

ACA: Section 6055 and 6056 Health Coverage Reporting

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ACA: Section 6055 and 6056 Health Coverage Reporting

Presented by Erica Storm, Esq., and
Becca Kopps, Esq.

Kinloch
INSURING RESULTS

Introduction

Today's Presenters

Erica Storm, Esq.

- *Employment and benefits attorney*
- *Expertise in Affordable Care Act and other health plan compliance issues*
- *Educates companies on compliance obligations*

Becca Kopps, Esq.

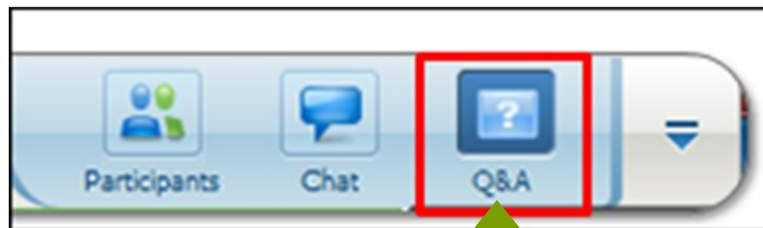
- *Employment and benefits attorney*
- *Primary focus: Affordable Care Act issues*
- *Creates educational materials and compliance resources*

Webinar Logistics

To call in to
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We welcome your
questions at any time!
Questions will be
addressed at the end
of the session.



Select Q&A and
choose "Send to All
Panelists" to submit
your questions.

Today's Agenda

- Overview of the Section 6055 and 6056 requirements
- Reporting entities
- Methods of reporting
- Information to be reported
- Forms and instructions – *2014 forms and instructions released Feb. 8, 2015*

Overview

Section 6056 Reporting

- The Affordable Care Act added Section 6056 to the Internal Revenue Code
- Requires **applicable large employers** to report information about the health insurance coverage they offered (or did not offer) by:
 - Filing information returns with the IRS
 - Providing statements to full-time employees

Purpose of Section 6056 Reporting

IRS:

- Administer the **employer shared responsibility provisions** of Section 4980H (the pay or play rules)

IRS and ALE's employees:

- Help determine whether an employee is eligible for a **premium tax credit** for Exchange coverage

Rules for Self-insured Plans



- ALEs that sponsor self-insured group health plans must also report information under Code Section 6055
- For these ALEs, information required under Sections 6055 and 6056 will be reported on a single form

Section 6055

- The Affordable Care Act added Section 6055 to the Internal Revenue Code
- Requires every **provider of minimum essential coverage** to report coverage information by:
 - Filing an information return with the IRS
 - Furnishing a statement to covered individuals

Purpose of Section 6055 Reporting

IRS:

- Administer the **individual shared responsibility provision** (the individual mandate)

Individuals:

- Show compliance with the individual mandate
- Prove that they **do not have to pay a penalty**

IRS Reporting Guidance

March 5, 2014

- Final regulations on 6055 and 6056 reporting requirements

July and Aug.
2014

- Draft reporting forms and instructions released

Aug. 29, 2014

- IRS Q&As on information reporting requirements

Feb. 8, 2015

- Final 2014 forms and instructions released
- **Reporting not required for 2014 coverage**
- 2015 forms may change

Effective Dates



The information reporting requirements are first effective for coverage offered or provided in **2015**



Information returns and statements must be provided beginning in **2016**

- To report information regarding coverage in 2015

** Voluntary compliance is encouraged for 2014*

Reporting Deadlines – IRS Returns

Annual
Deadline

- Returns due on or before Feb. 28 (March 31, if filed electronically)

2015
Return
Deadline

- Feb. 29, 2016 (Feb. 28, 2016, is a Sunday)
- March 31, 2016, if filed electronically

Electronic filing is **REQUIRED** if filing 250+ returns

Reporting Deadlines – Individual Statements

Annual
Deadline

- Statements due on or before Jan. 31

2015
Statement
Deadline

- Feb. 1, 2016 (Jan. 31 is a Sunday)

