

Health Care Reform Management Alert Series



Employer Reporting Requirements Finalized

Issue 80

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This is the eightieth issue in our series of alerts for employers on selected topics in health care reform. (Click [here](#) to access our general summary of health care reform and other issues in this series). This series of Health Care Reform Management Alerts is designed to provide an in-depth analysis of certain aspects of health care reform and how it will impact your employer-sponsored plans.

The Department of Treasury has published final rules addressing two reporting requirements under the Affordable Care Act (ACA), which we previously explained in [Issue 72](#) of our Management Alert series. As a refresher:

- **6055 Report:** Section 6055 of the Internal Revenue Code (IRC) imposes a new reporting requirement on providers of minimum essential health coverage. This reporting requirement is intended to collect information for purposes of the “individual mandate” and applies to health insurance issuers, sponsors of self-insured health plans, governments, and other persons that provide minimum essential coverage to individuals.
- **6056 Report:** Section 6056 of the IRC imposes a new reporting requirement on “applicable large employers” (ALEs) that are subject to the employer shared responsibility requirements under the ACA. The reporting requirement is intended to collect information about compliance with the “employer mandate” and requires employers to report to the IRS and to full-time employees information about the health care coverage they have offered. The requirement to furnish employee statements is intended to help employees determine whether they may claim a premium tax credit on their individual tax return for the purchase of coverage on an exchange.

Hot News!

- Simplified Reporting Methods
- Combined Reporting

As reported previously (Issues [67](#), [69](#) and [72](#) which can be obtained here), the reporting requirements under the ACA have been delayed for one year. Accordingly, a reporting entity will not be subject to penalties if it first reports beginning in 2016 for the 2015 calendar year. The final rules promise that the forms needed to comply with the reporting requirements will be made available in draft form “in the near future.”

The final rules clarified and altered several provisions of the proposed rules.

6055 Report

Entities Required to Report

The 6055 Reporting requirements apply to all providers of minimum essential health coverage including plan sponsors of self-insured group health plans. A self-insured plan covering employees of several employers in a controlled group is treated as sponsored by more than one employer and each employer is required to report for its employees. Most employers that sponsor self-insured plans will also be ALE members (required to report under Sections 6055 and 6056) and may file a combined report (as described below). Employers that are not ALE members will either report as separate entities, or one entity may report for the group (although each entity in the group will remain separately liable for timely and correct reporting).

Certain types of health benefits are not considered minimum essential coverage and thus are not subject to the section 6055 Reporting requirements. The final rules clarify that no reporting is required for coverage at on-site medical clinics or for Medicare Part B. In addition, wellness programs that are an element of other minimum essential coverage, coverage that supplements a primary plan of the same plan sponsor, and coverage that supplements Medicare or other government-sponsored coverage are not subject to reporting.

A reporting entity that is an ALE member must file both a return using IRS Form 1095-C and a Transmittal Form using IRS Form 1094-C (or other forms designated by the IRS). Other reporting entities will use Form 1094-B and Form 1095-B.

Information Required to be Reported to the IRS

Covered Individuals

The final rules clarify that for purposes of the 6055 Report, the provider of minimum essential coverage must report for all covered individuals, whether or not the individuals are common law employees. No reporting is required for individuals who are eligible but not enrolled.

As indicated in [Issue 72](#), 6055 Reports must be submitted to the IRS by **February 28** (or March 31 if filed electronically) of the year following the calendar year to which they relate.

Information Required to be Reported to Individuals

Mailing Addresses

If a reporting entity sends individual statements through first class mail to the recipient's last known permanent address, the reporting entity will be considered having fulfilled its obligation to locate the individual. The final rules do not permit reporting entities to furnish statements electronically unless an individual affirmatively consents to electronic furnishing.

The final rules clarify that reporting entities may furnish statements to employees along with the employees' Form W-2 in the same mailing.

Substitute Statements

The final rules permit the use of substitute statements that include the information required to be shown on the return filed with the IRS. The IRS plans to provide these requirements in published guidance or instructions. It is anticipated that reporting entities will be able to check a box on the statement to report that an individual was covered for the entire year.

Social Security Numbers:

The final rules retain the rule in the proposed rules directing reporting entities to provide taxpayer identification numbers (TINs) for all covered individuals and to provide a date of birth only if a TIN is not available after the reporting entity makes reasonable efforts to obtain it. The final rules consider it reasonable to solicit a TIN three times.

Reporting entities must furnish statements to employees no later than **January 31** of the year following the calendar year in which coverage was provided.

6056 Report

Entities Required to Report

ALE Members

The 6056 Reporting requirements apply on a member by member basis, even though the determination of whether an entity is an ALE is made on an aggregated, controlled group basis. Although ALEs that have fewer than 50 full-time employees are exempt from the 6056 Reporting requirements, if an ALE has 50 or more full-time employees, each ALE member that has less than 50 full-time employees must comply with the 6056 Reporting requirements.

An ALE member will satisfy its reporting requirements if it files, for each full-time employee, both a return using IRS Form 1095-C and a Transmittal Form using IRS Form 1094-C (or other forms designated by the IRS).

