Making Corrections to Forms 1095-C and 1094-C
Steps to Take Before and After Submitting to the IRS

May 5, 2016
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Defining a ‘correction’
‘Correction’ – an IRS designation

Only when an original of an IRS Form 1095-C or an IRS Form 1094-C is submitted to the IRS can there be a ‘Corrected’ version of it.

Do not confuse internal reprints/revisions with ‘Corrected’ copies.
Common errors to avoid
Common errors on IRS Form 1095-C

• Employee’s SSN (TIN) is missing or invalid
• Employee's name is missing
• Employee's mailing address is missing
• Employer's phone number is missing
• Improper state abbreviations (i.e., TEX instead of TX)
• Part III: A covered individual’s SSN is missing or invalid (See next slide)
• Part III: A covered individual's name or SSN or DOB is present, but no coverage details are given (Either All 12 months is not checked or no month is checked.)
• Part III: A covered individual’s date of birth is a future date
Blog post for self-insured employers to review:

**1095 clarity: Dependents’ SSNs are required from self-insured employers**

If you are an employer that offers self-insured health coverage, please note – and advise colleagues – that dependents’ SSNs are required for 1095 reporting:

- You must get and report SSNs for the covered dependents of your employees.
- Just reporting birth dates will be considered reporting of incomplete information.
Common errors on Form 1095-C that result from a user overwrite

To avoid overwrites leading to these errors:

1. First check with our Support desk to understand what each code is actually indicating.
2. Then verify the explanation given with an attorney specializing in employee benefits law.

- On line 14, 15 and 16, **All 12 months** has a value yet there are different codes for different months
- Invalid codes for line 14 or line 16
- Wrong combination of codes for line 14 and line 16
- Line 15 has zeros when line 14 is a 1B, 1C, 1D or 1E
Blog post for self-insured employers to review:

Why is Part II of 1095-C conflicting with Part III?

The best way to understand both parts is to view them as two totally separate reports that happen to be combined onto one page.

- **Part II, Employee Offer and Coverage**, is to inform the employee and IRS that the employer did or did not comply with the employer shared responsibility provisions of the ACA.

- **Part III, Covered Individuals**, is used to validate the individual mandate for coverage verification.
Example of a correction trigger

General AIR information

Error Code AIRTN500 – TIN Validation Failed.

- This means an Individual Name and Social Security Number does not match IRS database. The Error Data File will only identify the “UniqueRecordID in the submission that has a TIN Validation Error and not the specific Name or SSN of the Individual that caused the error.
  - Note: For Tax Year 2016, the Service is modifying the error message to provide more details of the specific individual that caused the error.

SOURCE: April 26, 2016 IRS call for ACA software developers
How and when do we submit to the IRS?
Once you have chosen whether to submit by paper or electronically –

• All subsequent corrections (or replacements) must be submitted in the same format as the original

• An IRS Form 1094-C transmittal cannot comingle original IRS Form 1095-C submissions and corrected IRS Form 1095-C submissions – they need to be transmitted separately

➢ *Our application allows you to select between Original and Corrected*

• It is possible to submit a corrected IRS Form 1094-C without any corresponding IRS Form 1095-C– for example:
  • Total employee count was wrong for a month
  • An affiliated group member was not listed on Part IV
Enhanced focus on Social Security Numbers
SSN on paper returns to the IRS

• The SSN of individuals can be truncated on the 1095-Cs that are furnished to employees by showing just the last four digits of the SSN and Xs for the other digits.

• But truncation is not allowed on paper forms filed with the IRS.

  ➢ You have to show the entire Social Security Number when sending paper copies of 1095-Cs to the IRS.

If you are filing electronically through our application, this will not be an issue. We will not mask the SSN when transmitting to the IRS, regardless of the company option selected.
Social Security Numbers are required

• The IRS will reject any submission, via paper or electronically, if an employee’s Social Security Number is not present.

• The IRS will cross reference SSNs and last names with the last name associated with that SSN that the Social Security Administration has on file.

• If company offers self-insured coverage, spouse and dependent SSNs must be collected and reported. (Please see Slide 8.)
  • This is a change from original guidance that allowed either the SSN or date of birth.
  • Not providing these SSNs will constitute incomplete information and could trigger a filing penalty unless you can show a good-faith effort was made to secure this information.
How will we know when a correction needs to be made?
Events that prompt the need for a correction

• **Company discovers error or omission** – i.e., employee was covered for a month but was reported as not having coverage for that month

• **Employee discovers error or omission** – i.e., employee discovers a dependent’s SSN in Part III is not correct

• **IRS provides written notice** – if company files in paper form the IRS will send a letter outlining errors needed to be corrected.

