cost	Relief Code	FT Status Hours
Jan	1H	0.00	2D	0.00
Feb	1E	109.00	2C	120.58
Mar	1E	109.00	2C	151.90
Apr	1E	109.00	2C	159.25
May	1E	109.00	2C	240.16
June	1E	109.00	2C	164.82
July	1E	109.00	2C	159.89
Aug	1E	109.00	2C	159.88

The employee's **1095-C codes and amounts** are shown on this tab. (**Important note:** for offer codes 1A and 1H, zeroes in the Employee Cost column are placeholders only, and will appear as blank fields on the printed forms. Zeroes in the Employee Cost column for any other offer codes will appear as zeroes on the 1095-C form.)

If the **System Generated?** check box is checked, it indicates that the data was generated by Pay-Net's system. If the box is unchecked, the system views the employee's data as manually changed and will make no changes to the data for the year. (**This includes codes for future months.**) **Do not uncheck this box if the system should update/calculate the codes for future months.**

The **Is Correction?** check box is only used for corrections to records that have already been submitted to the IRS. **Please do not check this box.** If changes need to be made to an employee's file after the IRS upload, please send an email to [aca@pay-net.net](mailto:aca@pay-net.net) requesting the changes.

The **Self Insured?** check boxes for each month should only be checked if the company offered self-funded/self-insurance insurance.

The **FT Status Hours** will be listed if the company uses the hourly option for full-time equivalent determination. These amounts cannot be altered and are for informational purposes only.

For employees who have dependents covered under a self-funded insurance plan, the dependents should appear on the Covered Dependents sub-tab. The **months that the dependent was covered** should be checked.

Coverage information **COVERED DEPENDENTS**

First Name	Last Name	SSN	Birth Date	Check All	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
				<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Below is a screenshot of an employee whose **FTE Determination Method** was changed to employee type. As shown, the **FT Status Hours** are not listed.

Employee  » Sort Name(Last, First)

FTE Determination Method **EmpType - Employee Type**

YEAR

- 2024
- 2023
- 2022

**COVERED DEPENDENTS** Covered Dependents

System Generated?  Is Correction?

	Offer Code	Employee Cost	Relief Code	Self insured?	FT Status Hours
Jan	1E	138.44	2H	<input type="checkbox"/>	*
Feb	1E	138.44	2H	<input type="checkbox"/>	*
Mar	1E	138.44	2H	<input type="checkbox"/>	*
Apr	1E	138.44	2H	<input type="checkbox"/>	*
May	1E	138.44	2H	<input type="checkbox"/>	*

## Understanding ACA Codes

The coverage and safe harbor codes used on the 1095-C forms can be confusing. However, this information is used by the IRS to determine if an employee was offered coverage and/or if a company should be fined for non-compliance.

Below you will find explanations of the various codes and some commonly used combinations.

### 1<sup>st</sup> Code: Employee Offer of Coverage (1095-C Line 14)

Line 14 of the 1095-C indicates the type of coverage, if any, offered to an employee, the employee’s spouse, and the employee’s dependents.

Below are the most common indicator codes used by our clients. This list is not comprehensive. For more information and to see the full list of codes, review the section *Indicator Codes for Employee Offer of Coverage in Part II – Employee Offer of Coverage* in the [2024 1095-C Instructions](#).

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

[**Please note:** the 2024 tax year affordability percentage is 8.39%. See Section 2, part 2 of [IRS Rev. Proc. 2023-29](#).]

**1E. Minimum essential coverage providing minimum value** offered to employee and at least minimum essential coverage offered to dependent(s) and spouse.

**1H. No offer of coverage:** Employee was not offered any health coverage or employee was offered coverage that is not minimum essential coverage, which may include one or more months in which the individual was not an employee.

**1Q. Individual coverage HRA offered** to employee, spouse, and dependent(s) using employee's primary employment site ZIP code affordability safe harbor.

