

# Affordable Care Act health insurance information reporting – are you ready?



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# Employers should begin considering data gathering for ACA information reporting

Under the Affordable Care Act (ACA) and starting next year (for filing in 2016), large employers are required to provide information statements to employees and information returns to the IRS that contain details about employees' health coverage benefits.

This new information reporting effort is substantial in scope and requires a coordinated effort between payroll departments, benefits enrollment and insurance plan administrators. On the other hand, the reporting infrastructure necessary to produce employee statements and IRS returns is similar to the annual filing of federal Forms W-2. Consequently, while payroll departments will be dependent on data from other internal and external systems to meet the reporting requirements, they will likely be integral in the compliance effort.

In July 2014, the IRS released draft forms for meeting these new reporting requirements. Here we explain the data that will be needed based on these draft forms so that payroll departments can begin plans for the information-gathering effort that begins next year.

## IRS draft forms released

On July 24, 2014, the Department of the Treasury and the IRS released long-awaited draft tax forms for the ACA's information-reporting requirements for employers and health insurers under IRC §6055 (Forms 1094-B and 1095-B) and IRC §6056 (Forms 1094-C and 1095-C). The IRS announced in a statement that instructions will be released this month, and that technical specifications for employers reporting electronically also are forthcoming. The IRS is now soliciting comments on the draft forms, which may result in changes to the final forms.

Under §6056, employers must provide information to the IRS and employees about coverage that employers offer to their employees. IRC §6055 requires insurers and employers with self-insured plans to report to the IRS information on individuals enrolled in health coverage plans.

The information-reporting requirements generally apply to large employers as defined under the ACA (i.e., employers with at least 50 full-time equivalent employees).

Employers must begin collecting information required to be reported when the employer mandate takes effect on January 1, 2015, and information returns will be filed for the first time in 2016.

The final regulations apply the same filing schedule used for Forms 1099 to the filings required under IRC §6055 and IRC §6056. That is, annual returns for the calendar year must be filed with the IRS electronically by the following March 31, or by February 28 if filed on paper.

Statements to employees must be provided annually by January 31.

For a chart summarizing the employer's health insurance reporting requirements under the ACA, see [page 2](#).

## Affordable Care Act information reporting – are you ready?

1. Check out the summary [chart](#) of the new statements and returns that are required and when they are due
2. Take a look at the IRS draft forms:  
[Form 1094 series](#)  
[Form 1095 series](#)
3. [Read](#) about the data you will need to gather
4. Watch the [replay](#) of our ACA webcast
5. Have an internal meeting to determine the individuals responsible for data gathering and how reporting will be coordinated
6. Meet with prospective vendors that will potentially support your compliance efforts

Information about Ernst & Young LLP's Affordable Care Act reporting and other workforce support services is available [here](#).

# Employers should begin considering data gathering for ACA information reporting

Continued

Summary of employer information reporting requirements under the Affordable Care Act (ACA)			
	Form W-2 Box 12, Code DD <i>IRC §6051(a)(14)</i>	<b>New!</b> Self-insured employers and insurance providers <i>Forms 1094-B and 1095-B IRC §6055</i>	<b>New!</b> ACA-covered employers <i>Forms 1094-C and 1095-C IRC §6056</i>
<b>Information to be reported</b>	Aggregate cost of coverage of plans subject to reporting requirement <sup>i</sup>	Information on enrollment in minimum essential coverage (See page 4)	Information on offer of employer-sponsored coverage (See page 4)
<b>Entity required to report</b>	All employers issuing 250 or more Forms W-2 in the prior year	<ul style="list-style-type: none"> <li>▶ Health care insurance issuers with respect to coverage that is not a qualified health plan offered on the individual market through the exchange</li> <li>▶ Employers sponsoring self-insured group health plans<sup>ii</sup></li> <li>▶ Joint boards of trustees responsible for multiemployer plans</li> <li>▶ Designated entities of governmental units</li> </ul>	<ul style="list-style-type: none"> <li>▶ Large employers (50 or more full-time equivalent employees)<sup>iii</sup></li> <li>▶ Designated entities of governmental units</li> </ul>
<b>Who receives the statement/return</b>	<ul style="list-style-type: none"> <li>▶ IRS (via Social Security Administration) via Forms W-2/W-3</li> <li>▶ All employees who otherwise receive Forms W-2 and participate in employer-sponsored plan subject to reporting requirement</li> </ul>	<ul style="list-style-type: none"> <li>▶ IRS</li> <li>▶ Individuals who are enrolled in coverage</li> <li>▶ Covered dependents may be included on report for primary insured<sup>iv</sup></li> </ul>	<ul style="list-style-type: none"> <li>▶ IRS</li> <li>▶ All full-time employees (as defined in IRC §4980H and the underlying regulations)</li> <li>▶ All employees who are offered coverage<sup>v</sup></li> </ul>
<b>Due date to furnish statement to the recipient (i.e., employee or covered individual)</b>	On or before January 31 of following year	On or before January 31 of following year	On or before January 31 of following year
<b>Due date to file information return</b>	On or before March 31 if filed electronically (or February 28 if filed otherwise) of following year	On or before March 31 if filed electronically (or February 28 if filed otherwise) of following year	On or before March 31 if filed electronically (or February 28 if filed otherwise) of following year

