EXECUTIVE SUMMARY

- New employer and insurer reporting requirements, under the Affordable Care Act (ACA), begin for employers in the 2015 calendar year to assist with IRS enforcement of both individual & employer coverage requirements.
- Filings are due in 2016 for the 2015 calendar year to implement two new sections of the IRS Code:
  - Section 6055: All plans to report if providing Minimum Essential Coverage (MEC)
  - Section 6056: Large Employers, as defined by the ACA, to report if offering qualified (minimum value), affordable health coverage under the employer “shared responsibility” requirements of the ACA.
- Reporting will be on a calendar year basis regardless of the employer’s plan year.
- Employers will file these returns using a single form. The structure will be similar to Form W-2 reporting; however, a separate informational statement than the Form W-2.
- Electronic filing will be required IF the employer files at least 250 returns.
  - Fully Insured Plans: Returns Filed by the Carrier and the Employer
  - Self-Funded Plans: Returns Filed by the Employer
- Employers of all sizes, including those with fewer than 50 full-time employees (including full-time equivalents) that offer Minimum Essential Coverage (MEC), are subject to a portion of these new reporting requirements.
- Employers with 50-99 full-time employees (including full-time equivalents) are required to collect necessary data in advance of the reporting requirements, even though not subject to the ACA employer coverage mandate and penalty exposure until the plan year on or after January 1, 2016.

IMMEDIATE CONSIDERATIONS

- Confirm internal systems are structured to collect necessary data and confirm all involved with the organization’s payroll processes are engaged in estimating resources to communicate and comply. Assess any additional resources or software needs for ongoing compliance.
- Social Security Numbers (SSNs) for dependents are required. Since many employers do NOT have SSNs,
dates of birth are an alternative for data collection.

- Employers are awaiting the **final forms** from the IRS, as of 01.01.15, following the release of draft forms and draft instructions in August 2014.

### ACA REPORTING REQUIREMENTS

#### SNAPSHOT SUMMARY

| ELECTRONIC FILING & EMPLOYEE STATEMENTS | For calendar year plans, employers must file returns annually by **February 28** if filing by paper and **March 31** if filing electronically.  
  | Electronic filing will be required **IF** the employer files at least 250 returns.  
  | Employers will be required to prepare a **statement** for each employee. A copy (or substitute statement) must be provided to employees by January 31.  
  | Employees may receive the information electronically **by consent**; however, acceptance to receive this information electronically must be separate from employee acceptance to receive Form W-2 information electronically. |
| PENALTY EXPOSURE | **FAILURE TO FILE TIMELY:** $100 PER RETURN, $1.5 M CAP  
| **FAILURE TO PROVIDE STATEMENT:** $100 per return, $1.5 M CAP  
| IRS will not impose penalties for incomplete information for the 2015 reporting year **IF** employers have made a "good faith" effort to comply. This one-year exception applies for missing taxpayer ID numbers, if the employer has documentation of at least two annual efforts to request necessary data. |
| WHO MUST FILE? | **FULLY-INSURED PLANS:** Returns Filed by the **Carrier** and the **Employer**.  
| **SELF-FUNDED PLANS:** Returns Filed by the **Employer**. |
| **6055 & 6056 FAST-FACTS** | **SECTION 6055 REPORTING:** Employers of all sizes that offer **Minimum Essential Coverage (MEC)**, as defined under the ACA, are subject to these requirements. This includes employers with fewer than 50 full-time equivalent employees offering self-funded plans.  
| **SECTION 6056 REPORTING:** Employers averaging **at least 50 full-time** (allocating for full-time equivalent employees) on business days within the preceding calendar year are subject to these requirements. Reporting requirements apply for the 2015 year, even for those employers in which the employer Shared Responsibility requirements are delayed until plan years on or after January 1, 2016 (i.e., employers employing 50-99 full-time equivalent employees). |
SECTION 6055 REPORTING

REPORTING INFORMATION REQUIRED BY INSURERS AND SMALL SELF-FUNDED EMPLOYERS AS TO WHICH INDIVIDUALS ARE ENROLLED IN MINIMUM ESSENTIAL COVERAGE

THIS INFORMATION IS TO ASSIST THE IRS WITH THE INDIVIDUAL COVERAGE MANDATE.

Data Included:

1. Name, address, and taxpayer identification number (“TIN”), or date of birth (if TIN is not available) of employee
2. Name & TIN, or date of birth, of each spouse or dependent of employee covered under the plan
3. Months during which each listed individual was covered during the calendar year

An individual is considered covered for the month IF the individual was covered for at least one day during the month.

Example of Required Data for Section 6055:

ABC Employer Group  EIN 12-3456789

<table>
<thead>
<tr>
<th>NAME</th>
<th>SS#</th>
<th>J</th>
<th>F</th>
<th>M</th>
<th>A</th>
<th>M</th>
<th>J</th>
<th>A</th>
<th>S</th>
<th>O</th>
<th>N</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jon Doe</td>
<td>123-45-6789</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Kevin Doe Jr.</td>
<td>222-55-6666</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Mary Smith</td>
<td>345-67-8910</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>

Notes: Jon Doe & Mary Smith Received Coverage (Enrolled) for 12 Months. Kevin Doe Jr. Received Coverage for 4 Months.

See page 5 for the ACA definition of Minimal Essential Coverage (MEC).

