



Benefits Administration Letter

Number: 17- 201

Date: June 16, 2017

Subject: Information to Fulfill Mandatory Reporting Requirements for Plan Year 2017 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 on or before February 28, 2018 if filing on paper, or April 2, 2018, 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.

Purpose

This Benefits Administration Letter (BAL) provides information to assist Federal agencies for reporting in 2018 for coverage in 2017. This BAL provides updates on affordability safe harbors and the lowest cost Federal Employee Health Benefits (FEHB) plan for the 2017 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 2017 (health coverage in 2017), agencies must furnish Forms 1095-C to full-time employees on or before January 31, 2018. Agencies must file IRS Forms 1094-C and 1095-C with the IRS by February 28, 2018 if filing on paper, or April 2, 2018, if filing electronically.

II. Affordability

For ESR reporting in calendar year 2017, 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 the employee at \$95.25¹ per month or \$1,143.00 per year. Further information on affordability as it relates to the FEHB Program can be requested at ESR@opm.gov.

A. Affordability Safe Harbors

For calendar year 2017, the NALC Value Option meets the threshold for the Form W-2 safe harbor for employees working a 40-hour work schedule and employed as a Grade 1, Step 1 on the General Schedule. It may meet the threshold for the rate of pay safe harbor for hourly employees depending on the number of hours worked and their hourly rate. It meets the threshold for the federal poverty line safe harbor.

Further information on the safe harbors as it relates to the FEHB Program can be requested 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 2017. These premium amounts should be considered when determining affordability for individuals living in geographic areas where these plans are available. A chart of these plans is below:

Plan Name	Code	Option	2017 Enrollee Share (monthly premium rate)
Guam TakeCare	KX1	HDHP Self	\$32.29
Health Net of California	P61	Basic Self	\$76.58
Ohio AultCare HMO	3A4	HDHP Self	\$87.54
Humana Health Plans of Puerto Rico, Inc.	ZJ1	High Self	\$91.17
Kaiser Foundation Health Plan of Colorado	N41	Basic Self	\$91.78
Aetna Health of Utah, Inc. dba Altius Health Plan	9K4	HDHP Self	\$94.08
Guam Take Care	JK4	Standard Self	\$94.62

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

IV. 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% 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](#).² **The qualifying offer method and 98% method are applicable to agencies for calendar year 2017.**

For 2017, the NALC Value option is again the lowest cost nationwide plan within the FEHB. Furthermore, the enrollee portion of the self only premium for the NALC Value option *does not* exceed 9.69% of the mainland single federal poverty line. Therefore, for calendar year 2017, it meets all

¹ This applies to all non-postal rates.

² The conditions are described in detail in Subsections A through D of Section X in the preamble to the section 6056 regulations and in the 2016 instructions for Forms 1094-C and 1095-C.

requirements and agencies using the NALC Value Option for their employees may use the qualifying offer method.

If you have any questions regarding this Benefits Administration Letter, please contact Julia Elam, Program Analyst, Planning and Policy Analysis at 202.606.0004 or email ESR@opm.gov.

Sincerely,

Alan P. Spielman
Director, Healthcare and Insurance