



AFFORDABLE CARE ACT UPDATE

September, 2015

I. ACA Reporting Requirements

We write, again, to discuss the upcoming reporting requirements imposed by the Affordable Care Act (ACA).

The ACA requires that Employers subject to the Employer Mandate (i.e. employers with at least 50 full-time employees or 50 full-time equivalents) provide their full-time employees (employees who average at least 30 hours per week) with health coverage that satisfies minimum value and affordability standards or else pay a penalty. In order to enforce that Mandate, as well as the Individual Mandate that requires individuals to enroll in health coverage, the ACA amended the Internal Revenue Code to impose certain reporting requirements upon Employers.

Section 6056

The new Section 6056 requires Employers subject to the Employer Mandate to provide the IRS with information regarding the coverage (if any) that they provide their employees. This information will allow the IRS to determine whether the Employer has satisfied its obligations under the Mandate or will be subject to penalties. The information provided will also assist in determining whether employees who are not enrolled in the Employer's health plan are eligible for subsidized health coverage through an exchange (in Massachusetts, the Massachusetts Health Connector).

Section 6055

IRS Section 6055 requires that an insurance insurer, a self-insured employer or a multi- employer plan report certain information regarding individuals who are enrolled in their coverage. In particular, they are required to specify the months that the individuals were enrolled and the names and Social Security Numbers of all dependents (as well as subscribers) enrolled under the coverage. This information will establish that a subscriber and her/his dependents had the health coverage required by the Individual Mandate.

Forms

The IRS has created four (4) forms for providing the required information.

The information required by Section 6056 is provided on Form 1095-C. A Form 1095-C (or its equivalent) must be completed for each of the Employer's full-time employees (i.e. those averaging at least 30 hours per week). Copies of the Form 1095-C for each full-time employee will be transmitted to the IRS along with the transmittal form (Form 1094-C).

The information required by Section 6055 is furnished on Form 1095-B. A copy of Form 1095-B must be prepared for each subscriber involved in coverage and served on each subscriber. A copy of the Form 1095-B for every subscriber must be transmitted to the IRS with a transmittal form (Form 1094-B).

Filing Dates

The regulations require that Forms 1095-B and Forms 1095-C for 2015 be mailed to each employee and/or subscriber by February 1, 2016 and that copies of all Forms 1095-B and 1095-C (along with the transmittal forms Form 1094-B and 1095-B) be filed with the IRS by February 29, 2016, if filing on paper, or by March 31, 2016 if filing electronically. (Employers filing 250 or more Forms 1095-B or Forms 1095-C must file returns electronically.

Who Files

The Trust will be preparing Forms 1095-B for each subscriber enrolled in the health coverage offered by the Trust. The Trust will mail a copy of each subscriber's Form 1095-B to her/him and will file a copy of each of those forms with the IRS (with the 1094-B transmittal form).

Unfortunately, the Trust is unable to file Forms 1095-C on behalf of its members. Forms 1095-C must be issued to each of an Employer's full-time employees, whether enrolled in the employer's health plan or not. As the Trust has no information regarding employees who are not enrolled in its health plans, it is unable to file the Forms 1095-C.

Many payroll companies are offering to prepare the Forms 1095-C for their accounts. We would suggest that members contact their payroll companies to learn if these services are being offered. Members who prepare their own payroll or who contract with payroll vendors who are not offering the reporting services may wish to contact companies that are offering to prepare the reports. While the Trust is not recommending any vendor, we have compiled a list of companies that are providing those services.

Employers with Fewer Than 50 FTEs

Employers with fewer than 50 full-time employees (averaging 30 hours per week) or 50 full-time equivalents (FTEs) are exempt from the Employer Mandate and are also exempt from filing Forms 1095-C.

N.B. In our November, 2014 [ACA Update](#), we discussed how "full-time equivalents" are calculated. That update is attached, below.