



Benefits Administration Letter

Number: 19- 202

Date: July 30, 2019

Subject: Information to Fulfill Mandatory Reporting Requirements for Plan Year 2019 under Internal Revenue Code Sections 6056 and 4980H

I. Background

Employers, including Federal agencies, are subject to the Employer Shared Responsibility (ESR) provisions under sections 6056 and 4980H of the Internal Revenue Code (IRC). The Internal Revenue Service (IRS) requires Applicable Large Employers (ALEs) to file information returns regarding health insurance coverage on or before February 28 if filing on paper, or March 31 if filing electronically, following the calendar year for which the offer of coverage is reported. ALEs are also required to furnish statements to each full-time employee about the health coverage the agency offered on or before January 31 of the year following the calendar year the offer was made. ESR reporting was not eliminated by the Tax Cut and Jobs Act of 2017, Public Law 115-97, signed into law on December 22, 2017.

Purpose

This Benefits Administration Letter (BAL) provides information to assist Federal agencies for reporting in 2020 for health insurance coverage in 2019. Agencies that are applicable large employers as determined by OPM are required to report on behalf of employees. This BAL provides updates on affordability safe harbors and the lowest cost Federal Employee Health Benefits (FEHB) plan for the 2019 plan year. OPM releases guidance each year to inform agencies of specific requirements for the following reporting year. Please refer to [BAL 15-204](#) for comprehensive guidance on IRC 6056 reporting.

ALE and ALE Members

Please refer to [BAL 14-207](#), where OPM provided definitions of the ALE and ALE member. These definitions serve as the criteria for determining whether an agency is in or outside of OPM's determined ALE.

IRS Required Deadlines

For calendar year 2019 (health coverage provided in 2019), agencies must furnish Forms 1095-C to full-time employees on or before January 31, 2020. Agencies must file IRS Forms 1094-C

and 1095-C with the IRS by February 28, 2020 if filing on paper, or March 31, 2020, if filing electronically.

II. Affordability

Health coverage is considered affordable when the employee’s share of the premium for the Self Only coverage offered to the employee would cost the employee less than 9.86 percent of that employee’s annual household income.¹ For purposes of ESR reporting for calendar year 2019, the lowest cost FEHB plan will in most cases be the NALC Value Option, enrollment code KM1. The NALC Value Option is the nationwide plan with the lowest cost share for non-Postal employees and annuitants at \$97.16² per month or \$1,165.92 per year. Agencies may request further information on affordability as it relates to the FEHB Program at ESR@opm.gov.

A. Affordability Safe Harbors

For calendar year 2019, the NALC Value Option meets the threshold for the Form W-2 safe harbor for employees working a 40-hour schedule and employed as a Grade 1, Step 1 on the General Schedule. For calendar year 2019, the NALC Value Option plan may meet the threshold for the rate of pay safe harbor for hourly employees (non-salaried) depending on the number of hours worked and their hourly rate. In addition, it also meets the threshold for the federal poverty line safe harbor. Agencies may request further information on the safe harbors as they relate to the FEHB Program at ESR@opm.gov.

B. Regional Low Cost Plans

Certain regional FEHB plans have a lower enrollee cost than the NALC Value Option for calendar year 2019. These premium amounts should be considered when determining affordability for purposes of Internal Revenue Code for individuals living in geographic areas where these plans are available. A chart of these plans is below:

Plan Name	Code	Option	2019 Enrollee Share (monthly premium rate)
Guam TakeCare	KX1	HDHP Self	\$25.93
Health Net of California	P61	Basic Self	\$83.09
Humana Health Plans of Puerto Rico, Inc.	ZJ1	High Self	\$91.28
Ohio AultCare HMO	3A4	HDHP Self	\$93.31

Please contact ESR@opm.gov to request specific plan Zip Code information.

¹ Under IRS Rev. Proc. [2018-34](#), the affordability threshold was increased to 9.86% for plan years beginning in 2019.

² This applies to all non-Postal rates.

III. Certification of Eligibility

Alternative methods of reporting under section 6056 were developed by the IRS to offer a simplified method of employer reporting. These alternative reporting methods, the qualifying offer method and the 98 percent method, were described in [BAL 15-204](#), and may permit employers to provide less detailed information than under the general method for reporting. Employers choosing these methods must meet certain conditions, as explained in BAL 15-204.³ For calendar year 2019, the qualifying offer method is applicable to agencies. Agencies may use the 98 percent method if 98 percent of their full-time employees have been offered affordable health insurance in calendar year 2019.

If you have any questions regarding this Benefits Administration Letter, please contact Julia Elam, Program Analyst, Healthcare and Insurance at 202.606.2128 or email ESR@opm.gov.

Sincerely,

Laurie Bodenheimer
Acting Director
Healthcare and Insurance

³The conditions are described in detail in Subsections A through D of Section X in the preamble to the section 6056 regulations and in the 2018 instructions for Forms 1094-C and 1095-C.