



Important: ACA Reporting Documents Required

Christian Brothers Services (“CBS”) and certain employers participating in the Christian Brothers Employee Benefit Trust (“CBEBT”) will again be subject to certain IRS reporting requirements under the Affordable Care Act (“ACA”) for 2023. These reports will be used by the IRS to determine; (i) whether an employee that purchased coverage through a state exchange is ineligible for a government subsidy because the employee was offered affordable coverage through his or her employer; and (ii) whether an “applicable large employer” or “ALE” is subject to the employer mandate with respect to a full-time employee.

For another year, the individual insurance coverage mandate previously under the ACA is not applicable.

The purpose of this letter is to describe which reporting obligations CBS will handle and which ones will need to be completed by employers.

Because of the complexity of these reporting requirements, this letter is for general informational purposes only. It does not constitute legal or tax advice.

I. Reporting By CBS

CBS intends to report with respect to coverage provided under the CBEBT to employees or former employees covered under the CBEBT during 2023. This reporting will indicate the periods of coverage and the individuals covered (e.g., employee, spouse and dependents). CBS will report this information to each covered employee on Form 1095-B and to the IRS on Form 1094-B. For your reference, here are the links to these Forms and Instructions:

[Form 1094-B](#)

[Form 1095-B](#)

[Instructions for Forms 1094-B and 1095-B](#)

II. Reporting by ALE Members (large employers)

Each ALE Member (as defined below) participating in the CBEBT will be required to report to the IRS and each of its employees with respect to the coverage offered to its employees. These reports will need to be made on Form 1095-C for employees and Form 1094-C for the IRS. Here are links to these Forms and Instructions:

[Form 1094-C](#)

[Form 1095-C](#)

[Instructions for Forms 1094-C and 1095-C](#)

The Form 1095-C is normally required to be distributed to employees by January 31 of the following year. However, in new proposed regulations, the IRS would permanently extend by 30 days the deadline for furnishing copies of the 2023 Form 1095-C to employees to March 2, 2024. California is still requiring information be furnished to employees and their dependents by January 31, 2023.

The IRS did not extend the deadline for the filing of the 2023 Form 1094-C with the IRS, which remains at February 28, 2024, if not filed electronically, or April 1, 2024, if filed electronically.

Although these forms need not be distributed or filed until after year-end, employers may wish to begin gathering certain information now so that they can complete the forms by the deadline date. This section will highlight information many employers participating in the CBEET will need to gather employee-by-employee and month-by-month during 2023 in order to be able to properly prepare the forms by the deadline date for coverage through the CBEET. (Note: Different rules could apply if an employer provides coverage other than through the CBEET, particularly insured coverage.)

Before we begin, here are several terms to keep in mind:

“Applicable Large Employer” or “ALE”	This is an employer that is subject to the employer mandate, generally because it has 50 or more full-time equivalent employees. A full-time employee generally includes any employee who was employed on average at least 30 hours of service per week and any full-time equivalents (for example, 40 full-time employees employed 30 or more hours per week on average plus 20 employees employed 15 hour per week on average are equivalent to 50 full-time employees). An ALE can consist of a single entity or may consist of a group of related entities (the “Aggregated ALE Group”). In either case, the large employer reporting obligations apply to each separate entity and each separate entity is referred to as an “ALE Member”.
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Aggregated ALE Group	This is a group of employers that are treated as a single ALE under sections 414(b), 414(c), 414(m) and 414(o) of the Internal Revenue Code. These sections are commonly referred to as the “controlled group rules”.
“minimum essential coverage”	This is coverage that meets certain minimum requirements under the Affordable Care Act. Individuals that do not have minimum essential coverage no longer are assessed a federal penalty, but some states have imposed their own individual mandates. All of the coverages under the CBEBT meet the minimum essential coverage requirement.
“minimum value”	This is coverage that provides a certain required level of benefits under the Affordable Care Act. All of the coverages under the CBEBT meet the minimum value requirement.
“affordable”	In order to avoid a penalty with respect to a full-time employee, an ALE must <u>offer</u> health coverage that is affordable. Coverage is generally affordable if the employee’s cost for <u>self-only</u> coverage does not exceed 9.61% of the employee’s compensation. CBS does not know whether coverage for an employee through the CBEBT is affordable because it does not know what portion of the cost of coverage has been passed on to the employee.

