



March 26, 2014

Final Rules Require Information Reporting under PPACA

The Internal Revenue Service (IRS) issued two final rules providing details on the information that employers must report to the IRS about group health plans they offer, covered persons, and employee full-time status. The IRS will use this information to enforce both the individual mandate and the employer shared responsibility “pay or play” rules . These reporting requirements are effective for 2015 (first reporting due in early 2016). A reporting entity may be subject to penalties for failure to file a correct information return and failure to furnish correct payee statements. However, the IRS will not impose penalties for the first year’s reporting and statements to employees if incorrect or incomplete information is reported, as long as the reporting entity can show they made good faith efforts to comply with the requirements.

- [Information Reporting of Minimum Essential Coverage](#): Internal Revenue Code 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.
- [Information Reporting by Applicable Large Employers](#): Section 6056 requires applicable large employers (generally employers with 50 or more full-time employees) to report to the IRS information about the coverage that they offer to their full-time employees and requires them to furnish related statements to employees.

The final rules include the following key provisions:

Combined Form for Information Reporting. Employers that “self-insure” will have a streamlined way to report under both the employer and insurer reporting provisions. The final rules provide for a single, consolidated form that employers will use to report to the IRS and employees under both sections 6055 and 6056. The combined form will have two sections: the top half includes the information needed for pay or play reporting, while the bottom half includes the information needed for MEC reporting.

- Employers that have fewer than 50 full-time employees (not subject to pay or play) will not be subject to the reporting rules.
- Self-insured employers large enough to be subject to the pay or play provisions will complete both parts of the combined form for information reporting.
- Employers subject to pay or play with insured plans will complete only the top section of the combined form.
- Draft forms (new Form 1095-C) are being prepared by the IRS and will be released in the

coming weeks. A substitute form that includes all the required information can also be used. The exact level of detail required to be reported will not be known until the draft forms are released. Employers filing 250 or more returns must file electronically.

- Employers can use Form 1095-C to fulfill the requirement that employers provide statements to employees notifying them of the information reported on Form 1095-C. Statements are due to employees on or before January 31 following each calendar year and file Form 1095-C with the IRS on or before February 28 (March 31 if filed electronically with consent) following each calendar year.
- If employers are part of a controlled group, one member of that group can file on behalf of other members. However, each member of the controlled group remains separately liable for reporting and must have a separate filing, even if one member files on behalf of all controlled group members.
- Employers can use third parties to complete reporting (but plans will retain liability for correct and timely filing). Plan administrators of multiemployer plans can complete reporting and provide statements to employees on behalf of contributing employers (but contributing employers retain liability for correct and timely filing).

What Information Is Reported? Employers, insurers, and other reporting entities will report information including:

For section 6055:

- Information about the entity providing coverage, including contact information.
- Which individuals are enrolled in coverage, with identifying information and the months for which they were covered.

For section 6056:

- Information about the employer offering coverage (including contact information and the number of full-time employees).
- For each full-time employee, information about the coverage (if any) offered to the employee, by month, including the lowest employee cost of self-only coverage offered.

Simplified Option for Employer Reporting. For employers that provide a “qualifying offer” to any of their full time employees, a simplified alternative to reporting monthly, employee-specific information on those employees is available.

- A qualifying offer is an offer of minimum value coverage that provides employee-only coverage at a cost to the employee of no more than about \$1,100 in 2015 (9.5% of the federal poverty level), combined with an offer of coverage for the employee’s family.
- For employees who receive qualifying offers for all 12 months of the year, employers will need to report only the names, addresses, and taxpayer identification numbers (TINs) of those employees and the fact that they received a full-year qualifying offer. Employers will also give the employees a copy of that simplified report or a standard statement indicating that the employee received a full-year qualifying offer.
- For employees who receive a qualifying offer for fewer than all 12 months of the year, employers will be able to simplify reporting to the IRS and to employees for each of those months by simply entering a code indicating that the qualifying offer was made.
- To provide for a phase-in of the simplified option, employers certifying that they have made a qualifying offer to at least 95% of their full-time employees (plus an offer to their families) will be able to use an even simpler alternative reporting method for 2015. Those employers

will be able to use the simplified, streamlined reporting method for their entire workforce, including for any employees who do not receive a qualifying offer for the full year. Those employers will provide employees with standard statements relating to their possible eligibility for premium tax credits.

- Employers also have the option to avoid identifying in the report which of its employees are full-time, and instead to just include in the report those employees who may be full-time. To take advantage of this option, the employer must certify that it offered affordable, minimum value coverage to at least 98% of the employees on whom it is reporting.

Employers now have the guidance they need to begin to assess the data needed to finalize compliance strategies for this reporting requirement. Should you have questions about this or any aspect of healthcare 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](#).



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