### Number: Employee Required Contribution, (1095-C Line 15)

Line 15 of the 1095-C form indicates the employee's share of the insurance premium offered. For more information, review the section *Line 15 in Part II – Employee Offer of Coverage* in the [2024 1095-C Instructions](#).

**Enter the amount of 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. (This amount may vary between employees if different types of employees are required to pay different amounts for insurance and/or if the insurance premiums are age-based. The amount may also vary from month to month if a new plan year begins mid-year.)



*This amount should only be completed if code 1B, 1C, 1D, 1E, 1J, or 1K is entered for the month's coverage code. No amount should be entered for coverage codes 1A or 1H.*

### 2<sup>nd</sup> Code: Safe Harbor Codes (1095-C Line 16)

Line 16 of the 1095-C indicates the safe harbor method that was used to determine if the employee was offered insurance. For more information on these codes, review the section *Code Series 2—Section 4980H Safe Harbor Codes and Other Relief for ALE Members in Part II – Employee Offer of Coverage* in the [2024 1095-C Instructions](#).

**2A. Employee not employed during the month.** Enter code 2A if the employee was not employed on any day of the calendar month.

**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.

**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.*

**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. For more information of what classifies as a limited non-assessment period, see the *Limited Non-Assessment Period* section of the [2024 1095-C Instructions](#).

**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).

### Common Combinations of Coverage Codes and Safe Harbor Codes

Additional information regarding coverage codes, employee share, and safe harbor codes is listed above and on the IRS website.

**1A/2C** – Employee was offered and enrolled in insurance coverage that meets all of the IRS criteria for a Qualifying Offer (see question 18 on [Q & A page](#)).

**1A/2F or 1A/2G or 1A/2H** – Employee was offered, but declined insurance coverage that meets all the IRS criteria for Qualifying Offer (see link above).

**1E/2C** – Employee was offered and enrolled in affordable insurance coverage (as determined by a safe harbor method).

**1E/2F** – Affordable insurance – as determined by the W-2 safe harbor – was offered to the employee, but the employee declined coverage.

**1E/2G** – Affordable insurance – as determined by the federal poverty line safe harbor – was offered to the employee, but the employee declined coverage.

**1E/2H** – Affordable insurance – as determined by the rate of pay safe harbor – was offered to the employee, but the employee declined coverage.

**1E/blank** – Employee was offered insurance, but it was not considered affordable using a safe harbor method.

**1H/2A** – Employee did not work for the company during the month.

**1H/2B** – Employee was not a full-time employee for the entire month.

**1H/2D** – Employee was in a limited non-assessment period for the month.

**1H/blank** – Employee is classified as a full-time employee (through employee type or hours worked) but was not offered insurance. **Please note:** The IRS views this combination as the employee was full-time and should have been offered insurance but was not.

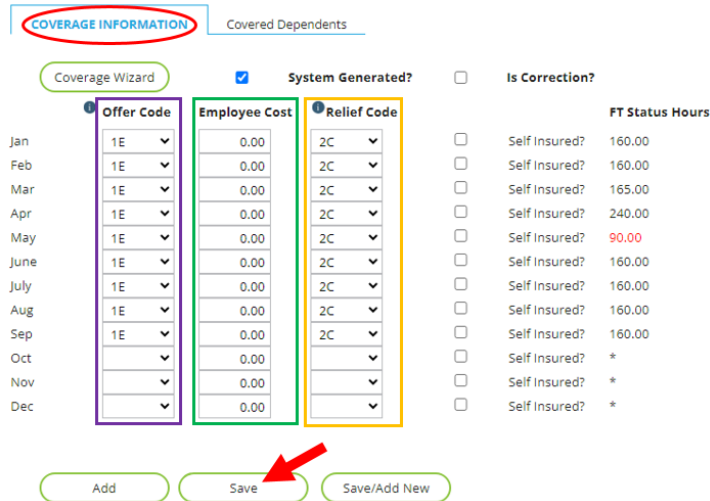
**1H/2E** – Employee is eligible for multiemployer (union) plan.

### Correcting the Data

If you find errors in the data, you have options to correct the codes and amounts, which are outlined below.