## Legend

<sup>i</sup>With limited exceptions, group health plans are generally subject to the reporting requirement. Certain other plans (such as FSAs, employee assistance plans, wellness programs, on-site medical clinic, or integrated dental or vision coverage) are also subject to section 6051 reporting in some cases.

<sup>ii</sup>The final regulations provide that for arrangements covering employees of related corporations, each employer participating in a plan covering multiple entities is treated as the plan sponsor responsible for reporting with respect to its employees.

<sup>iii</sup>The final regulations provide that the section 6056 IRS filing and employee statement requirements are applied separately to each employer in the large employer controlled group.

<sup>iv</sup>Final regulations permit multiple covered individuals to be included on one return filed with the IRS.

<sup>v</sup>The final regulations indicate that an offer of coverage will be reportable for an employee for the month even if the employee was not a full-time employee during that month.

## What data elements are needed for health insurance information reporting?

### Insurance issuers and employer self-insured plans IRS information returns under IRC §6055

- ▶ The name and Taxpayer Identification Number (TIN) of each individual enrolled in minimum essential coverage
- ▶ The name and address of the primary insured or other related person (e.g., a parent or spouse) who submits the application for coverage (referred to in the proposed regulations as the responsible individual)
- ▶ Months during which the individual is treated as having minimum essential coverage (in place of dates of coverage)



### Employer reporting IRS information returns under IRC §6056

The Administration anticipates that the reporting format will accommodate the necessary codes in the event that multiple codes apply with respect to a full-time employee for a particular calendar month. Treasury and the IRS also anticipate that additional indicator codes will be available on the IRC §6056 return to indicate that an employer is using transition relief provided under IRC §4980H final regulations.

- ▶ The name, address and Employer Identification Number (EIN) of the large employer, and the calendar year for which the information is reported
- ▶ The name and telephone number of the large employer's contact person
- ▶ A certification as to whether the large employer offered to its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan, by calendar month
- ▶ The number of full-time employees for each month during the calendar year, by calendar month
- ▶ For each full-time employee, the months during the calendar year for which minimum essential coverage under the plan was available
- ▶ For each full-time employee, the employee's share of the lowest-cost monthly premium for self-only coverage providing minimum value that the large employer offered to that full-time employee, by calendar month
- ▶ The name, address and Taxpayer Identification Number of each full-time employee during the calendar year and the months, if any, during which the employee was covered under an eligible employer-sponsored plan



The proposed regulations anticipate that the following additional information will be required to be reported, some of which may be provided by indicator codes:

- ▶ Information as to whether the coverage offered to employees and their dependents under the employer-sponsored plan meets minimum value and whether the employee had the opportunity to enroll his or her spouse in the coverage
- ▶ The total number of employees, by calendar month
- ▶ Whether an employee's effective date of coverage was affected by a waiting period
- ▶ Whether the large employer had no employees or otherwise credited any hours of service during any particular month, by calendar month
- ▶ Information regarding whether the large employer is a member of a controlled group, determined under IRC §414(b), §414(c), §414(m) or §414(o), and, if applicable, the name and EIN of each employer member of the controlled group constituting the applicable large employer on any day of the calendar year for which the information is reported
- ▶ If an appropriately designated entity is reporting on behalf of a large employer that is a governmental unit or any agency or instrumentality thereof for purposes of IRC §6056, the name, address and identification number of the appropriately designated person
- ▶ If an applicable large employer member is a contributing employer to a multiemployer plan, whether a full-time employee is treated as eligible to participate in a multiemployer plan due to the employer's contributions to the multiemployer plan
- ▶ If a third party is reporting on behalf of the large employer with respect to the large employer's full-time employees, the name, address and identification number of the third party (in addition to the name, address and EIN of the large employer already required under the proposed regulations)

