

# Employer Reporting Quick Hit – Reporting Offers of COBRA

# Issue Date: February 2023

*Applicable large employers (50 or more FTEs) and employers offering self-funded group medical plans are in the midst of finalizing reporting via Forms 1094 and 1095 for the 2022 calendar year. The reporting is due to the IRS in late February or March depending on whether the employer is submitting by mail or electronically, and Form 1095 copies must be provided to individuals by March 2nd. There are no significant changes to the reporting requirements this year, but the IRS has confirmed that there is no longer reporting penalty relief for good faith efforts. In other words, employers need to take more responsibility for ensuring reporting is as complete and accurate as possible, and they may need your help to do so. We plan to release a series of FAQs over the next several weeks that you can use to refresh your employer reporting understanding, and of course pass along to your clients when appropriate. In addition,* [*keep in mind that we are available to answer questions or to assist with IRS appeals or employer reporting reviews if needed.*](https://benefitcomply.com/employerreporting/)

**Reporting Offers of COBRA**

The reporting of offers of COBRA and actual enrollment in COBRA continuation coverage depends upon (i) whether the employee was full-time for at least one month during the year; and (ii) whether the plan offered was fully insured or self-funded.

See the various scenarios addressed below:

*Scenario 1:*

Former employee was full-time for part of the year, and then was offered COBRA mid-year because of a termination of employment.

Fully-Insured and Self-Funded Plans – In Part II (Lines 14-16) of Form 1095-C, for the months following termination of employment, Code 1H (no offer of coverage) is used on Line 14, and Code 2A (not employed) is used on Line 16.

Self-Funded Plans – If the former employee enrolled in COBRA under a self-funded plan, coverage information should be reported in Part III of the Form 1095-C for the months covered as an active employee and for the months covered as a COBRA participant.

*Scenario 2:*

Employee was full-time for part of the year, and then was offered COBRA mid-year because of a reduction in hours.

Fully-Insured and Self-Funded Plans – In Part II (Lines 14-16) of the Form 1095-C, for the months following the reduction in hours, the offer of COBRA continues to be coded as an offer of coverage, similar to the way in which coding an offer of coverage is handled for a full-time eligible employee. However:

* When coding the offer of coverage on Line 14, code it according to who was offered COBRA. For example, if only the employee was enrolled prior to the reduction in hours, and therefore only the employee was offered COBRA, Code 1B would be used on Line 14. If the employee and spouse were enrolled prior to the reduction in hours, and therefore both employee and spouse were offered COBRA, Code 1D would be used on Line 14.
* When entering the employee contribution amount on Line 15, the cost of single COBRA (generally 102% of the premium) should be used.
* When coding Line 16, if the employee enrolled, Code 2C would be used. But if the employee did not elect COBRA, Code 2B may be entered if the employee was part-time for the month. If the employee was full-time (e.g., due to a stability period), Line 16 would likely be left blank since the cost will not typically be affordable.

Self-Funded Plans – If the former employee enrolled in COBRA under a self-funded plan, coverage information should be reported in Part III of the Form 1095-C for the months covered as an active employee and for the months covered as a COBRA participant.

*Scenario 3:*

Employee, or former employee, was not full-time for any month of the year, but was covered under the employer’s group health plan as a COBRA participant.

Fully Insured Plans – If the plan was fully insured, no reporting is required by the employer. The insurance carrier will provide a Form 1095-B showing coverage.

Self-Funded Plans – If the plan was self-funded, reporting coverage information is required. On Form 1095-C, use Code 1G in the “all 12 months” box on Line 14, skip Lines 15 and 16 completely, and then complete Part III showing the months of coverage (or alternatively, use Form 1095-B).

*Scenario 4:*

Non-employee (e.g., owner, retiree, ex-spouse, overaged dependent) was covered under the employer’s group health plan as an active participant or COBRA participant.

Fully Insured Plans – If the plan was fully insured, no reporting is required by the employer. The insurance carrier will provide a Form 1095-B showing coverage.

Self-Funded Plans – If the plan was self-funded, reporting coverage information is required. On Form 1095-C, use Code 1G in the “all 12 months” box on Line 14, skip Lines 15 and 16 completely, and then complete Part III showing the months of coverage (or alternatively, use Form 1095-B).