



Benefits Administration Letter

Number: 21-201

Date: February 2, 2021

Subject: Information to Fulfill Mandatory Reporting Requirements for Plan Year 2020 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 2021 for health insurance coverage in 2020. 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 Employees Health Benefits (FEHB) plan for the 2020 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 and IRS Notice 2020-76

For calendar year 2021 (health coverage provided in 2020), IRS Notice 2020-76 extends the due date for agencies to furnish statements to full-time employees using 2020 Form 1095-C on or before March 2, 2021. The Notice does not extend the due date for agencies to file plan year 2020 Forms

1094-C transmittal and 1095-C information report with IRS. Agencies must file information returns regarding health insurance coverage to the IRS by February 28 if filing on paper, or March 31 if filing electronically, following the calendar year. The Notice extends relief from penalties under sections 6721 and 6722 associated with incorrect or incomplete information when the ALE can show good-faith efforts to comply with the reporting requirements under section 6056 for plan year 2020 (both for employee statements and IRS filing).

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 9.78 percent of that employee's annual household income.¹ For purposes of ESR reporting for calendar year 2020, the lowest cost FEHB plan, as determined under 5 CFR 890.301(n)², will in most cases be the GEHA Indemnity Benefit Plan (IBP), enrollment code 254. The GEHA Indemnity Benefit Plan is the nationwide plan with the lowest cost share for non-Postal employees and annuitants at \$102.53³ per month or \$1,230.46 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 2020, the GEHA IBP Elevate 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 2020, the GEHA IBP Elevate 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. It does not meet 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 GEHA IBP Elevate Option for calendar year 2020. 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 list of these plans is below by plan name, code, Option, and 2020 Enrollee Share (monthly premium rate):

1. Guam TakeCare, KX1, HDHP Self, \$31.06
2. Health Net of California, P61, Basic Self, \$81.09
3. Guam TakeCare, JK4, Standard Self, \$97.31
4. Puerto Rico Triple-S Salud, Inc., 891, High Self, \$97.51
5. Humana Health Plans of Puerto Rico, Inc., ZJ1, High Self, \$97.56
6. Kaiser Foundation Health Plan of Georgia, Inc., LA1, Basic, \$98.34
7. Guam Calvo's SelectCare, B44, Standard Self, \$99.18

¹ Under IRS Rev. Proc. [2019-29](#), for plan years beginning in calendar year 2020, the affordability threshold is 9.78%.

² The lowest-cost nationwide plan option identified may not be a High Deductible Health Plan (HDHP) or an option from a health benefits plan that charges an association or membership fee.

³ This applies to all non-Postal rates.

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

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](#).⁴ For calendar year 2020, the qualifying offer method is applicable to Federal 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 2020.

If you have questions related to ESR reporting under section 6056 you may call the IRS Healthcare Hotline at 800-919-0452. 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

⁴ 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 2020 instructions for Forms 1094-C and 1095-C.