

# Decoding the Codes

Understanding the IRS Form 1095-C  
ACA Reporting Codes

# Decoding the Codes

## Form 1095 - C Part II Common Coding Combinations

### IMPORTANT NOTE

The code combinations below are illustrative and intended to highlight the most common code combinations. This is not a complete list of all possible combinations. Consult with your own tax and legal professional regarding codes applicable to your filing requirements.

Line 14		Line 15	Line 16	
Description	Code		Description	Code
Employer offers at least Minimum Value Plan* (MVP) coverage to the employee, spouse and children <sup>1</sup> , and, the employee-only cost <sup>2</sup> for the least expensive plan that is MEC* and MVP is less than or equal to 9.12% (8.39% for 2024) of Federal Poverty Level (“FPL”).	1A	Leave Blank	Employee elects the benefit <sup>1</sup>	2C
			Employee rejects the benefit <sup>1</sup>	2G
Employer offers at least MVP coverage to the employee, spouse and children, and, the employer is NOT using the (FPL) Affordability safe harbor to determine Affordability.	1E	Enter Employee Cost <sup>3</sup>	Employee elects the benefit	2C
			Employee rejects the benefit	2F or 2H or Blank <sup>4</sup>
Employee was not offered MEC by the employer during <i>any</i> day in the month, i.e., commonly used for months prior to the employee’s hire date and/or after termination of employment.	1H	Blank	Employee is not employed for <u>any</u> day in the month	2A
Employee was in his/her waiting period or in a look-back measurement period or administrative period before benefit coverage is offered.	1H	Blank	Employee is on a waiting period, a look-back measurement period or an administrative period	2D
Employer does not offer coverage to a full-time employee.	1H	Blank	No other lines are completed as the employer cannot use any other codes for line 16	Blank
Employee/individual is covered under a self-funded medical plan as a part-time employee, COBRA beneficiary, a non-employee (partner) or a retiree for the entire calendar year.	1G	Blank		Blank
Employee is offered MVP coverage; dependent is not offered at least MEC. Employee’s spouse is offered on a “conditional” basis, at least MEC.	1J	Enter Employee Cost <sup>3</sup>		2C or Blank
Employee is offered MVP coverage; dependent is offered coverage that is at least MEC and spouse is offered on a “conditional” basis at least MEC.	1K	Enter Employee Cost <sup>3</sup>		2C or 2F/2G/2H
Only the Employee is offered MEC that is MVP, no coverage extended to spouse or dependent children.	1B	Enter Employee Cost <sup>3</sup>	Enter appropriate Code 2F, 2H or 2G if employee waives, or 2C if employee enrolls in plan	2C or 2F/2G/2H
Employer only offers MEC that is not MVP.	1F	Enter Employee Cost <sup>2</sup>	If the employee waives MEC coverage leave blank; enter Code 2C if enrolls	Blank or 2C

\*MVP = Minimum Value Plan - Bronze Level, 60% actuarial value  
 \*MEC = Minimum Essential Coverage - Employer-sponsored health coverage; may or may not meet the MVP parameters

- The code selected should not be based on whether the employee has spouses or children, but whether coverage is available for spouses and children (whether or not the employee has them).
- It appears that Line 16 could be left blank if Code 1A is used in Line 14. However, the IRS has issued potential penalty letters when Line 16 was blank in that scenario, even though no penalty is due. Therefore, employers should consider filling in the appropriate 2 code in Line 16 to show the employee was offered affordable coverage.

- Employee cost is the lesser of:
  - The employee-only monthly deduction for the least expensive plan that is MEC and MVP coverage plus any amount the employee may receive in cash under an Internal Revenue Code Section 125 plan for rejecting coverage unless this is a ‘Conditional’ opt-out (“cash-out”) Plan, or
  - If no “cash-out” option offered, the total employee monthly premium for the least expensive plan that is MEC and MVP.
- 2F if using the Form W-2 method to determine if coverage is affordable or 2H if using the rate of pay method. Leave blank if the employee’s cost is more than 9.12% (8.39% in 2024) of his/her monthly earnings.
  - Affordability can be determined using one of the safe harbors: Form W-2, Box 1 wages; FPL; or rate of pay.

For additional details on the meaning of each indicator code for line 14 and codes for line 16, see below.