Multiemployer Plans

Recognizing that some of the information relevant to the 6056 Report may be held by a multiemployer arrangement and some held by an ALE member, the final rules have a special rule for ALE members who contribute to a multiemployer plan that provides health coverage. Under this special rule, the multiemployer plan administrator will prepare returns pertaining to the full-time employees eligible to participate in the multiemployer plan, and the ALE member will prepare returns pertaining to the remaining full-time employees who are not eligible. The multiemployer plan administrator will file a separate return for each ALE member that is a contributing employer. The multiemployer plan may assist the ALE member in furnishing Employee Reports as well. The final rules require a single Transmittal Form reporting data for all full-time employees of the ALE member, and only one Employee Report for each full-time employee of the ALE member. Further details will be provided in forms and instructions.

Information Required to be Reported to the IRS

Except as permitted by the simplified reporting methods (described below), the final rules require that each ALE member report the same information set forth in the proposed rules. (See [Issue 72](#)) Unlike the 6055 Report, the rules do not require reporting of TINs or social security numbers for spouses and dependents; only the TIN of the full-time employee is required for a 6056 Report. A truncated TIN may be used on Employee Reports.

Every ALE member must file the returns and Transmittal Form annually by **February 28** (March 31 if filed electronically) of the year following the calendar year to which the 6056 Report relates. Electronic filing is required, except for an ALE member filing fewer than 250 returns (required under Sections 6055 and 6056).

Information Required to be Reported to Individuals

The rules require every ALE member that files a 6056 return to furnish a written statement ("Employee Report") to each of its full-time employees identified on the return. (See [Issue 72](#)) The Employee Report may be made either by furnishing a copy of Form 1095-C (without the Transmittal Form) or a substitute statement that includes the necessary information.

The statements must be furnished on or before **January 31** of the year following the calendar year to which the 6056 Report relates. (A 30-day extension may be available upon showing of good cause.) Employers are permitted to furnish the Employee Report in the same mailing as the Form W-2. Electronic furnishing of 6056 Employee Reports is permitted if notice, consent and hardware and software requirements are met.

Reporting Facilitated by Third Parties

ALE members are permitted to use third parties to facilitate filing returns and furnishing Employee Reports to comply with Section 6056. If an ALE member uses more than one third party, or if an ALE member reports with respect to some of its employees and has a third party report with respect to others, then there must be only one Employee Report and one Transmittal Form filed reporting aggregate data for all full-time employees of the ALE member. The IRS intends to provide forms and instructions to facilitate third party reporting.

Simplified Methods for Employer Reporting - The information provided to the IRS and to the employee is important for administering the employer mandate and the premium tax credit. However, the IRS has identified specific groups of employees for whom simplified reporting provides sufficient information.

- *Qualifying Offers* - For ALE members that provide a “qualifying offer” to any of their full-time employees, the final rules provide a simplified alternative to reporting monthly, employee-specific information on those employees.
 1. The ALE member must certify (probably on the Transmittal Form) that for all months during the year that an employee was a full-time employee, a qualifying offer was made. 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 \$1,100 in 2015 (9.5 percent of the federal poverty level), plus an offer of coverage to the employee’s spouse and dependents. (Note that an ALE member relying on the transition relief provided in the final 4980H rules pertaining to the offer of coverage to dependents in 2015 will not be treated as offering coverage to dependents for purposes of the simplified reporting requirements).
 2. For employees who receive qualifying offers for all 12 months of the year, employers will need to report only the names, addresses, and TINs of those employees and the fact that they received a full-year qualifying offer. Employers will also give the employees a copy of the simplified report or a standard Employee Report indicating that the employee received a full-year qualifying offer.
 3. 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 the months for which the qualifying offer was made.
- *2015 Phase-in* - Solely for 2015, an ALE member 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 reporting method for their entire workforce. Those employers will be treated as meeting the 6056 Reporting requirements if they file a Form 1095-C with the IRS for each employee providing only the employee’s name, social security number, address and a code indicating either that an offer was made for all 12 months or the specific months that an offer was not made. A simplified Employee Report will be prescribed by the IRS as well.
- *98% Offers* - An ALE member may avoid identifying whether a particular employee is a full-time employee in the 6056 Report for one or more calendar months or reporting the total number of its full-time employees, provided that the member certifies that it offered affordable, minimum value coverage to at least 98 percent of the employees on whom it is reporting.


Combined Form for Reporting

ALEs who sponsor a self-insured health plan must submit both the 6055 and the 6056 Reports. After the proposed rules were issued, many commenters noted there was significant duplication in the information required to be submitted in each report. Accordingly, the final rules provide that ALE members may file a single return and statement in order to comply with all of the reporting requirements under Sections 6055 and 6056. The combined report will have two sections: the top half will include the information needed for the 6056 Report, while the bottom half will include the information needed for the 6055 Report.

- ALE members that sponsor a self-insured plan will complete both parts of the combined form.
- ALE members that sponsor an insured plan will complete only the top section of the combined form, and the insurer will file a separate form (Form 1095-B) to report the Section 6055 information.

Although 2016 seems to be a long way off, while waiting for the IRS to issue the necessary forms and instructions, employers should gear up and prepare to collect the information necessary for the 6055 and 6056 Reports. Employers who do not currently require social security numbers may want to start requiring them for enrollment purposes. In addition, employers should determine whether they qualify for and will use a simplified method for the 6056 Reporting.

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