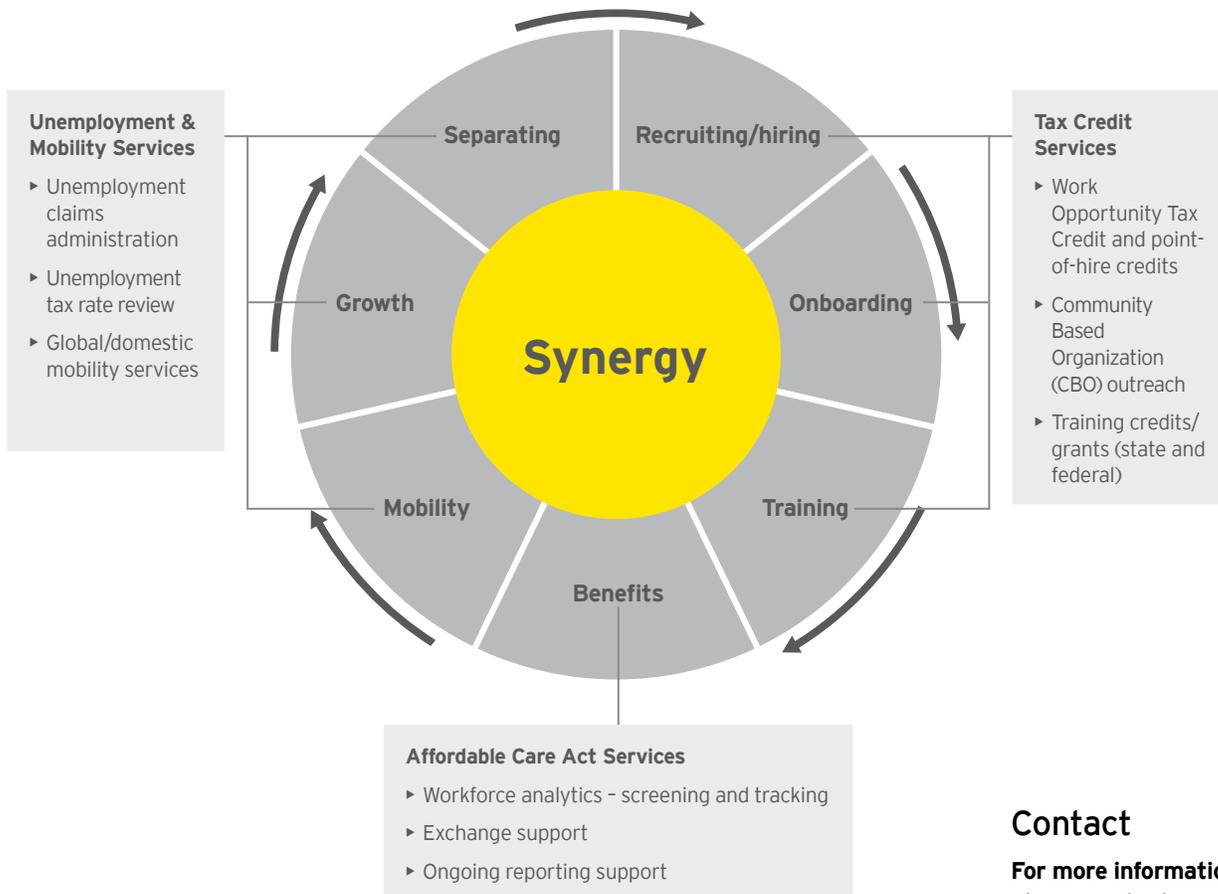
The proposed regulations anticipate that the following information will be reported for each full-time employee for each calendar month using an indicator code:

- ▶ Minimum essential coverage meeting the ACA's minimum value standard was offered to:
  - a. The employee only
  - b. The employee and the employee's dependents only
  - c. The employee and the employee's spouse only
  - d. The employee, the employee's spouse and the employee's dependents
- ▶ Coverage was not offered to the employee, and:
  - a. Any failure to offer coverage will not result in a payment under IRC §4980H(a) or (b) – for example, because the employee was in a limited nonassessment period for certain employers, as defined in the IRC §4980H final regulations (§54.4980H-1(a)(26)).
  - b. The employee was not a full-time employee.
  - c. The employee was not employed by the Applicable Large Employer (ALE) member during that month.
  - d. No other code or exception applies.
- ▶ Coverage was offered to the employee for the month although the employee was not a full-time employee during that month
- ▶ The employee was covered under the plan.
- ▶ The ALE member met one of the affordability safe harbors under IRC §4980H final regulations (§54.4980H-5(e)(2)) with respect to the employee.

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SCORE No. YY3365  
1407-1293312 SW  
ED None

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