## Offer of Coverage or Series 1 Indicator Codes: Form 1095-C Employee Statement Line 14

Code/Line 14	What it means
1A	Qualifying Offer (QO): Minimum Essential Coverage (MEC) providing MV offered to full-time (“FT”) employee with employee contribution for self-only coverage equal to or less than 9.12% (8.39% for 2024) of the mainland single FPL and at least MEC offered to spouse and dependent(s).
1B	MEC providing MV offered to employee only.
1C	MEC providing MV offered to employee and at least MEC offered to dependent(s) (not spouse).
1D	MEC providing MV offered to employee and at least MEC offered to spouse (not dependent(s)). Do not use if the offer to the spouse is conditional. <sup>1</sup>
1E	MEC providing MV offered to employee and at least MEC offered to dependent(s) and spouse. Do not use if the offer to the spouse is conditional. <sup>1</sup>
1F	MEC NOT providing MV offered to employee; employee and spouse or dependent(s); or employee, spouse and dependents.
1G	Offer of coverage to employee who was not a FT employee for any month of the calendar year (which may include one or more months in which the individual was not an employee), and, who enrolled in self-funded coverage for one or more months of the calendar year. Can only be used for all 12 months.
1H*	No offer of coverage (employee not offered any health coverage or employee offered coverage that is not MEC, which may include one or more months in which the individual was not an employee).
1I	Not effective for 2016 (and beyond) Form 1095-C filings.
1J	Employer offers MEC providing MV offered to the employee and at least MEC offered conditionally <sup>1</sup> to his/her spouse; MEC not offered to dependent(s).
1K	Employer offers MEC providing MV offered to the employee and at least MEC offered conditionally <sup>1</sup> to his/her spouse; at least MEC offered to dependent(s).

The forms include eight additional series 1 codes (1L through 1U), which describe whether the ICHRA was also offered to the employee only or also the spouse and dependents. The codes also describe whether the employer used the employee’s primary residence or primary employment site to determine affordability. See next page for a description of these codes.

*MV = Minimum Value – Bronze Level, 60% actuarial value of the total cost of coverage*

*MEC = Minimum Essential Coverage – Employer-sponsored health coverage; may or may not meet the parameters for MV*

*\*Employee is either: in an initial measurement period, a waiting period, employed in January - March of the year following the year in which the employer reaches 50+ FT and FT equivalent employees, three months after variable-hour employee is promoted to FT status during the first year of employment, or in the first month of employment.*

*<sup>1</sup>A “conditional” offer of coverage to an employee’s spouse is defined as an offer under which the employee and/or spouse must meet or not meet one or more criterion (e.g., the employee’s spouse may enroll only if said spouse is not eligible for coverage in his/her own employer-sponsored group health plan).*

**Offer of Coverage or Series 1 Indicator Codes for Individual Coverage HRAs (ICHRA):**  
**Form 1095-C Employee Statement Line 14 — *Continued***

<b>Code/Line 14</b>	<b>What it means</b>
1L	Individual Coverage HRA (ICHRA) offered to employee only with affordability determined using the employee's primary residence location ZIP code.
1M	ICHRA offered to employee and dependent(s) only (not spouse) with affordability determined using the employee's primary residence location ZIP code.
1N	ICHRA offered to employee, spouse and dependent(s) with affordability determined using the employee's primary residence location ZIP code.
1O	ICHRA offered to employee only with affordability determined using the employee's primary employment site location ZIP code safe harbor.
1P	ICHRA offered to employee and dependent(s) only (not spouse) with affordability determined using the employee's primary employment site location ZIP code safe harbor.
1Q	ICHRA offered to employee, spouse and dependent(s) with affordability determined using the employee's primary employment site location ZIP code safe harbor.
1R	ICHRA that is NOT affordable offered to employee; employee and spouse, or dependent(s); or employee, spouse and dependents.
1S	ICHRA offered to an individual who was not a full-time employee.
1T	ICHRA offered to employee and spouse (not dependents) with affordability determined using employee's primary residence location ZIP code..
1U	ICHRA offered to employee and spouse (not dependents) using employee's primary employment site ZIP code affordability safe harbor.

When offering an ICHRA, Line 17 must be completed showing the ZIP code which was used to calculate plan affordability. This will either be the ZIP code of the employee's primary residence or, if the employer is using the primary employment site safe harbor, the ZIP code of the employee's primary employment site.