Employers MAY furnish statements electronically if requirements are met

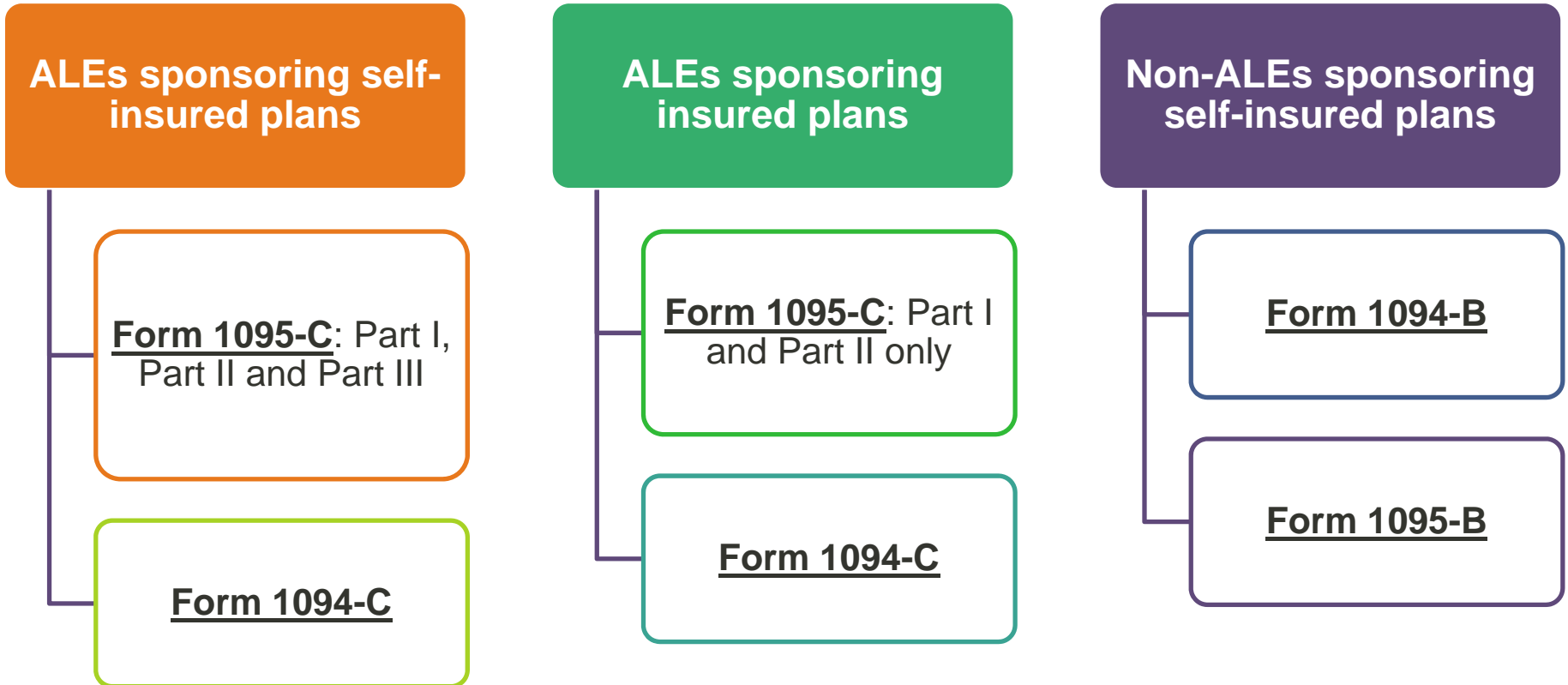
Forms for 6056 Reporting

Form No.	Form Name	Used to:
1094-C	Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Return	<ul style="list-style-type: none">• Report summary information for each employer to the IRS• Certify eligibility for medium-sized employer delay (if applicable)• Transmit Forms 1095-C to the IRS
1095-C	Employer-Provided Health Insurance Offer and Coverage	<ul style="list-style-type: none">• Report information about each employee• Satisfy combined 6055 and 6056 reporting requirements (for ALEs with self-funded plans)

Forms for 6055 Reporting

Form No.	Form Name	Used to:
1094-B	Transmittal of Health Coverage Information Returns	<ul style="list-style-type: none">• Transmit Forms 1095-B to the IRS
1095-B	Health Coverage Statement	<ul style="list-style-type: none">• Report information to the IRS and individuals• About individuals who are covered by minimum essential coverage and are therefore not liable for the individual shared responsibility payment

6055 & 6056 Reporting



Non-ALEs sponsoring insured plans are not required to report under either Section 6055 or Section 6056

Electronic Reporting – IRS Returns

Electronic filing is **REQUIRED** for reporting entities that file 250 or more individual statements per calendar year

