

Anchin Compensation and Benefits Services Group



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The Affordable Care Act (ACA) Reporting Requirements for Business Clients

Certain employer reporting requirements for IRS Code Sections 6055 and 6056 under the ACA originally were intended to take effect on January 1, 2014. Employers received transition relief for tax year 2014 delaying the effective date and enforcement until January 1, 2015. Employers will need to gather certain data and report it on newly created Forms 1095-B and 1095-C. Systems will need to be created and updated to collect the required data. The following is an important update on these new forms.

Who files Form 1095-B and what does it contain?

If your company sponsors an insured plan, the insurance company is required to file Form 1095-B. If your company's medical coverage is self-insured, the plan sponsor is required to file Form 1095-B. Regardless of the amount of full time employees, there must be a Form 1095-B filed for any entity that provides health insurance to any of its employees. Form 1095-B reports the name, address and social security number of all individuals (employees, spouses, dependents and others) who are covered under an employer's medical plan and the number of months during which the individual had coverage. Form 1094-B (a transmittal form to 1095-B) will also be required.

Beginning in 2014, individuals are required to be covered by health insurance that provides "minimum essential coverage" or else pay a penalty. Starting in 2015, the IRS will use the information reported on Form 1095-B to verify which individuals have such coverage through an employer and are therefore not subject to the individual mandate penalty.

Who files Form 1095-C and what does it contain?

Sponsors of both self-insured plans and insured plans that are deemed to be Applicable Large Employers must file Form 1095-C. For 2015 only, Applicable Large Employers are those employers whom have 100 or more full time employees. Beginning in 2016 and beyond, the threshold to be deemed an Applicable Large Employer reverts to 50 full time employees. Employers with less than 50 full time employees will not have a 1095-C filing requirement. Form 1095-B and Form 1095-C information can be combined onto one Form 1095-C filing. Form 1095-C reports the following:

- The number of full time employees for each calendar month.
- Name, address and social security number for each employee employed during the calendar year and the months (if any) during which the employee was covered under the employer sponsored plan.
- For each calendar month, full time employees share (self only) of coverage which should meet the minimum value standard (60%) as well as affordability standard (no more than 9.5% of household income).
- Certification from the employer that all full time employees and their dependents were offered the opportunity to enroll in coverage as well as months during the year for which coverage was available.
- Form 1094-C (a transmittal form to 1095-C) will also be required.

In 2015, employers with 100 or more (50 or more beginning in 2016) full time employees must provide affordable health insurance that provides at least a minimum level of coverage to 70% (95% beginning in 2016) of their full time employees or be subject to penalties for employees who receive subsidized coverage on a public insurance marketplace. The IRS will use the information reported on Form 1095-C to determine whether a penalty is to be assessed. The Form 1095-C will also be used to determine whether an employee is eligible for premium tax credits if the employee purchases coverage through a public insurance marketplace.

There will be a simplified method of reporting for Form 1095-C. Although these forms will not be required to be filed until early 2016, most applicable employers will need to begin gathering data within a few short months from now, in January 2015.

To further discuss compliance and reporting requirements for The Affordable Care Act, please contact your Anchin Relationship Partner at 212.840.3456.



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