## Client Manual Changes

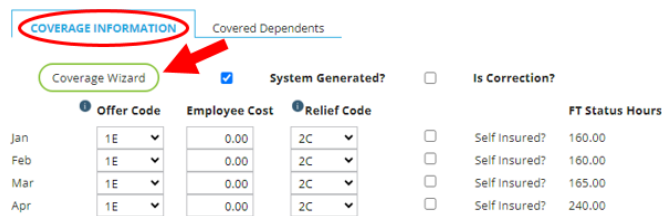
There are two ways to change employee data manually: individual month changes and using the Coverage Wizard. To use either option, go to HR -> Benefits -> ACA Coverage on the employee's Pay-Net Online record.



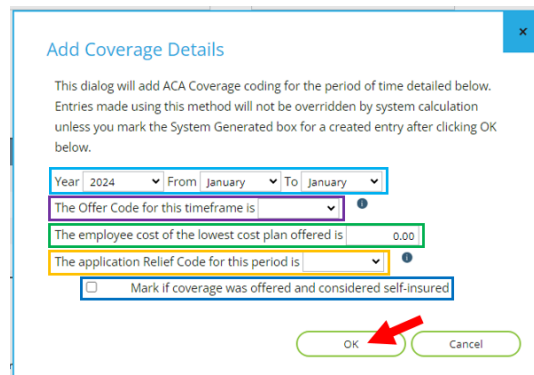
	Offer Code	Employee Cost	Relief Code	Is Correction?	FT Status Hours
Jan	1E	0.00	2C	<input type="checkbox"/>	Self Insured? 160.00
Feb	1E	0.00	2C	<input type="checkbox"/>	Self Insured? 160.00
Mar	1E	0.00	2C	<input type="checkbox"/>	Self Insured? 165.00
Apr	1E	0.00	2C	<input type="checkbox"/>	Self Insured? 240.00
May	1E	0.00	2C	<input type="checkbox"/>	Self Insured? 90.00
June	1E	0.00	2C	<input type="checkbox"/>	Self Insured? 160.00
July	1E	0.00	2C	<input type="checkbox"/>	Self Insured? 160.00
Aug	1E	0.00	2C	<input type="checkbox"/>	Self Insured? 160.00
Sep	1E	0.00	2C	<input type="checkbox"/>	Self Insured? 160.00
Oct		0.00		<input type="checkbox"/>	Self Insured? *
Nov		0.00		<input type="checkbox"/>	Self Insured? *
Dec		0.00		<input type="checkbox"/>	Self Insured? *

To change individual months, update the Offer Code, Employee Cost, and/or Relief Code for the corresponding month. After all changes are made, be sure to click the Save button.

If you need to change multiple months with the same codes, you can use the Coverage Wizard, which is on the Coverage Information sub tab.



Once you click the Coverage Wizard button (see above), a pop-up window will open (see below).



On the pop-up window, select the **year and month(s)** that need to be changed. (**Important note: please do not make changes to previously filed ACA years.**) For the months indicated, select the **Offer Code**, the **employee cost** of the lowest cost plan, and the **Relief Code** (a.k.a. safe harbor code). If the insurance coverage offered is a self-insured/self-funded plan, check the box. Once all changes are done, be sure to click the OK button.

Once all changes are made, please send an email to [aca@pay-net.net](mailto:aca@pay-net.net) alerting Pay-Net that changes were made. This will allow us to ensure that the changes were properly entered and saved.

### Pay-Net Changes

If you would like Pay-Net to make the changes for you, you will need to submit the changes to [aca@pay-net.net](mailto:aca@pay-net.net). Please note: these changes may incur additional fees as the time to complete them will not count towards the 5 hours included in the base cost of Pay-Net's ACA service. To reduce the time needed to make these updates, you can submit the changes in an Excel document that has separate columns for the employee ID, each month's coverage code, employee cost, and safe harbor code. Pay-Net has a template that you can follow [here](#).

Find more resources [available here](#).