



## ACA Update

This Compliance *Bulletin* provides an overview of upcoming requirements under the Affordable Care Act (ACA):

- Information Reporting Requirements – Forms 1094 B and C; Forms 1095 B and C
- PCORI Fee Payments

### ***Information Reporting Requirements – Forms 1094 B and C; Forms 1095 B and C***

Under the ACA, starting with the 2015 tax year, most employers must provide their employees and the IRS with detailed information about employee (and dependent) health coverage. The first required information returns must be filed in early 2016 to report coverage data for calendar year 2015.

The purpose of the forms is two-fold:

- Provide the IRS with the information it needs to determine whether an employer has met the requirements of the employer mandate or may be subject to an ACA penalty
- Provide the IRS and employees with the information they need to document whether employees and dependents have met the requirements of the individual mandate or may be subject to an ACA penalty

For tax year 2015, an **applicable large employer (ALE)** is an employer which employed an average of 50 or more full-time employees + full-time equivalent employees during 2014. All others are small employers.

The applicable forms for each employer depend on employer size and the type of plan being offered. Forms 1095 go to employees, and Forms 1094 are transmittal forms for sending the IRS copies of the Forms 1095. Employers offering self-funded plans and employers offering fully-insured plans both have obligations under this rule.

Note that while small employers and applicable large employers (“ALEs” – see box above) with fewer than 100 full-time employees in 2015 may not be subject to penalties under the employer mandate provisions of the ACA for 2015, all ALEs and those small employers that offer self-funded plans must comply with these information reporting requirements. Health Plans clients which are ALEs will use Forms 1094-C and 1095-C, as highlighted in the chart on the next page.

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## Information Reporting Requirements, cont'd

Party responsible for distribution*	Form 1094-B to IRS	Form 1095-B to employee	Form 1094-C to IRS	Form 1095-C to employee
Applicable large employer (ALE) offering self-funded plan			✓	✓ For all full-time employees and covered part-time employees
Small employer offering self-funded plan	✓	✓ For all covered employees		
Carrier of fully-insured plan, regardless of employer size	✓	✓ For all covered employees		
Applicable large employer (ALE) offering fully-insured plan			✓	✓ For all full-time employees

\*Please note that special rules apply to multiemployer plans, with both the fund sponsoring the plan and the participating employers having information reporting responsibilities. For more information, please see the IRS instruction publications at the links below.

### What information must be reported?

Required data may include (but is not limited to): each covered individual's Social Security Number (SSN); whether the individual was covered during each month of 2015; which employees were full-time as defined by the ACA; whether the employee was offered coverage each month during 2015; and the lowest employee cost for self-only coverage each month of 2015.

The forms and instructions for completing them are available from the IRS at the links below. While these are links to the 2014 versions, the IRS has indicated that employers may rely on the 2014 versions to prepare for 2015 reporting.

[Instructions for Forms 1094-C and 1095-C \(2014\) - IRS.gov](#)

[Form 1094-C - IRS.gov](#)

[2014 Form 1095-C - IRS.gov](#)

[Instructions for Forms 1094-B and 1095-B \(2014\) - IRS.gov](#)

[2014 Form 1095-B - IRS.gov](#)

[2014 Form 1094-B - IRS.gov](#)

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## Information Reporting Requirements, cont'd

### How can Health Plans help?

It is each employer's responsibility to complete and file the applicable 1094-B and 1094-C forms with the IRS and to issue the applicable 1095-B and 1095-C forms to all full-time and covered part-time employees. Health Plans can help by providing clients with the information outlined below for employees and dependents covered during each applicable calendar/tax year under plans we administer.

Because employers are permitted to submit only one form for each employee, information about employees not covered under the plans administered by Health Plans for the entire calendar year will need to be consolidated on one Form 1095. Forms 1095 are not required for part-time employees who were not covered under any plan sponsored by the employer during the calendar year, but they are required for all full-time employees (whether or not enrolled) and all part-time employees covered even for one day.

A growing number of payroll and other vendors appear to be working on solutions for offering employer fulfillment services for Forms 1094 and 1095. Your payroll vendor may be able to assist.