## Series 2 Indicator Codes: 1095-C Employee Statement Line 16

Code/Line 16	What it means
2A	Employee not employed during the month. Enter code 2A if the employee was not employed on any day of the calendar month. Do not use code 2A for a month wherein the individual was an employee of the employer on any day of the calendar month. Do not use code 2A for the month during which an employee terminates employment with the employer.
2B	Employee not a full-time (“FT”) employee. Enter code 2B if the employee is not a FT employee for the month and did not enroll in MEC, if offered for the month.  Enter code 2B also if the employee is a FT employee for the month and the 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 (so that the offer of coverage or coverage would have continued if the employee had not terminated employment during the month).
2C	Employee enrolled in coverage offered. Enter code 2C for any month in which the employee enrolled in health coverage offered by the employer for each day of the month, regardless of whether any other Code in Code Series 2 (other than code 2E) might also apply (for example, the code for the affordability safe harbor, had the employee declined enrollment in the coverage). Do not enter 2C in line 16 if code 1G is entered in the All 12 Months Box in line 14 because the employee was not a FT employee for any months of the calendar year. Do not enter code 2C in line 16 for any month in which a terminated employee is enrolled in COBRA continuation coverage (enter code 2A instead).
2D	Employee in a Limited Non-Assessment Period (“LNP”)*. Enter code 2D for any month during which an employee is in a LNP.
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. See Form 1095-C instructions for more details.
2F	Affordability Form W-2 safe harbor. Enter code 2F if the employer used the Form W-2 safe harbor to determine affordability for this employee for the year. If an employer 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	Affordability FPL safe harbor. Enter code 2G if the employer used the FPL safe harbor to determine affordability for this employee for any month(s).
2H	Affordability rate of pay safe harbor. Enter code 2H if the employer used the rate of pay safe harbor to determine affordability for this employee for any month(s).

\* A LNP is a period of time an employer would not be penalized for not offering coverage, to an employee on a waiting period, a look-back measurement period, or an administrative period following a measurement period.

## COBRA & The Related Codes

When offering COBRA coverage, the employer will use the following indicator codes:

Employment Termination	For an employee that terminates employment, and if offered COBRA all subsequent months following termination are coded as 1H for Line 14 and 2A in Line 16 (Line 15 is blank).
Continued Employment with COBRA Qualifying Event	An employee that experiences a qualifying event (e.g., a reduction in hours of employment) that results in ineligibility for benefits and COBRA coverage is offered at the same cost of an active employee (i.e., as if the employee was still full-time/benefit-eligible and coverage is affordable), Lines 14, 15 and 16 as any other regular full-time employee.  However, if an employee loses eligibility for coverage and is required to pay more than an active employee, the forms should be coded differently. For example, if only the employee is offered COBRA coverage (because only the employee was covered under the plan before the reduction in hours), then the Line 14 should be coded with 1B, Line 15 would include the cost of coverage, and Line 16 should be completed using the appropriate code (for example, 2C, if the employee elects coverage).

# Illustrations of How to Complete IRS Form 1095-C

**Self-funded plans:** Applicable Large Employers (ALE) will file Form 1095-C for each FT employee, in addition to any individual who enrolls in the self-funded coverage (self-funded Plan sponsors can use the 1095-B, instead, to report for non-employees).

**Fully-insured plans:** ALE will file Form 1095-C for each FT employee. Form 1095-C is used to report FT employees and their offer of coverage. If a plan is self-insured, it will also report on coverage offered to participants enrolled in the self-funded medical plans. These are due by no later than March 1, 2024 (normally, it would be March 2, due to the leap year, it is March 1).

**Part I** contains information about the employee and ALE member. All 2023 Form 1095-Cs along with Form 1094-C, must be submitted to the IRS by February 28, 2024 if filing in paper form; or, by April 1, 2024, if filing electronically (normally, the deadline is March 31, but that is a Sunday). Under new IRS rules, employers filing 10 or more of certain information forms (including W-2s, 1099s, and the ACA reporting forms) are required to file electronically. As a result, all employers filing Forms 1095-C will need to file electronically.

<b>Form 1095-C</b> Department of the Treasury Internal Revenue Service		<b>Employer-Provided Health Insurance Offer and Coverage</b> Do not attach to your tax return. Keep for your records. Go to <a href="http://www.irs.gov/Form1095C">www.irs.gov/Form1095C</a> for instructions and the latest information.		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	OMB No. 1545-0047 <b>2023</b>
<b>Part I Employee</b>				<b>Applicable Large Employer Member (Employer)</b>	
1 Name of employee (first name, middle initial, last name)		2 Social security number (SSN)		7 Name of employer	
3 Street address (including apartment no.)		6 Country and ZIP or foreign postal code		8 Employer identification number (EIN)	
4 City or town		5 State or province		9 Street address (including room or suite no.)	
				10 Contact telephone number	
				11 City or town	
				12 State or province	
				13 Country and ZIP or foreign postal code	

**Part II** reports the kind of coverage the employee was offered, as well as to whom the coverage was offered, using the Series 1 and Series 2 indicator codes.

