



ACA Reporting

The Patient Protection and Affordable Care Act, also known as the ACA, imposes an obligation, known as the employer mandate, on certain employers to provide healthcare coverage to their employees. Employers with fifty (50) or more full-time employees are subject to the ACA's employer mandate. Those employers are known as Applicable Large Employers or ALEs. Failure to provide what is known as minimum essential coverage (MEC) can expose an ALE to a penalty.

What are the ACA Reporting Requirements?

In order to track ALEs that fail to provide minimum essential coverage to their employees, the Internal Revenue Code (Code) imposes reporting obligations on employers. The ACA reporting obligations fall on all ALEs, as well as an employer, of any size, that sponsors a self-funded health plan.

The Internal Revenue Service (IRS) has developed forms that employers must use in order to comply with the reporting requirements of the ACA. Which form an employer is required to file depends upon whether it is an ALE or a small employer that sponsors a self-funded health plan.

All ALEs are required to use IRS Forms 1094-C and 1095-C, whether they sponsor a fully-insured plan or a self-funded health plan. An employer with fewer than fifty employees that sponsors a self-funded health plan is required to use IRS Forms 1094-B and 1095-B. In either case, an employer is required to provide a copy of the form to the plan's participants (either 1095-B or 1095-C) and is also required to file a copy of the forms with the IRS, along with a transmittal form (either 1094-B or 1094-C).

What Information Do the Forms Require?

The ACA added section 6056 to the Code. Section 6056(b)(2) provides that an employer's reporting form will satisfy the requirements of the ACA if the form contains the following information:

1. the name, date and employer identification number of the employer,
2. a certification as to whether the employer offers to its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan,
3. the length of any waiting period with respect to such coverage,
4. the months during the calendar year for which coverage under the plan was available,
5. the monthly premium for the lowest cost option in each of the enrollment categories under the plan,
6. the employer's share of the total allowed costs of benefits provided under the plan,
7. the number of full-time employees for each month during the calendar year, and
8. the name, address and TIN of each full-time employee during the calendar year and the months, if any, during which such employee (and any dependents) were covered under any such health benefits plan.



In addition to filing the forms with the IRS, the ACA requires that employers, including non-ALEs that sponsor a self-funded health plan, send a form to each employee, whether they are a participant in the plan or not. The ACA requires the form to be mailed to the employee by first-class mail unless the employee has consented to electronic transmission. A small employer that sponsors a self-funded health plan uses Form 1095-B, which requires the following information:

1. the name, social security number, date of birth and address of the Responsible Individual,
2. the employer's name, employer identification number and address,
3. the name, employer identification number, contact telephone number and address of the entity providing coverage, and
4. names, social security numbers and months of coverage of the employee and family members covered under the employer's plan.

With respect to number 1 above, the term “Responsible Individual” refers to what is known as the “individual mandate” under the ACA. The ACA’s individual mandate requires most persons to provide insurance coverage for the individual and their dependents. The ACA used to impose a penalty on individuals who failed to obtain the required insurance coverage. In 2017, the penalty was reduced to \$0.00. So, while the ACA’s individual mandate technically still exists, there is no penalty for failure to comply. The Form 1095-B is used to show whether an employee has satisfied the ACA’s individual mandate.

With respect to number 3 above, the entity providing coverage is the employer in the case of a self-funded health plan. If the plan uses insurance, then this refers to the insurance company.

Does the ACA Impose Reporting Deadlines?

Yes. The Forms 1095-B and 1095-C are sent to the IRS with a transmittal form – 1094-B and 1095-B, respectively. The forms must be filed by February 28 of the year following the plan year. However, if the forms are filed electronically, instead of by mail, the filing deadline is extended to March 31. There are significant penalties for failure to file the required forms, so it is important that an employer obtain help in preparing and filing the forms.

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