**Form 1095-B:** Health Plans will provide the following information:

Part I – Items 1 through 7 (covered employee name, address, SSN (if available) or DOB)

Part IV – Items a through d (covered employee and dependent names, SSNs or DOBs, and dates of coverage)

**Form 1095-C:** Health Plans will provide the following information:

Part I – Items 1 through 6 (covered employee name, address, SSN or DOB)

Part III – Items a through d (covered employee and dependent names, SSNs or DOBs, and dates of coverage)

More information about Forms 1094 and 1095 can be found in IRS [Publication 5196 \(2-2015\)](#). This brochure outlines the general reporting requirements and describes how employers should prepare to issue these forms.

IRS tools and webinars about the technical requirements for submitting Forms 1094 and 1095 are available here: [Affordable Care Act Information Returns \(AIR\) Program](#). Clients may want to encourage the staff responsible for transmitting the forms to the IRS to review the materials currently posted on the site, and to subscribe to [QuickAlerts](#) to be notified of new postings and additional upcoming webinars.

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## Information Reporting Requirements, cont'd

### Important Information about Social Security Numbers

Under the ACA, employers are required to request the SSN for a covered member at least three times:

- Request 1: During initial enrollment either at hire or during Open Enrollment
- Request 2: If not provided under (1):
  - If enrollment occurs before December in a given year, then by December 31 of that year
  - If enrollment occurs in December, then by the following January 31
- Request 3: If not provided under (1) or (2), then the third and final attempt must be by December 31 of the year following enrollment

Until an SSN is received, a member's date of birth must be used to help the IRS confirm identity. If all three attempts are made, and SSNs/TINs are still not provided, employers sponsoring self-insured plans and insurers will continue to provide member date of birth for inclusion on the forms.

### What if Health Plans does not have an employee's or dependent's Social Security Number to provide in the information needed for the 1095 forms?

#### For members enrolled through June 30, 2015:

- 1) In August 2015 Health Plans will send requests to any subscriber (employee) for whom we are missing subscriber or dependent SSNs.
- 2) In November 2015, we will send another request to those who did not respond to the August mailing.

Since the member's SSN is requested initially at enrollment on our enrollment forms (both paper and electronic), and we will send two additional requests for the SSNs, the requirement to request SSNs three times for those members enrolled through June 30, 2015 will be satisfied. If any SSN is still missing after our November request, we will provide the member's date of birth with the data we provide for our clients' 1095 forms reporting. **Going forward, Health Plans will not make additional requests for any member's SSN, including members enrolled on or after July 1, 2015, with retroactive effective dates before July 1, 2015.**

#### For members enrolled on or after July 1, 2015:

Clients will need to obtain members' SSNs upon initial enrollment. **Health Plans strongly recommends that clients mandate the provision of SSNs for all covered family members upon enrollment to reduce or eliminate the need for clients to conduct second and third attempts to obtain missing SSNs as described above.**

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# ACA Update

## ***PCORI Fee Payment Due from Plan Sponsors by July 31, 2015***

PCORI (Patient-Centered Outcomes Research Institute) fees are due July 31, 2015 for plan years ending in 2014. PCORI fees fund research to evaluate and compare health outcomes and clinical effectiveness related to medical treatments, services, procedures and drugs in order to help patients, clinicians, purchasers and policymakers make informed health care decisions.

The fees are due annually, on July 31 of the calendar year following the last day of the plan year, with the final payments for plan years ending between October 1, 2018 and September 30, 2019 due on July 31, 2020.

### **Fee payable in July 2015**

<b>Plan Year End Date</b>	<b>Applicable Fee</b>
Between 1/1/14 and 9/30/14	\$2.00 x average covered lives
Between 10/1/14 and 12/31/14	\$2.08 x average covered lives

In future years the fee will be subject to adjustments indexed to national health expenditures.

Unlike most other assessments that Health Plans collects and pays on behalf of plan sponsors, this fee must be filed on a plan sponsor's tax Form 720 and paid directly to the IRS by the plan sponsor. Clients will want to work with their tax advisors to calculate and pay this assessment.

Upon request, your Health Plans Account Manager will provide you with quarterly census reports to calculate average covered lives using the "snapshot" method. For more details regarding the PCORI fee and the methods of calculating the fee, please refer to the [Compliance Bulletin issued on August 17, 2012](#).

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If you have any questions about the information in this *Bulletin*, please contact your Health Plans Account Manager.

*This Bulletin is intended to provide a summary of our understanding of recent regulatory developments which may affect our clients' plans. It should not be construed as specific legal advice or legal opinion. The contents are for general informational purposes only and are not a substitute for the advice of legal counsel.*