250 Return Threshold

- Applies separately to each type of return required to be filed
- Only Forms 1095-B or 1095-C are counted
- If 250 or more returns are filed, transmittal forms also must be filed electronically

If fewer than 250 statements are filed:

- Electronic filing is not required
- The reporting entity may file on paper or electronically

Providing Individual Statements

General Rule

- Provide statements on paper by mail to last known permanent address (or temporary address)

Electronic Statements

- Statements MAY be furnished electronically (not required)
- Notice, consent, and hardware and software requirements apply

Employee Consent

- May consent on paper or electronically (such as by email)
- Consent on paper must be confirmed electronically by the individual
- Statement may be furnished electronically by email or by informing the individual how to access the statement on the employer's website

Penalties



- Information returns
 - Failure to file timely or include all required information
 - Including incorrect information
- Individual Statements
 - Failure to timely furnish or include all required information
 - Including incorrect information on the statement

Penalty Amounts

Penalty Type	Per Violation	Annual Maximum	Annual Maximum for Small Employers
General	\$100	\$1.5 million	\$500,000
Corrected within 30 days	\$30	\$250,000	\$75,000
Corrected after 30 days and before Aug. 1	\$60	\$500,000	\$200,000
Intentional Disregard (no reductions apply)	\$250 (or more)	None	N/A

Short-term Relief from Penalties

Penalties will not be imposed on reporting entities that can show good faith efforts to comply

Relief Available

- Incorrect/incomplete information reported in 2016 related to 2015 coverage
- Failure due to reasonable cause (IRS discretion)

Relief NOT Available

- No good faith effort to comply
- Failure to timely file information return or furnish statement

Section 6056 Reporting

Who is Required to Report?

Applicable large employers that are subject to the employer shared responsibility provisions

Definition

- An employer that employed, on average, at least 50 full-time employees during the prior calendar year
- Includes full-time equivalent employees
- Special rules for seasonal workers

Status

- Based on prior year data
- Locked in for each calendar year
- Can use 6+ month periods for 2015 status

Commonly-owned companies

- Treated as a single employer
- Determined under IRC section 414 (controlled group and affiliated service group rules)
- Each member of the group responsible for own reporting

Full-time Employee

- **Full-time employee**
 - Employed on average at least 30 hours of service per week (130 hours in a calendar month)
- **Full-time equivalent employee (FTE)**
 - Hours of service for PT employees (up to 120 hours/person per month)
 - Divide by 120
 - Result = number of FTE employees for the month



Who is not Required to Report?

Small Employers

- Employers that are not subject to the employer shared responsibility provisions are not required to report under Section 6056
- BUT small employers that sponsor self-insured plans are required to report under Section 6055

Section 6055: Required Returns

Form **1094-B** Transmittal of Health Coverage Information Returns

Department of the Treasury Internal Revenue Service

OMB No. 1545-2252
2014

1 Filer's name
2 Employer identification number (EIN)
3 Name of person to contact
4 Contact telephone number
5 Street address (incl.
7 State or province

8 Total number of
Under penalties of per
Signature
For Privacy Act and

Form **1095-B** Health Coverage

Department of the Treasury Internal Revenue Service

OMB No. 1545-2252
2014

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Part I Responsible Individual (Policy Holder)

1 Name of responsible individual
2 Social security number (SSN)
3 Date of birth (if SSN is not available)
4 Street address (including apartment no.)
5 City or town
6 State or province
7 Country and ZIP or foreign postal code
8 Enter letter identifying Origin of the Policy (see instructions for codes):

Part II Employer Sponsored Coverage (If Line 8 is A or B, complete this part.)

10 Employer name
12 Street address (including room or suite no.)
13 City or town
14 State or province
15 Country and ZIP or foreign postal code
17 Employer identification number (EIN)
18 Contact telephone number

Part III Issuer or Other Coverage Provider

19 Name
20 City or town
21 State or province
22 Country and ZIP or foreign postal code

Part IV Covered Individuals (Enter the information for each covered individual(s).)