SECTION 6056 REPORTING

REPORTING INFORMATION REQUIRED BY LARGE EMPLOYERS AS TO WHETHER FULL-TIME EMPLOYEES (THOSE EMPLOYED FOR ONE MONTH OR MORE) WERE OFFERED COVERAGE, AND THE LOWEST AMOUNT AN EMPLOYEE WOULD PAY TO RECEIVE MINIMUM VALUE COVERAGE

THIS INFORMATION IS TO ASSIST THE IRS WITH THE EMPLOYER SHARED RESPONSIBILITY & PENALTIES.

May be Reported through a General Method OR through Two Alternative, Simplified Methods

General Reporting Method: A return for each full-time employee documenting coverage offered to the employee and the coverage the employee elects.

Two Alternative Reporting Methods:

1. Certification of Qualifying Offer Method 2015 Only. Employer certifies a qualifying offer of Minimum Value self-only coverage to the full-time employee at a cost of no more than 9.5% of the Federal Poverty Level

2. 98% Offer Method Large employer certifies an offer of affordable, Minimum Value coverage to at least 98% of full-time employees and their families

Employers may choose to use a simplified method for groups of employees where the criteria are met, and continue to use the general reporting method for other employees.

ADDITIONAL DETAILS: Each employer of a multi-employer plan must report with respect to each full-time employee who receives an offer of coverage. Consistent with the application of the penalty requirements under the ACA, each member company of a commonly controlled group will be evaluated separately and must report separately.
A RETURN FOR EACH FULL-TIME EMPLOYEE (FOR ONE MONTH OR MORE DURING THE CALENDAR YEAR) IS FILED WITHIN TWO SECTIONS: COVERAGE OFFERED & COVERAGE ELECTED

1. Name, address, and EIN of employer
2. Name and telephone number of employer’s contact person
3. Calendar year for which the information is reported
4. Certification, month-by-month, as to whether employer offered the full-time employee (and his or her dependents) the opportunity to enroll in employer-sponsored coverage
5. Months for which coverage was available
6. Amount of the employee contribution for the lowest monthly premium cost for self-only coverage
7. Number of full-time employees for each month
8. Name, address, and SSN of the full-time employee and the months during which an employee was covered

**EXAMPLE OF REQUIRED DATA FOR SECTION 6056**

**Part II Employee Offer and Coverage**

<table>
<thead>
<tr>
<th></th>
<th>All 12 months</th>
<th>J</th>
<th>F</th>
<th>M</th>
<th>A</th>
<th>M</th>
<th>J</th>
<th>A</th>
<th>S</th>
<th>O</th>
<th>N</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>14. Offer of Coverage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
</tr>
<tr>
<td>15. Employee Share of Lowest-Cost Monthly Premium, for Self-Only Minimum Value Coverage Minimum Value = $120</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
<td>1C</td>
</tr>
<tr>
<td>16. Applicable Section 4980H Safe Harbor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1H</td>
<td>1H</td>
<td>1H</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**1C:** Minimum Value Coverage Offered Employee & Dependents Only

**1H:** No offer of Coverage (employee not offered any health coverage or employee offered coverage not providing Minimum Essential Coverage)

**Part III Covered Individuals**

<table>
<thead>
<tr>
<th>(a) NAME</th>
<th>(b) SS#</th>
<th>(c) DOB (if SSN not available)</th>
<th>(d) Covered all 12 months</th>
<th>J</th>
<th>F</th>
<th>M</th>
<th>A</th>
<th>M</th>
<th>J</th>
<th>A</th>
<th>S</th>
<th>O</th>
<th>N</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jon Doe</td>
<td>023-45-6789</td>
<td></td>
<td></td>
<td>2A</td>
<td>2A</td>
<td>2D</td>
<td>2D</td>
<td>2D</td>
<td>2F</td>
<td>2F</td>
<td>2F</td>
<td>2F</td>
<td>2F</td>
<td></td>
</tr>
</tbody>
</table>

**2A:** Employee NOT Full-time or Employed for the Month

**2D:** Waiting Period

**2F:** Section 4980H Affordability Form W-2 Safe Harbor
REFERENCE
UNDERSTANDING THE ACA COVERAGE REQUIREMENTS

MINIMUM ESSENTIAL COVERAGE (MEC)

Minimum Essential Coverage (MEC) applies to the ACA individual health coverage requirement. Medical coverage provided to current employees through a Group Health Plan is Minimum Essential Coverage. Also considered MEC: Qualified Individual Market Coverage; Grandfathered Health Plan Coverage; Government Sponsored Programs (Medicare, Medicaid, CHIP & TRICARE).

- Limited scope vision and dental coverage are not Minimum Essential Coverage.
- Minimum Essential Coverage includes COBRA coverage, major medical coverage provided through a retiree-only plan, and also retiree-only Health Reimbursement Arrangements ("HRAs"). Reporting is not required for HRAs that are integrated with the employer's medical plan or for Medicare supplemental coverage offered to retirees.

**MINIMAL ESSENTIAL COVERAGE (MEC): Applies to Individuals.**
Individuals Must be Enrolled in a Plan with MEC OR Pay the Individual Market Penalty, as of January 1, 2014.

**MINIMUM VALUE: Applies to Employers.**
If > 100 Full-time Employees (Accounting for Full-Time Equivalents): Employer-Sponsored Plans Must Pay 60% of Covered Expenses (Cost of Benefits) to Qualify as “Minimum Value,” as well as Offer Affordable Coverage under the ACA OR Pay Penalties, as of Plan Years on or after January 1, 2015.