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ACA's

Reporting Requirements Overview

The Patient Protection and Affordable Care Act (ACA)

Reporting Requirements Overview

With hundreds of pages of IRS code, it can be quite challenging to understand all of the current reporting requirements attached to ACA. To help, this document provides a high level overview of what is currently required.

Internal Revenue Code Section 6055 & 6056

ACA created reporting requirements under Internal Revenue Code sections 6055 & 6056. Under these reporting rules, certain employers must provide information to the IRS about the health plan coverage they offer (or do not offer) to their employees. At this time only employers that are considered Applicable Large Employers (ALE) are subject to the reporting requirements under sections 6055 & 6056. Your organization is considered an ALE, if you or other entities that must be combined together with your organization (for instance, other members of an aggregated group) employed an average of at least 50 full-time employees, including full-time equivalent employees, on business days during the preceding calendar year. For example, your 2021 employee count determines if you'll be required to track employee and health coverage information in 2022 to report in 2023.

Please Note: fully insured employers with fewer than 50 full time or full time equivalent employees do not need to file and report. Insurance carriers will be transmitting data to the IRS to satisfy the 6055 reporting responsibility for small employers.

IRS Section 6055 requires insurers and self-insured plan sponsors to file reports with the IRS to verify whether an individual had Minimal Essential Coverage (MEC) during a given calendar year to satisfy the Individual Mandate.

IRS Section 6056 requires an Applicable Large Employer (ALE), those who employ at least 50 full-time or full time equivalent employees to file reports with the IRS verifying whether it offered minimum value and affordable coverage to full time employees and their dependents in a given calendar year to satisfy the Employer Mandate.

Forms 1095-C and 1094-C These are the IRS forms used to provide the information required in sections 6055 & 6056. Form 1095-C will be provided to each employee and form 1094-C will be filed with the IRS as a transmittal document for form 1095-C. Specific information will be required on these forms about the employee's insurance coverage (and their dependents, if applicable) such as EIN's, TIN's, addresses, full-time status, length of employees' full-time status, proof of minimal essential coverage offered, coverage dates and employees' share of coverage premium costs.

2023 Calendar Year Reporting Due Dates:

A) 1095-C due to employees March 4, 2024

B) 1094/5-C due to IRS February 28, 2024 (April 1, 2024 if filed electronically)

Penalties for Non-compliance Responsible employers that do not submit an annual IRS return or provide individual statements to covered individuals may be subject to penalties of up to \$290 per return with a maximum penalty of over \$3,532,500 per year.

W-2 Reporting Requirements ACA also mandates any employer who files 250 or more W-2's to report the cost of healthcare coverage under an employer-sponsored group plan on employees' W-2 forms. Reporting the cost of health care coverage on the Form W-2 does not mean that the coverage is taxable. The value of the health care coverage will be reported in Box 12 of the W-2 of the W-2 with Code DD to identify the amount. The value should include the portion paid by the employer and the portion paid by the employee.

SECTION 6055

Section 6055 requires every provider of minimum essential coverage to report coverage information by filing an information return with the IRS and furnishing a statement to covered individuals.

Reporting Requirements

Information returns to the IRS must include:

- 1.** The employer's name, address, and Employer Identification Number (EIN) of the provider;
- 2.** The responsible individual's name, address, and Taxpayer Identification Number (TIN), or date of birth if a TIN is not available. If the responsible individual is not enrolled in the coverage, providers may, but are not required to, report the TIN of the responsible individual;
- 3.** The name and TIN, or date of birth if a TIN is not available, of each individual covered under the policy or program and the months for which the individual was enrolled in coverage or entitled to receive benefits; and
- 4.** For coverage provided by a health insurance issuer through a group health plan, the name, address, and EIN of the employer sponsoring the plan and whether the coverage is a qualified health plan enrolled in through SHOP and the SHOP's identifier.

Note:

Employers that file at least 250 Forms 1095-B or 1095-C, must file under 6055 electronically.



SECTION 6056

Section 6056 requires applicable large employers (those who employ at least 50 full-time or full-time equivalent employees) to file information returns with the IRS and provide statements to their full-time employees about the health insurance coverage the employer offered.