Part II Employee Offer of Coverage	Employee's Age on January 1							Plan Start Month (enter 2-digit number)					
	All 12 months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	14 - Applicable codes describe the offer or failure to offer coverage (as well as "conditional" spousal coverage).												
15 Employee Required Contribution (see instructions)	15 - The cost for self-only coverage for the lowest cost MV plan (leave line 15 blank for any month that Code 1A is used in line 14).												
16 Section 49801 Safe Harbor and Other Relief (enter code, if applicable)	16 - Safe harbor and Series 2 codes are used to protect employers from penalties. If an employee was not offered MEC, or was offered unaffordable or non-MV coverage, use codes from Series 2.												

Use code 1G if the individual is NOT an employee for all calendar months during the year, but is enrolled in a self-funded plan. Enter code 1G into the "All 12 months" box on Line 14 and leave Line 15 - 16 blank.

Note that Part II now includes a field for the employee's age as of January 1 and a Line 17 for ZIP Code. These only apply to employers offering individual coverage HRAs ("ICHRAs"); employers without ICHRA coverage do not need to complete these fields. These data points help determine if the ICHRA coverage is affordable.

**Part III** needs to be completed only if an employee (or other individual) is covered by a self-funded employer plan. Add employee, spouse, and dependent children covered under the self-funded plan during all or part of the year. A date of birth may be used instead of a SS#. However, to avoid penalties for a missing SS#, three attempts must be made to collect a dependent's or spouse's SS#.

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<b>Part III Covered Individuals</b>															
If Employer provided self-insured coverage, check the box and enter the information for each individual enrolled in coverage, including the employee. <input type="checkbox"/>															
(a) Name of covered individual(s) First name, middle initial, last name	(b) SSN or other ID#	(c) DOB (if SSN or other ID# is not available)	(d) Covered all 12 months	(e) Months of coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
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"/>	
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"/>	
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"/>	

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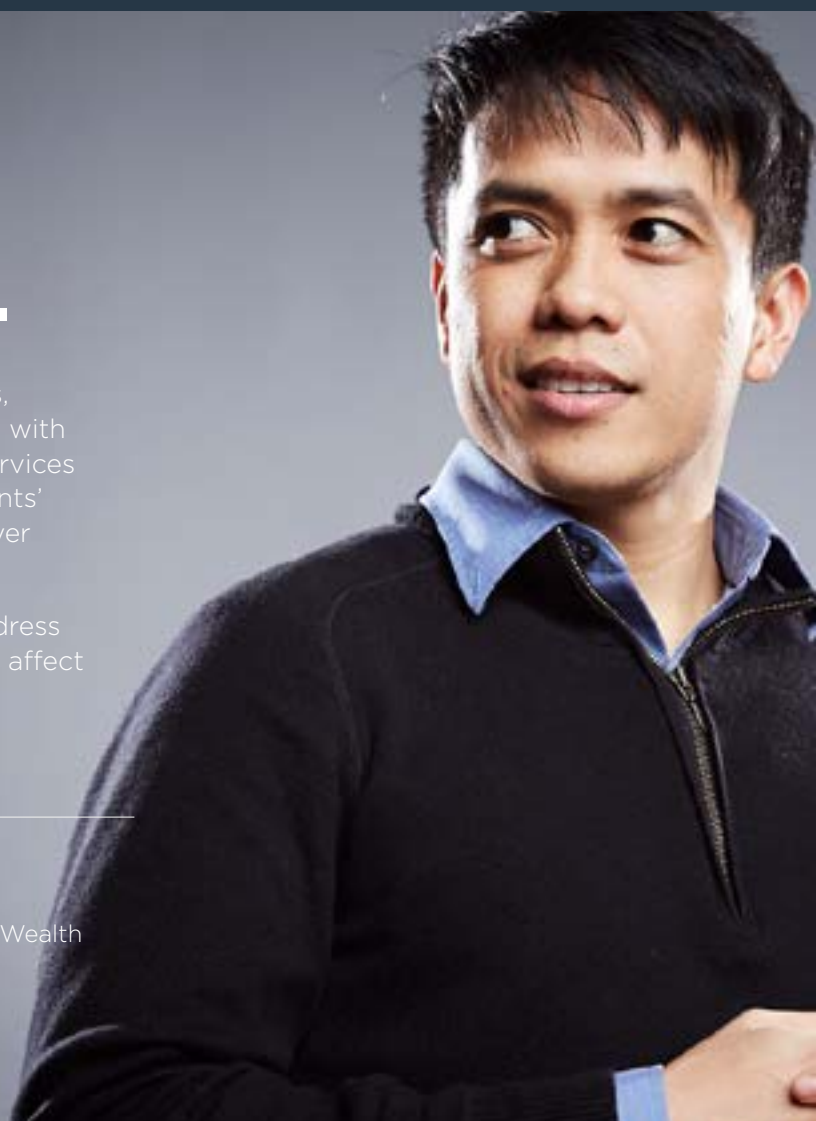
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