A. Reporting to Employees (Form 1095-C)

Each ALE Member will be required to prepare and deliver to each employee a Form 1095-C detailing the type of coverage offered and provided to the employee for each calendar month of 2023. An ALE Member may use a third party, such as a payroll administrator, to prepare and file a Form 1094-C (as well as to prepare Form 1095-Cs and distribute them to employees). However, an ALE Member will remain responsible for the proper preparation and filing of the forms regardless of who prepares and files them.

Form 1095-C consists of three Parts: Part I – Identification, Part II – Employee Offer and Coverage and Part III – Covered Individuals.

1. Part I – Identification

This Part has two components, one identifying the employee and another identifying the ALE Member.

a. Employee Identification

Part I Employee		
1 Name of employee	2 Social security number (SSN)	
3 Street address (including apartment no.)		
4 City or town	5 State or province	6 Country and ZIP or foreign postal code

CBS will make available to each employer the information the employer will need to complete the employee identification component of this Part, at least for employees covered by the CBEBT. CBS will not be able to provide information regarding employees not covered by the CBEBT, e.g., employees that were not offered coverage or were offered coverage but did not accept it.

b. Employer Identification

Applicable Large Employer Member (Employer)		
7 Name of employer	8 Employer identification number (EIN)	
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

Each ALE Member will be responsible for completing this portion of the Form 1095-C. CBS cannot provide the information to complete this component because CBS’s records do not show the employer of each covered employee. For example, some Dioceses provide coverage for all employees covered by parishes and schools within the Diocese without identifying to CBS who exactly employs each employee.

purposes of this Line, an employee is treated as being offered spousal and dependent coverage even if the employee doesn't have a spouse or dependent, so long as the employee would have been able to elect such coverage if the employee had a spouse or dependents.

<u>Code</u>	<u>Coverage Offered Through CBEBT</u>
1A	employee + spouse + dependents and employee's monthly cost for self-only coverage did not exceed \$103.15. This is called a "Qualifying Offer" for a calendar year plan. (This amount is 9.61% of the 2022 federal poverty line for United States, excluding Alaska and Hawaii.
1B	employee only
1C	employee + dependents (not spouse)

<u>Code</u>	<u>Coverage Offered Through CBEBT</u>
1D	<p>employee + spouse (not dependents)</p> <p>Do not use code 1D if the coverage for the spouse was offered conditionally. Instead use code 1J. A conditional offer is an offer of coverage that is subject to one or more reasonable, objective conditions (for example, an offer to cover an employee's spouse only if the spouse is not eligible for coverage under Medicare or a group health plan sponsored by another employer).</p>
1E	<p>employee + spouse + dependents</p> <p>Do not use code 1E if the coverage for the spouse was offered conditionally. Instead use code 1K.</p>
1F	<p>coverage offered that did not provide "minimum value" (not applicable to CBEBT coverage)</p>

<u>Code</u>	<u>Coverage Offered Through CBEET</u>
1G	coverage offered to employee who was not a full-time employee during any portion of 2023 and who enrolled in coverage for one or more months during the year (e.g., terminated or retired employees) This code will be entered in the “All 12 Months” box on Line 14
1H	no coverage offered
1I	Reserved
1J	employee + <u>conditional</u> coverage for spouse (not dependents)
1K	employee + dependents + <u>conditional</u> coverage for spouse.
1L-1U	Relates to Individual Coverage Health Reimbursement Arrangements (ICHRA)
1V-1Z	Reserved for future use

b. Line 15 – Cost of Coverage Offered

The information on this line will be used to determine whether the coverage offered to an employee was affordable. Complete this Line only if Code 1B, 1C, 1D, 1E, 1J, 1K 1L, 1M, 1N, 1O, 1P, 1Q, 1T OR 1U was entered on Line 14 for “All 12 months box” or in any of the monthly boxes.