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered # 12 months	(e) Months of coverage												
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
23				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 62704B Form 1095-B (2014)

- **Form 1094-B:** Transmittal of Health Coverage Information Return
- **Form 1095-B:** Health Coverage

Methods of Reporting



General method: may be used by all ALEs for reporting to the IRS and furnishing statements to full-time employees



Alternative methods: may be used by eligible ALEs for certain employees

- ALEs that are not eligible to use an alternative reporting method for certain employees must use the general method for those employees



General Method of Reporting

All ALEs must report information about health coverage offered to full-time employees

- Including **whether an offer of health coverage was made**
- Applies to all ALEs whether or not they offered health coverage to full-time employees
- ALEs that do not offer any coverage must report that coverage was not offered

For each full-time employee, the ALE must report:

- Whether an offer of health coverage was or was not made to the employee
- If an offer was made, the required information about the offer

General Method – Information Reported to the IRS

Employer name, address and EIN

Contact person's name and telephone number

The calendar year for which the information is reported

Whether MEC was offered to full-time employees (and their dependents) each month

Each full-time employee's share of the lowest cost monthly premium for self-only coverage providing minimum value

The number of full-time employees for each month

The name, address and TIN of each full-time employee and the months the employee was covered under the employer-sponsored plan

General Method – Information Furnished to Full-time Employees

An ALE must furnish to each full-time employee a written statement showing:

- The ALE's name, address and EIN
- The information required to be shown on the Section 6056 return filed with the IRS (Form 1095-C) with respect to that full-time employee (and his or her spouse and dependents)

The written statement may be either:

- A copy of the Form 1095-C; or
- A substitute form (must include the required information and comply with IRS requirements)

ALEs are not required to include a copy of the transmittal form (Form 1094-C) that is filed with the IRS

The Qualifying Offer Method

ALE must make a **Qualifying Offer** for all months of a year in which the employee was full-time under Section 4980H

Qualifying Offer occurs when the ALE:

- Offers MEC that is affordable (based on FPL) and provides minimum value **AND**
- Offers MEC to the employee's spouse and dependents (if any)

If made for all 12 months:

- Provide less detailed information on IRS returns
- Provide simplified employee statements (unless enrolled in self-insured coverage)

If not made for all 12 months

- Use the general reporting method
- Use an indicator code for months that a Qualifying Offer was received

Qualifying Offer Method: 2015 Transition Relief

General Rule:

- Use the general method to report for all employees that didn't receive a Qualifying Offer for all 12 months

2015 Transition Relief:

- If a Qualifying Offer is made to at least 95% of full-time employees, the ALE can report simplified data for ALL full-time employees

How to Report:

- Use the Qualifying Offer method, except:
 - Separate indicator codes will apply for months in which a Qualifying Offer was received or Transition Relief applies
 - Simplified employee statements will indicate whether the employee may be eligible for a premium tax credit and direct employees to IRS information on premium tax credits

The 98% Offer Method

ALE must offer affordable, minimum value coverage to at least 98% of employees and dependents reported on its Section 6056 return

- Affordability based on any pay or play safe harbor method

How to Report:

- Eligible ALEs do not have to specify their number of full-time employees or identify which are full-time on IRS returns
- No simplified method for employee statements

Reporting for Medium-Sized ALEs

Medium-sized ALEs eligible for the one-year delay will still report under Section 6056 for 2015

All eligible ALEs certify that they:

- Employ a limited workforce
- Did not reduce workforce size or overall hours of service to satisfy workforce size condition
- Did not eliminate or materially reduce the health coverage (if any) offered as of Feb. 9, 2014

ALEs with non-calendar year plans:

- Also certify regarding the months of their 2015 plan year that fall in 2015 or 2016

Section 6055 Reporting

Who is Required to Report?

Any person that provides minimum essential coverage to an individual:

- **Insured plans:** the health insurance issuer (not the employer)
- **Self-insured group health plans:** the plan sponsor
- **Government-sponsored programs:** the executive department or agency of a governmental unit that provides coverage under the government-sponsored program

Minimum Essential Coverage

Eligible employer-sponsored coverage

- Including insured and self-insured plans, COBRA coverage and retiree coverage

Individual health coverage

- Including a qualified health plan offered by the Health Insurance Exchange (Marketplace)

Government programs

- Including Medicare Part A, Medicaid, CHIP and TRICARE coverage

Does not include “supplemental coverage” such as HRAs, HSAs, coverage at on-site medical clinics or Medicare Part B

