2015 ACA reporting requirements

The ACA established a process requiring employers and insurers to submit information to the IRS so that the penalties and tax credits can be enforced.

Both small and large employers, or insurers in the case of fully funded plans, will send a statement to employees covered by a plan and submit a full report to the IRS. In addition, large employers must also report to the IRS on their entire workforce indicating employee by employee and month by month if the employee was eligible, ineligible, in a waiting period or enrolled in a plan. There are four reports to be filed. This requirement is also called Section 6055 and 6056 reporting.

Because the reporting for large employers covers their entire workforce, rather than covered lives, insurers will not be able to assist with these reports. Large employers may want to begin discussions with their payroll services firms to find out what support, if any, they can lend to Section 6056 reporting.

Considerations for 2015

Employer reporting is optional in 2015 (for the 2014 calendar year). However, the individual mandate is in place and employees must self-report whether (or not) they had coverage throughout 2014 when filing their tax returns in spring 2015. Employers should consider the following when determining if they will file in 2015:

• Burden on human resources/benefits staff
• Questions from employees when completing individual tax filings
• Ability to secure employees’ permission to send statements electronically in subsequent years
• Benefits to understanding nuances of filing before it becomes mandatory

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<table>
<thead>
<tr>
<th>Group size</th>
<th>Who files</th>
<th>Sent to</th>
<th>Due</th>
<th>Information collected</th>
<th>Purpose</th>
</tr>
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</table>
| Small, large | • Fully-funded groups filed by insurer  
• Self-funded groups must file for their business | Employees enrolled in coverage | Jan. 31, 2016 and annually thereafter | • Contact information for employer and insurer (if filed by insurer)  
• Employees’ names, addresses, SSNs and DOBs  
• Dependents’ names and SSNs  
• Months the individual and dependents, if any, were enrolled | Allows individuals to prove they had coverage and therefore not subject to individual penalty |
| | | IRS | Feb. 28, 2016 (or March 31, 2016 if filed electronically) and annually thereafter | |

Section 6056
Information Reporting for Applicable Large Employers on Health Insurance Coverage Offered Under Employer-Sponsored Plans

<table>
<thead>
<tr>
<th>Group size</th>
<th>Who files</th>
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<th>Information collected</th>
<th>Purpose</th>
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</table>
| Large | Employer is responsible | All employees | Jan. 31, 2016 and annually thereafter | • Contact information for employer  
• Employees’ names, addresses and SSNs  
• Whether employee (and dependents) were offered MEC by month  
• Whether employee (and dependents) were enrolled in MEC by month  
• Each full-time equivalents (FTE’s) share of lowest-cost monthly premium  
• Number of FTEs for each month | Allows the IRS to identify noncompliance with the employer mandate and assess penalties on employers that do not comply |
| | | IRS | Feb. 28, 2016 (or March 31, 2016 if filed electronically) and annually thereafter | |

Penalties for failing to report

Reporting is required for all employers beginning in 2016 (for the 2015 calendar year) and for those who are eligible for transition relief in 2015. While an employer may have transitional relief for 2015 under the Play or Pay Rule, they could be subject to fines for not complying with the reporting requirements. The fines are the same as those associated with W-2 filings, which is $100 per report.