For each month indicate the lowest cost to the employee for self-only coverage under the CBEBT. Disregard costs charged to an employee for spousal or dependent coverage, but include as employee payments any employee pre-tax contributions through a cafeteria plan. If the employee cost is zero, enter “0.00” (do not leave blank).

If the employee’s lowest monthly cost was more than \$104.53 and therefore was not a Qualifying Offer, you may want to keep track of the employee’s compensation for the month so that you can establish whether the coverage was “affordable.” (See discussion of Codes 2F, 2G and 2H under Line 16, below.)

c. Line 16 – Section 4980D Safe Harbor Codes and Other Relief

This line, if applicable, will be used to determine whether an ALE may be subject to a penalty for failure to provide affordable coverage. In instances in which there is no offer of coverage for a particular month, Line 16 provides the ALE Member with the opportunity to explain why it is not subject to a penalty.

<u>Code</u>	<u>Description</u>
2A	Employee not employed during any day of the month.
2B	Employee not a full-time employee and did not enroll in coverage if offered.
2C	Employee covered during each day of the month (Use this Code even if another Code applies.)

<u>Code</u>	<u>Description</u>
2D	<p>Limited non-assessment period</p> <p>Set forth below are each of the six possible safe harbors that could apply under this Code.</p>
	<p>1. <u>First Year as Large Employer</u> – 2022 is the first year in which the employer is an ALE. Use this Code only for months of January, February and March of 2023 and only if the employee was not offered affordable coverage any time during 2022.</p>

<u>Code</u>	<u>Description</u>
	<p>2. <u>Waiting Period Under Monthly Measurement Method</u> – The ALE uses the monthly measurement method to determine whether an employee is a full-time employee for the month, i.e., whether the employee has worked 130 or more hours of service during the month, and:</p> <ul style="list-style-type: none"> A. the month is within the three-month period beginning with the first calendar month in which the employee is otherwise eligible for an offer of coverage (but for the completion of the waiting period); and B. the employee is covered no later than the first day of the month immediately following the three-month period if the employee is still employed on that day. <p>Whether an employee is a full-time employee must be determined each month. Employers can use either of two methods to determine this. One, the “monthly measurement method”, is based on hours of service credited each month, and is done in real time. The other method, which most employers will use, is called the “look-back measurement method.” It “locks in” full-time or part-time status for future months by averaging an employee’s hours over a prior period.</p>
	<p>3. <u>Waiting Period Under Look-Back Measurement Method</u> – The ALE uses the look-back method to determine whether an employee is a full-time employee for a month, and:</p> <ul style="list-style-type: none"> A. a new employee was reasonably expected to be a full-time employee on his or her start date; and B. the month includes the employee’s start date or one of the three following calendar months.

<u>Code</u>	<u>Description</u>
	<p>4. <u>Initial Measurement Period and Associated Administration Period Under Look-Back Measurement Method</u> – The ALE uses the look-back method to determine whether an employee is a full-time employee for the month, and:</p> <ul style="list-style-type: none"> A. the employee is a new variable hour employee, seasonal employee or part-time employee; (i.e., the employee is NOT reasonably expected to be a full-time employee on his or her start date); and B. the month is within the initial measurement period for the new employee or the following administrative period.
	<p>5. <u>Period Following Change in Status for New Variable Hour Employee, Seasonal Employee or Part-Time Employee under Look-Back Measurement Period</u> – The ALE uses the look-back method to determine whether an employee is a full-time employee for the month, and:</p> <ul style="list-style-type: none"> A. the employee is a new variable hour, seasonal or part-time employee; B. the employee changes to a full-time position during the applicable initial measurement period; and C. the month includes the change in status date or one of the three following months. <p>Example: Employer uses the calendar year as the look-back measurement period. Employer hires an employee as a temporary secretary on February 15, 2023. On April 15, 2023, the employee’s status changed to full-time. This Code would be used for the months of April through July of 2023.</p>