Self-Insured Plan Sponsors

If the plan is...	The plan sponsor is...
Maintained by a single employer	The employer
Maintained by more than one employer (but not a multiemployer plan under ERISA)	Each participating employer (without application of aggregation rules)
A multiemployer plan (as defined in ERISA)	The board of trustees, or other similar group of representatives of the parties who establish or maintain the plan
Maintained solely by an employee organization	Employee organization
Sponsored by some other entity	The person designated by plan terms or, if no person is designated, each entity that maintains the plan

Section 6055: Required Returns

Form 1094-B Transmittal of Health Coverage Information Returns

Department of the Treasury Internal Revenue Service

OMB No. 1545-2252

1115

2014

1 Filer's name

2 Employer identification number (EIN)

3 Name of person to contact

4 Contact telephone number

5 Street address (incl. apt. no.)

7 State or province

8 Total number of filers

Under penalties of perjury

Signature

For Privacy Act and

Form 1095-B Health Coverage

Department of the Treasury Internal Revenue Service

OMB No. 1545-2252

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2014

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Part I Responsible Individual (Policy Holder)

1 Name of responsible individual

2 Social security number (SSN)

3 Date of birth (if SSN is not available)

4 Street address (including apartment no.)

5 City or town

6 State or province

7 Country and ZIP or foreign postal code

8 Enter letter identifying Origin of the Policy (see instructions for codes):

9 Small Business Health Options Program (SHOP) Marketplace identifier, if applicable

Part II Employer Sponsored Coverage (If Line 8 is A or B, complete this part.)

10 Employer name

11 Employer identification number (EIN)

12 Street address (including room or suite no.)

13 City or town

14 State or province

15 Country and ZIP or foreign postal code

Part III Issuer or Other Coverage Provider

16 Name

17 Employer identification number (EIN)

18 Contact telephone number

19 Street address (including room or suite no.)

20 City or town

21 State or province

22 Country and ZIP or foreign postal code

Part IV Covered Individuals (Enter the information for each covered individual(s).)

(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered # 12 months	(e) Months of coverage												
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For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 62704B

Form 1095-B (2014)

- **Form 1094-B:** Transmittal of Health Coverage Information Return
- **Form 1095-B:** Health Coverage

Information Reported to the IRS

The provider's name, address and EIN

The responsible individual's name, address and TIN (or date of birth if a TIN is not available)

- **Responsible individual:** generally, the person who enrolls one or more individuals in MEC (may be the primary insured, employee, former employee, uniformed services sponsor, parent or other related person named on the coverage application)

The name and TIN (or date of birth if a TIN is not available) of each covered individual and the months he or she was enrolled

For coverage provided by an issuer through a group health plan:

- The name, address and EIN of the employer sponsoring the plan
- Whether coverage is a SHOP QHP and the SHOP's identifier

TIN Collection

TINs are
required

- Reporting of Taxpayer Identification Numbers (TINs) for all covered individuals is necessary for the IRS to verify an individual's coverage

Reporting
birth dates
in lieu of
TINs

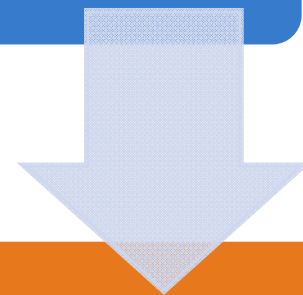
- If providers are unable to obtain a TIN after making a reasonable effort, the individual's **date of birth** may be reported in lieu of a TIN
- Reasonable effort generally includes an **initial solicitation**, an **annual solicitation** and a **second solicitation**

Penalty
Relief

- A coverage provider will not be subject to a penalty if it demonstrates that it properly solicits the TIN but does not receive it

Information Furnished to Individuals

Providers must also furnish a written statement to responsible individuals



Written statement must include:

- The information reported to the IRS for the covered individual(s)
- A phone number for the provider's contact person

Combined Reporting

Combined Reporting

Combined Reporting Rules

- ALEs that sponsor self-insured group health plans must satisfy **both Section 6055 and 6056** rules
- Combined reporting process available using Forms 1094-C and 1095-C
- Intended to reduce administrative costs and burdens

Combined Reporting Process

- Report 6055 and 6056 information using a single form
- Form 1095-C has separate sections for 6055 and 6056 information
- For non-employees, ALEs can use either Forms 1094-B and 1095-B or Form 1095-C (Part III)
- Non-employees include covered directors, retirees or COBRA beneficiaries (not covered family members)



