

February 17, 2015

ACA Reporting – Final Forms and Instructions Released

Final versions of the 2014 forms and related instructions were recently released to be used by employers and other reporting entities to report information on healthcare coverage as required by the Affordable Care Act (ACA). The IRS will use the information collected on the forms to enforce both the individual mandate and the employer shared responsibility “pay or play” rules. Release of the final 2014 forms and instructions is a further step in the IRS finalizing the process for employers to comply with the pay or play mandate. The reporting will allow the IRS to verify an employers’ liability for employer shared responsibility payments and an individuals’ eligibility for premium tax credits. With the release of these final forms, it now appears that this reporting requirement will not be further delayed.

The instructions and forms will be used by applicable large employers (ALEs), insurers, multiemployer plans, and small employers with self-insured plans. The reporting is required for medical coverage provided on or after January 1, 2015, with the first information returns to be distributed to individuals by February 1, 2016, and filed with the IRS by February 29, 2016 (March 31, 2016, if filed electronically). Reporting entities had the option to voluntarily file in 2015 for 2014 coverage, using the 2014 forms and instructions. Employers should note that the 2015 forms and instructions that will be used for the first required reporting in 2016 have not yet been released and may contain some changes from the final 2014 versions.

Background – Reporting Requirements

The ACA created new and comprehensive information reporting requirements beginning in 2015. The reporting rules require employers to provide information to the IRS about the health plan coverage they offer (or do not offer) to their employees. Affected employers are to provide information statements to employees and the IRS that includes information identifying all full-time employees under the ACA’s 30-hour standard, which full-time employees are eligible for health coverage, who is enrolled in coverage (both full-time and part-time), and certain characteristics of the offer of coverage. The reporting requires that data captured be translated into one or more of the 18 different IRS codes to describe each employee’s eligibility for and enrollment in health care coverage.

The following provides links to the IRS final forms, instructions, and other guidance on the information reporting requirements under Sections 6055 and 6056:

- **Code Section 6055.** This reporting is intended primarily to support IRS enforcement of the individual mandate. Section 6055 requires providers of minimum essential coverage (MEC) and providers of coverage through an employer’s group health plan to report information that will allow taxpayers to establish and the IRS to verify that the taxpayers were covered by MEC and their months of enrollment during a calendar year. Form 1095-B and 1094-B will be used primarily by insurers for reporting insured coverage, by sponsors of self-insured plans, and by multiemployer plans for reporting self-insured coverage. Information is provided about the entity providing coverage, which individuals are enrolled in coverage, and the months for which they were covered.
 - [Final 2014 Form 1095-B](#): for reporting 6055 information to individuals (the “individual statements”)
 - [Final 2014 Form 1094-B](#): for transmitting the Form 1095-B health coverage information to the IRS
 - [IRS Section 6055 Q&As](#)
- **Code Section 6056.** This reporting will support IRS enforcement of the employer shared responsibility provisions and the subsidies for coverage purchased in the marketplace (“exchange”). Section 6056 requires ALEs - generally employers with 50 or more FT employees - to report to the IRS information about coverage they offer to employees and requires them to furnish related statements to employees. Form 1095-C and 1094-C will be used by ALEs for reporting. Information is provided about the employer offering coverage (including contact information and the number of employees), about the coverage (if any) offered to an employee, by month, including the lowest employee cost of self-only coverage offered. Employers that “self-insure” can report both the employer and insurer reporting provisions using Form 1095-C (the top half includes the information needed for 6056 pay or play reporting, while the bottom half includes the information needed for 6055 MEC reporting).
 - [Final Form 1095-C](#): for reporting 6055 and 6056 information to individuals (the “individual statements”)
 - [Final Form 1094-C](#): for transmitting the Form 1095-C health coverage information to the IRS
 - [IRS Section 6056 Q&As](#)
 - [IRS Publication 5196](#): provides guidance regarding employer reporting requirement under 6056

2014 Final Versions

The final 2014 forms and instructions (see links above) do not contain significant changes from the draft versions issued last year, but they do contain a few helpful clarifications:

- ALEs may report information for non-employees (such as non-employee directors, retired employees, or non-employee COBRA beneficiaries) and their family members using either Forms 1094-B and 1095-B or Form 1095-C, Part III.
- Employers that are part of a controlled or affiliated service group must report the name and employer identification number (EIN) of all other employers that were part of the group during the calendar year (up to 30).
- Each employer in a controlled or affiliated service group must file a separate report, although one member of the controlled group (for example, a parent company) may complete the form on behalf of other members. However, each employer subject to ACA’s employer shared responsibility rules ultimately is responsible for its own reporting.
- Employers do not have to report with respect to part-time employees who receive no coverage.
- Employers must report for any individual who enrolls (such as part-time employees, retirees, and COBRA-eligible former employees) in an employer-sponsored plan—even if that individual is not a full-time employee.
- Employers must report for all full-time employees and their spouses and dependents, even if they do not receive offers of coverage or do not enroll.
- Employers must report for full-time employees who receive offers of coverage through insured plans, although the insurers (not the employers) will be responsible for reporting whether employees are actually covered.
- Employers must report for full-time employees who receive offers of coverage through multiemployer plans, although the plans themselves (not the employers) will be responsible for reporting whether employees are actually covered.

With the release of these final reporting forms and instructions, employers and their tax advisers have the guidance they need for 2015 compliance with the pay or play and reporting requirements. Conner Strong & Buckelew will provide alerts and updates as new information is issued on this important topic. Should you have questions about this or any aspect of federal health insurance reform, contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online [Resource Center](#).