<u>Code</u>	<u>Description</u>
	6. First month of employment.
2E	Multiemployer interim relief (not applicable for CBEET coverage)
2F	W-2 safe harbor (must be used for all months) – Employee’s lowest cost of coverage offered does not exceed 9.61% of the employee’s W-2 earnings (box 1). To qualify for this safe harbor, the employee’s required contribution must be a consistent amount or percentage of W-2 wages during 2023.
2G	Federal poverty line safe harbor – For a calendar year plan, the employee’s lowest cost of coverage offered does not exceed \$103.15 per month or \$1,238 per year (slightly higher in Alaska and Hawaii). This amount is equal to 9.61% of the individual poverty line for 2023 in the continental states (\$12,880), divided by 12.
2H	Rate of pay safe harbor – The employee is paid on an hourly basis and the employee’s lowest cost of coverage offered does not exceed 9.61% x 130 hours x the lower of: (i) the employee's hourly rate of pay on the first day of the coverage period (generally, the first day of the plan year, which is January 1, 2023); or (ii) the employee’s lowest hourly rate of pay for the month. For 2024, this percentage will decrease to 9.12% .

<u>Code</u>	<u>Description</u>
2I	Reserved

Code 2F, 2G and 2H should not be entered on line 16 for any month that the ALE did not offer coverage to at least 95% of its full-time employees and their dependents (i.e., any month for which the ALE checked the “No” box on Form 1094-C, Part III, column (a) – see page 11).

3. Part III – Covered Individuals

For these reporting purposes, the relationship between an ALE Member and the CBEBT should be considered equivalent to a fully insured arrangement. Therefore, **please leave Part III blank.** CBS will be reporting on Form 1095-B the information that would otherwise be provided in Part III of Form 1095-C.


B. Reporting to IRS (Form 1094-C)

Each ALE Member will transmit copies of the Forms 1095-C to the IRS using a Form 1094-C transmittal form. The Form 1094-C will also describe the types of coverage provided during the year and identify any members of the Aggregate ALE Group in which the ALE was a member. Form 1094-C consists of four Parts: Part I – Applicable Large Employer Member (ALE Member), Part II – ALE Member Information, Part III – ALE Member Information – Monthly, and Part IV – Other ALE Members of Aggregated ALE Group.

1. Part I – Applicable Large Employer Member (ALE Member)

Part I Applicable Large Employer Member (ALE Member)			
1 Name of ALE Member (Employer)	2 Employer identification number (EIN)		
3 Street address (including room or suite no.)			
4 City or town	5 State or province	6 Country and ZIP or foreign postal code	
7 Name of person to contact			8 Contact telephone number
9 Name of Designated Government Entity (only if applicable)			10 Employer identification number (EIN)
11 Street address (including room or suite no.)			
12 City or town	13 State or province	14 Country and ZIP or foreign postal code	
15 Name of person to contact			16 Contact telephone number
17 Reserved <input type="checkbox"/>			
18 Total number of Forms 1095-C submitted with this transmittal ▶ <input type="text"/>			
19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions <input type="checkbox"/>			

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Lines 1-8 – should be completed and identify the employer. Each ALE Member must have a separate Employer Identification Number (EIN).

Lines 9-17 – should be left blank.

Line 18 – should indicate the number of Forms 1095-C being transmitted with the Form 1094-C.

Line 19 – An ALE Member can file multiple Form 1094-Cs. For example, a diocese with unincorporated parishes could file a separate Form 1094-C for each parish. However, each ALE Member must submit a Form 1094-C that is designated as an “Authoritative Transmittal” that reports aggregate employer-level data for all full-time employees of the ALE Member. Check “Yes” if this is the Authoritative Transmittal for the ALE Member.