• **IRS electronic notification** – if the status verification on a submission is ‘Accepted with Errors’ or ‘Rejected’
Action: Resend the Transmission When:

- Cannot create a secure XMLInputFactory
- Error contacting IRS, please resubmit Company(s)
- Payload attachment error (MTOM) - unable to read the attachment
- Plan Start Month is not a valid value
- Rejected submission - Error in Original Unique Submission ID
- Rejected transmission - Error in SubmissionId (duplicate)
- XML Schema Validation Failed - not well formed or missing required elements
Action: Ignore When:

• Requested value 'Not Found' was not found.

Action: FIX When:

• Rejected transmission - File is a duplicate
• Contact support@integrity-data.com
What do we do if an error is found on an employee’s 1095-C?

• If you have not already sent a copy to the IRS, then:
  • Make corrections
  • Reprint and send to employee
  • DO NOT mark it as “Corrected”

• If you have already sent a copy to the IRS, then:
  • Make corrections
  • Reprint and send to employee
  • Mark “Corrected” on IRS Form 1095-C
  • Send corrected copy to IRS under new IRS Form 1094-C
    – Corrected and original 1095-Cs cannot be transmitted under same 1094-C
We made our corrections. Now what?
Alerting software that a correction was made

• Check the “Corrected” box in the Edit Individual 1095-C window

Cloud version

On-premises version

• When the “Corrected” check box is checked, the system will then know to include that in subsequent corrected transmissions or corrected prints.

• “Corrected” submissions must be sent separately with its own 1094-C. You cannot comingle original and corrected submissions. They are transmitted under separate 1094-Cs.
When you have filed electronically, our system will monitor your changes

• If you edit a 1095-C that was already sent to the IRS, when you save the change, we automatically will ask if you want to mark the form as “Corrected”

• This is also true with the 1094-C.

• These prompts are automatic.
Printing corrected copies

• In both the cloud and on-premises versions, there is an option to print only corrected forms in the print options checkbox.

• When the “Corrected” option is checked, it will only print corrected 1095C-s or corrected 1094C-s—original versions will not be printed.

• The “Corrected” box on the IRS Form 1094/1095C will automatically be checked.
Submitting corrected 1095-Cs

• If you are filing paper returns with the IRS, you can print out the corrected 1095-Cs as outlined in the previous file and send them with their own 1094-C transmittal cover.

• If you are electronically filing, you can select to just transmit corrected copies.
  • When selected, only corrected forms will be transmitted.
  • You will need to monitor the status of this transmission.
We sent the corrected version. Now what?

• If you are filing by paper, once you have made the correction, reprinted the forms and sent the corrected version to the IRS, you should change the “Submitted” checkbox from NO to YES

  ➢ This will alert the system to not include those previously corrected submissions from being generated again.

• If you are filing electronically, you do not need to do anything. The software will automatically change the “Submitted” checkbox from NO to YES when the correction is transmitted.
Electronic filing offers some protection for out-of-sync data

• If you try to electronically submit for a particular year, we will warn you if a previous electronic file was generated.

• If a previous submission is pending, we will not allow you to proceed.

More information will be presented about IRS e-filing statuses later in this deck.
No guidance from the IRS on ‘VOID’

- IRS Form 1095-C has a VOID checkbox. (Not found on Form 1094-C.)

- There is no reference to how to use this in the IRS instructions.

- Until further guidance is provided, if you want to “void” a previously transmitted 1095-C, you should submit a “Corrected” form with Part II stating the employee was ineligible for all 12 months.
  - If the ineligibility was due to part-time status, enter 1H in line 14 and 2B in line 16.
  - If the ineligibility was due to the employee working no hours, enter 1H in line 14 and 2A in line 16.
  - In both cases, line 15 will be zero.
How long do we have to keep 1095-C data and the documentation behind it?
Keep ACA data for 3 years

• If sending paper forms to IRS:
  • Maintain copies of all 1094-Cs and 1095-Cs sent to the IRS – originals and corrections.
  • You will need to make copies for each paper transmittal. Our software will have the most up-to-date information.

• If sending electronically to IRS:
  • Our software will keep a historical log of all submissions.
  • You can download a transmission package for each submission that will have copies of the 1094-C, 1095-Cs, XML file and IRS acknowledgments.
  • A best practice would be to download this package and save in electronic form.
Data Retention Package

• If you are filing electronically, our solution can create a zip file for each transmission. This is called a Data Retention Package.