The IRS will use the information provided on the information return to administer the employer shared responsibility provisions of section 4980H. The IRS and the employees of an ALE will use the information provided as part of the determination of whether an employee is eligible for the premium tax credit under section 36B.

Reporting Requirements

Large employers will file a separate return for each full-time employee and transmit these to the IRS. The information must include:

- » The employer's name, address, and identification number;
- » The name and phone number of the employer's contact person (which can be a third party);
- » The calendar year for which the information is reported;
- » A certification as to whether the employer offered its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage under an employer-sponsored plan, by calendar month;
- » The month in which minimum essential coverage under the plan was available;
- » Each full-time employee's share of the lowest-cost monthly premium (self-only) for coverage providing minimum value by calendar month;
- » The number of full-time employees by calendar month;
- » The name, address, taxpayer identification number of each full-time employee (but not dependents or others covered through employee) and months, if any, during which the employee was covered under the plan;
- » If an appropriately designated person is reporting on behalf of an employer that is a governmental unit or any agency or instrumentally thereof for purposes of section 6056, the name, address, and identification number of the appropriately designated person.

Additional Reporting Requirements

Employers must also use indicator codes to report the following information:

- » Whether coverage provides minimum value and whether employees had an opportunity to enroll spouses in coverage;
- » The total number of employees by calendar month;
- » Whether an employee's effective date of coverage was affected by a waiting period, by calendar month;
- » Whether the employer had no employees during any particular month;
- » Whether the employer is part of an aggregated group, and the name and employer identification numbers of all other members;
- » If the employer contributes to a multi-employer plan, whether the employer is not subject to an employer mandate penalty because of its contribution to the plan;
- » If an appropriately designated person is reporting on behalf of an employer that is a governmental unit or any agency or instrumentality thereof for purposes of section 6056, the name, address, and identification number of the appropriately designated person; and
- » If a third party is reporting, the name, address and identification number of the third party.

Employers will use a code to report the following information for full-time employees for each calendar month:

- » Whether the minimum essential coverage was offered to the employee only, the employee and children only, the employee and spouse only, or the employee, spouse and children;
- » Reasons why coverage was not offered to an employee;
- » Whether coverage was offered to an employee although he or she was not full-time;
- » Whether the employee was covered under the plan; and
- » Whether the employer met one of the employer mandate's affordability safe harbors with respect to the employee.

Information Provided by the IRS:

Preparing to fill out IRS forms

Employer Provided Health Insurance Offer and Coverage

- Provide to full-time employees to use when filing their tax returns.
- File with the IRS as an information return.
- Reports information about health insurance coverage offered and any safe harbors or other relief available to the employer, or reports that no offer of coverage was made.
- Reports enrollment information from employers who offer self-insured plans and information about employees and individuals who enrolled in minimum essential coverage.
- Helps the IRS determine if your organization potentially owes an employer shared responsibility payment to the IRS.
- Helps the IRS determine whether your full-time employees and their dependents are eligible for the premium tax credit.

**Form
1095-C**

What you'll need for Form 1095-C

- Who is a full-time employee for each month.
- Identifying information for employer and employee such as name and address.
- Information about the health coverage offered by month, if any.
- The employee's share of the monthly premium for lowest-cost self-only minimum value coverage.
- Months the employee was enrolled in your coverage.
- Months the employer met an affordability safe harbor with respect to an employee and whether other relief applies for an employee for a month.
- If the employer offers a self-insured plan, information about the covered individuals enrolled in the plan, by month.

Transmittal of Employer Provided Health Insurance Offer and Coverage Information Returns

- File with the IRS as a transmittal document for Forms 1095-C, Employer Provided Health Insurance Offer and Coverage.
- Provides a summary to the IRS of aggregate employer-level data.
- Helps the IRS determine whether an employer is subject to an employer shared responsibility payment and the proposed payment amount.

**Form
1094-C**

What you'll need for Form 1094-C

- Identifying information for your organization.
- Information about whether you offered coverage to 70% of your full-time employees and their dependents in 2015. (After 2015 this threshold changes to 95%.)
- For the authoritative transmittal:
 - Total number of Forms 1095-C you issued to employees.
 - Information about members of the aggregated applicable large employer group, if any.
 - Full-time employee counts by month.
 - Total employee counts by month.
 - Whether you are eligible for certain transition relief.