2. Part II – ALE Member Information

Part II ALE Member Information	
20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member	▶ <input type="text"/>
21 Is ALE Member a member of an Aggregated ALE Group?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "No," do not complete Part IV.	
22 Certifications of Eligibility (select all that apply):	
<input type="checkbox"/> A. Qualifying Offer Method	<input type="checkbox"/> B. Reserved
<input type="checkbox"/> C. Reserved	<input type="checkbox"/> D. 98% Offer Method

a. Line 20

Enter the total number of Forms 1095-C that will be transmitted with this Form.

b. Line 21

Check “Yes” if during any month of 2022 the employer was a member of an Aggregated ALE Group. If “Yes,” also complete the “Aggregated Group Indicator” in Part III, column (d), and Part IV to list the other members of the Aggregated ALE Group. Check “No” if, for all 12 months of the calendar year, the employer was not a member of an Aggregated ALE Group, and do not complete Part III, column (d), or Part IV.

c. Line 22

Employers that might otherwise be liable for a penalty for not offering affordable coverage to a full-time employee, could be eligible for one or more of these types of relief.

Multiple boxes may be checked because some types of relief may apply to some employees but not others.

Box A Qualifying Offer Method	Employer made a Qualifying Offer to one or more full-time employees for all months during 2023 during which the employees were full-time employees.
Box B	Reserved.
Box C	Reserved.

<p>Box D</p> <p>98% Other Method</p>	<p>The employer offered, for all months of 2023, affordable coverage to at least 98% of its employees for whom it is filing a Form 1095-C and offered minimum essential coverage to those employees’ dependents.</p>
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3. Part III – ALE Member Information – Monthly

Part III ALE Member Information – Monthly						
	(a) Minimum Essential Coverage Offer Indicator		(b) Section 4980H Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Reserved
	Yes	No				
23	All 12 Months	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
24	Jan	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
25	Feb	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	

Column (a) – Indicate the months during 2023 during which the employer offered affordable coverage to at least 95% of its full-time employees and their dependents. Employees in a limited non-assessment period are not included in the 95% calculation.

Column (b) – Indicate for each month the number of full-time employees, excluding any employees in a limited non-assessment period. If the number of full-time employees (excluding employees in a limited non-assessment period) is zero, enter “0”.

Column (c) – Indicate for each month the total number of employees of the employer, including part-time, seasonal and variable employees as well as employees in a limited non-assessment period. An employer must use one of the following days to determine the number of employees per month and must use the same day for all months of 2022: (1) the first day of each month; (2) the last day of each month; (3) 12th day of each month; (4) the first day of the first payroll period that starts during each month; or (5) the last day of the first payroll period that starts during each month (provided that for each month that last day falls within the calendar month in which the payroll period starts).

Column (d) – Indicate for each month whether the employer was a member of an Aggregated ALE Group. If the ALE Member was a member of an Aggregated ALE Group during each month of the calendar year, enter “X” in the “All 12 Months” box or in the boxes for each of the

12 calendar months. If the ALE Member was not a member of an Aggregated ALE Group for all 12 months but was a member of an Aggregated ALE Group for one or more month(s), enter “X” in each month for which it was a member of an Aggregated ALE Group. If an ALE Member enters “X” in one or more months in this column, it must also complete Part IV.

Column (e) – Reserved.

4. Part IV – Other ALE Members of Aggregated ALE Group

Part IV Other ALE Members of Aggregated ALE Group			
Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).			
Name	EIN	Name	EIN
36		51	
37		52	

If the employer checked “Yes” on Line 21 indicating that it was a member of an Aggregated ALE Group, it must enter the names and Employer Identification Numbers (EINs) for all other members of the Group.

Example: All of the parishes within a Diocese are separately incorporated. The Diocese and its parishes are part of the same Aggregated ALE Group because they form a controlled group of corporations. Each parish must file a separate Form 1094-C for its employees that identifies all the other members of the Aggregated ALE Group of which the parish is a member.

III. Reporting Requirements for Non-ALEs (small employers)

Non-ALEs participating in the CBEBT will not be subject to any reporting requirements. However, as discussed above, small employers (i.e., those with fewer than 50 full-time employees) can be treated as an ALE if they are part of an Aggregated ALE Group that has 50 or more full-time equivalent employees.