• The zip file will include:
  • PDF version of the 1094-C
  • PDF versions of the 1095-Cs
  • A PDF version of the IRS communication and errors received.
  • A PDF version of the Transmission Report.
  • XML data for the manifest file (goes with the data file).
  • XML data for the data file (1095-C and 1094-C).
  • XML data for the response from IRS.
Electronic Filing terms relating to corrections
Our solution automatically integrates with the IRS AIR (Affordable Care Act Information Returns) system. Every transmission will have a unique Receipt ID assigned.

The Receipt ID generated by the IRS is the official record identifier. All subsequent corrections and replacements must reference the original Receipt ID.
Timeframe for status updates

• Every electronic transmission will have a unique Receipt ID assigned by the IRS.
• The IRS will periodically update status of the Receipt ID.
• It may take up to 7 business days for the IRS to update the status of your transmission.
• Integrity Data’s ACA Compliance Solution will monitor IRS status updates and will display that on your screen.
• It is the filer’s – YOUR– responsibility to monitor the IRS status and take action if a rejection or error is discovered.
• Each transmission – original or corrected– will have its own status trail.
• When corrections or replacements are made, our software will know which original Receipt ID to reference.
IRS statuses for electronic submission errors

- **Processing** - IRS has not completed processing the transmission.
- **Accepted** - IRS has completed processing the transmission and found no errors.
- **Accepted with Errors** - IRS has completed processing the transmission and the errors are documented in the Error Data File attached to the Acknowledgment.
- **Rejected** - IRS has rejected the transmission. Depending on why the transmission was rejected, an Error Data File may or may not be attached to the Acknowledgment.
Replacement vs. Corrected submissions

• Replacements are filed when the Transmissions or Submissions are **Rejected**. **Replacement** Transmission must contain all of the records you want the IRS to process that were included in the **Rejected** Transmission that it is replacing.

• Corrections are filed after the Transmissions are Accepted by IRS. This includes the status of **Accepted** and **Accepted with Errors**. Corrections include errors identified either by the IRS, the employer, or by the employee.

• **Our electronic submission process will know which applies for a particular scenario and will automatically code it either as a replacement or correction.**

• For IRS Form 1095-Cs submitted via paper to the IRS, there is only a Corrected box that needs to be checked when submitting either a replacement or correction.
Accepted with Errors

• A correction may not always be required merely because you received an Accepted with Errors.
• You will have to go back and do some research as to whether or not there was an error in the data that was originally transmitted.
• If no errors were found, then you need to do nothing else.
Rejected

• If an electronic file is rejected, the filer will have up to 60 days from the date the file was transmitted to submit an acceptable replacement.

• It is the filer’s responsibility to check the status of each transmission.

• If an acceptable replacement file is not received by the IRS within 60 days, the filer could be subject to late filing penalties.
ACA Non-Technical Questions

**Question #12:** If a rejection occurs when electronically filing through AIR, when must a replacement file be refiled?

**IRS Response #12:** It is the filer’s responsibility to check the status of the file. If a timely-filed electronic file is rejected, the filer will have up to 60 days from the day the file was transmitted to submit an acceptable replacement file that will be treated as timely filed. If an acceptable replacement file is not received within 60 days, the payer could be subject to late filing penalties.

SOURCE: April 26, 2016 IRS call for ACA software developers
You MUST **monitor** the status of your submissions.

- Every submission will have deep audit trails for your review.
- We will identify all rejections and errors.
Knowledge Base
Questions?
Resources
Find slide decks and recordings from past ACA User Group lessons on this page:
http://www.integrity-data.com/aca-user-group-content-library

Password: ACAUG

Thank you so much for being a part of the Integrity Data ACA User Group! Start your tour...

(SCROLL DOWN FOR ACA IMPLEMENTATION VIDEOS)

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User Group Lessons: Sign up for our customer-centric, ACA lessons

Miss a lesson or need to rewatch it?
User Group Recordings: Watch past recordings of our User Group lessons

Would you like to follow along with notes?
User Group Slide Decks: Download PDFs of our past User Group lessons for your convenience

New to the ACA Compliance Solution?
Implementation Videos: Begin with Phase 1 and work your way through each step for a successful implementation of the solution
Affordable Care Act reporting FAQs on Integrity Data’s site:

- Go to http://www.integrity-data.com/knowledge-base/
- Then click on ‘ACA Reporting Requirements’ or ‘ACA Compliance Solution’
A different type of ACA tracking

RECOMMENDED way to get Support questions answered promptly and fully:

support@integrity-data.com

Always email this address so that we can track your concern – and see that everyone who must weigh in on the answer can do so.
For an overview of must-knows about ACA reporting anytime, please bookmark:

www.integrity-data.com/aca-education/
Thank you for joining us

For clarifications on details presented and to suggest topics for future ACA User Group calls:

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