Additional Clarifications

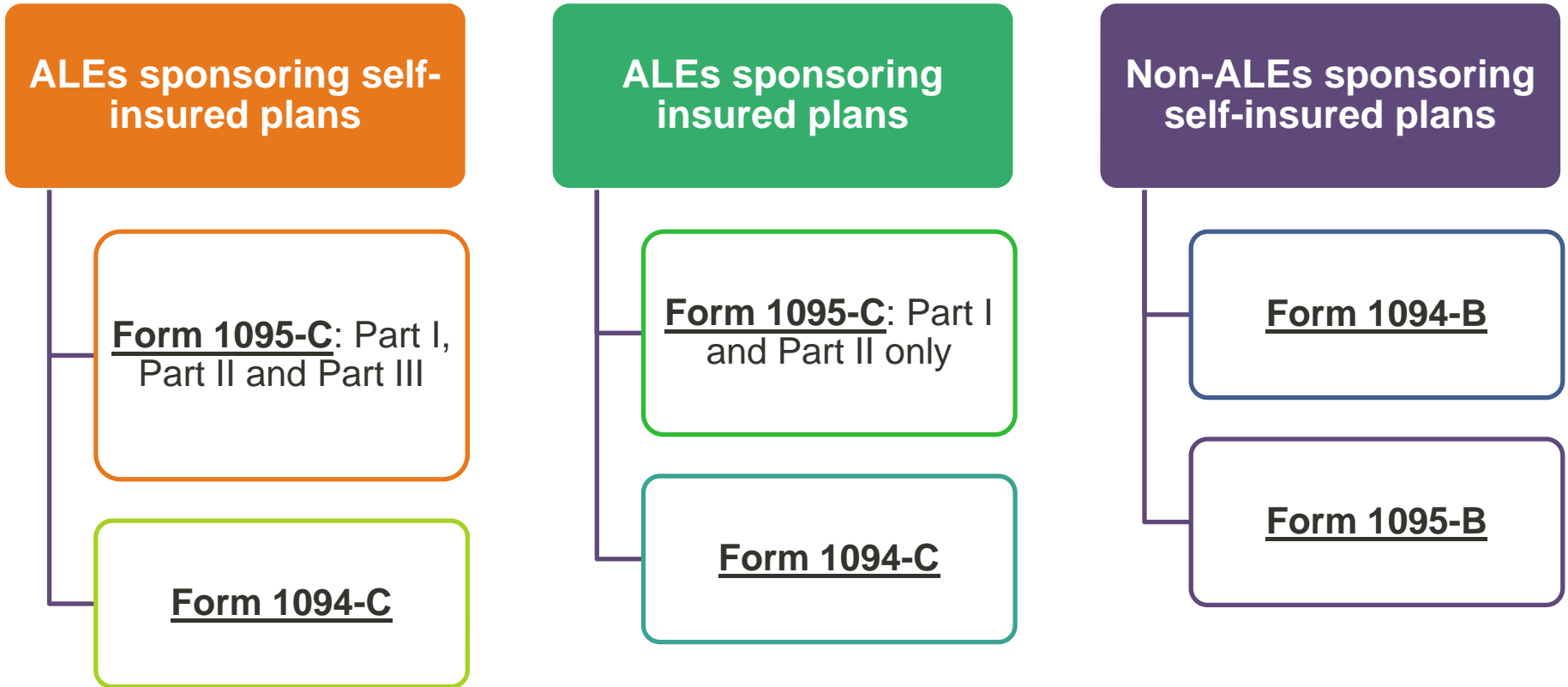
Final Instructions

- SSNs can be truncated on employee/individual statements (not on IRS returns)
 - EINs cannot be truncated on IRS returns
- All ALEs must include a country code with the employee's address on Form 1095-C
- Total employee count can be determined using first or last day of first payroll period in a month (or the first or last day of each month)
- No 1095-C for individuals who are not an employee of the ALE or are in a limited non-assessment period for the whole year

Final Instructions – Family Members

- An offer of dependent coverage must be to an unlimited number of an employee's dependents
- For employees who are covered as family members of another employee:
 - Report enrollment information only for the employee who enrolled in the coverage
 - Report the other family members as covered individuals if required
- Coverage considered offered to a spouse even if a reasonable, objective condition applies to eligibility

6055 & 6056 Reporting



Non-ALEs sponsoring insured plans are not required to report under either Section 6055 or Section 6056

Questions?



Thank you!

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