

ACA Reporting for Individual and Employer Mandates

Two key items within ACA – the Individual Mandate and the Employer Mandate – require information from employers who offer health coverage to their employees. This information will tell the government who was offered coverage (and who elected it), whether the coverage was comprehensive and met all ACA requirements, and whether that coverage was affordable. That information is required to be provided to the government through two Internal Revenue Code sections--6055 and 6056--by an insurance company and/or employer.

All employers with 50 or more full-time equivalents (FTEs), as well as all those that are self-funded, are required to comply with the 6055 and 6056 rules. For more detailed information on the “who, what, where, and how”, please see the information and table below.

Two Reporting Sections for Two Purposes

Code section 6055 provides information to the government for purposes of the “individual mandate” through form [1095-B](#).

Code section 6056 provides information to the government for purposes of the “employer mandate” through form [1095-C](#).

Simplified Reporting Option

In an effort to ease the administrative burden of this reporting, there is an option for “Simplified Reporting”. With the simplified reporting, an applicable employer can file annually (versus monthly). To be an applicable employer and qualify for the simplified reporting, the employer needs to make a “qualifying offer” to full time employees for all 12 months of the year. In addition, the annual employee premium co-share cannot exceed \$1,100 (employee only coverage) for the year. Coverage for spouse and dependents must also be offered (for this purpose only, not for Employer Mandate purposes).

Once met, the employer will certify that this “qualifying offer” was made to at least 95% of its full time employees, defined as those regularly scheduled to work 30 or more hours per week. If the employer makes a qualified offer to at least 98% of full-time employees they qualified for even more streamlined reporting. More details on that streamlined process are forthcoming.

Health Plan Identifier (HPID) Required

The required reporting now uses a new 10 digit [Health Plan Identifier \(HPID\)](#) to identify the employer or insurance company. Group health plans considered “large” (annual health cost of \$5 million or greater) need to register for their HPID number by November 5, 2014. Small group health plans (annual cost of less than \$5 million) will have an extra year to request an HPID.

For fully insured plans, the insurance carriers will likely apply for the HPID number for all of their covered plans. For self-funded plans, employers will need to apply for their HPID number.

By November 7, 2016, all plans will need to use the HPID for plan transactions (such as claims payment).

What to do now?

2014: Begin planning. Talk to insurance broker, insurance carrier, and TPA to find out what they are doing to help.

2015: Start tracking the required information through payroll, HRIS, spreadsheet, monthly invoices, etc. For 2015, there is no penalty for “good faith” effort.

2016+: Full reporting required of information from 2015.

6055 and 6056 Reporting Compliance Guide

	6055 (Individual Mandate)	6056 (Employer Mandate)
Why	<p>To assist in determining the coverage status of employees for their individual mandate.</p> <ul style="list-style-type: none"> ▪ Who are you providing coverage to ▪ What level of coverage are you providing ▪ What period of time were they covered 	<p>To assist in determining the coverage status of employees for Exchange subsidy purposes.</p> <ul style="list-style-type: none"> ▪ Is coverage offered ▪ Is it “affordable” ▪ Does it meet minimum value
Who Files	<ul style="list-style-type: none"> ▪ Fully Insured Plan: Insurance company ▪ Self-Funded Plan: Employer <ul style="list-style-type: none"> ▪ Employers with 50+ Full Time Equivalents (FTEs) 	<ul style="list-style-type: none"> ▪ Fully Insured or Self-Funded: Employers with 50+ Full Time Equivalents (FTEs)
What, How, and to Whom	<p>Submitted to the IRS via:</p> <ul style="list-style-type: none"> ▪ Form 1095-B (draft here) and ▪ Form 1094-B (draft here) <p>To the individual via:</p> <ul style="list-style-type: none"> ▪ A written statement each individual listed on return 	<p>Submitted to the IRS via:</p> <ul style="list-style-type: none"> ▪ Form 1095-C (draft here) <p>To the individual via:</p> <ul style="list-style-type: none"> • A written statement to each reported employee showing name, address, phone number of report and the information reported with respect to the employee
When	<ul style="list-style-type: none"> ▪ Employee: January 31 of the year following what is being reported on (i.e. January 31, 2016 for 2015 calendar year) ▪ To IRS: February 28 of the year following what is being reported on 	<ul style="list-style-type: none"> ▪ Employee: January 31 of the year following what is being reported on (i.e. January 31, 2016 for 2015 calendar year) ▪ To IRS: February 28 of the year following what is being reported on ▪ To IRS: March 31 of the year

	<ul style="list-style-type: none"> To IRS: March 31 of the year following what is being reported on (250+ reported) 	<p>following what is being reported on (250+ reported)</p>
Penalties	<ul style="list-style-type: none"> Failure to file correct information return (6721): \$100 for each return Failure to file correct payee information (6722): \$100 for each payee Penalties may be waived for “reasonable cause” 	<ul style="list-style-type: none"> Failure to file correct information return (6721): \$100 for each return Failure to file correct payee information (6722): \$100 for each payee Penalties may be waived for “reasonable cause”

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