

IRS Releases Draft Forms for Employer Reporting of Health Coverage

The Affordable Care Act (ACA) created new reporting requirements under Internal Revenue Code (Code) Sections 6055 and 6056. Under these new reporting rules, certain employers must provide information to the IRS about the health plan coverage they offer (or do not offer) to their employees.

On July 24, 2014, the Internal Revenue Service (IRS) released **draft versions** of the following forms that employers will use to report under Sections 6055 and 6056:

1. [Form 1094-B](#): Transmittal of Health Coverage Information Returns;
2. [Form 1095-B](#): Health Coverage;
3. [Form 1094-C](#): Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Return; and
4. [Form 1095-C](#): Employer-Provided Health Insurance Offer and Coverage.

Forms 1094-C and 1095-C will be used by applicable large employers (ALEs) that are reporting under Code Section 6056. Forms 1094-B and 1095-B will generally be used by entities reporting as health insurance issuers or carriers, sponsors of self-insured group health plans that are not reporting as ALEs, sponsors of multiemployer plans and providers of government-sponsored coverage under Section 6055. However, a reporting entity that is reporting under Section 6055 as an ALE will file under a combined reporting method, using Forms 1094-C and 1095-C.

According to the IRS, these draft forms are intended to help stakeholders (including employers, tax professionals and software providers) prepare for these new reporting provisions.

These forms are draft versions only, and should not be filed with the IRS. In addition, these draft forms should not be relied upon for filing. The IRS may make changes to the forms prior to releasing final versions.

The IRS anticipates that draft instructions relating to the forms will be posted to its website in August. Both the forms and instructions will be finalized later this year.

Overview of Sections 6055 & 6056

The Code Sections 6055 and 6056 reporting requirements are intended to promote transparency with respect to health plan coverage and costs. They will also provide the government with information to administer other ACA mandates, such as the employer and individual mandates.

On March 5, 2014, the Internal Revenue Service (IRS) released two final rules on the ACA's health coverage reporting requirements.

- The [Section 6055 final rule](#) requires health insurance issuers, self-insured health plan sponsors, government agencies that administer government-sponsored health insurance programs and any other entity that provides minimum essential coverage (MEC) to report information on that coverage to the IRS and covered individuals. This rule finalizes proposed regulations issued on September 5, 2013.

- The [Section 6056 final rule](#) requires applicable large employers (ALEs) subject to the pay or play rules to report to the IRS and covered individuals information on the health coverage offered to full-time employees. This rule finalizes proposed regulations issued on September 5, 2013.

The final regulations apply for calendar years beginning **after December 31, 2014**. This date reflects the one-year delay provided in IRS Notice 2013-45. However, the IRS is encouraging voluntary compliance for 2014.

Filing Requirements

Under both Sections 6055 and 6056, each reporting entity will be required to file all of the following with the IRS:

- A separate **statement** for each individual who is provided minimum essential coverage (for ALEs, this includes only full-time employees); and
- A single **transmittal** form for all of the returns filed for a given calendar year.

These forms must be filed with the IRS annually, no later than February 28 (March 31, if filed electronically) of the year immediately following the calendar year to which the return relates. Due to the one-year delay, the first returns required to be filed are for the 2015 calendar year, and must be filed no later than **March 1, 2016** (February 28, 2016, being a Sunday), or **March 31, 2016**, if filed electronically.

In addition, each reporting entity will be required to furnish statements annually to individuals who are provided minimum essential coverage (for ALEs, this includes only full-time employees) on or before January 31 of the year immediately following the calendar year to which the statements relate. This means that the first statements (meaning the statements for 2015) must be furnished no later than **February 1, 2016 (January 31, 2016, being a Sunday)**. Extensions may be available in certain circumstances.

Any reporting entity that is required to file at least 250 returns under Section 6055 or Section 6056 must file electronically.

Section 6055

Entities reporting as health insurance issuers or carriers, sponsors of self-insured group health plans that are not reporting as ALEs, sponsors of multiemployer plans and providers of government-sponsored coverage will report under Section 6055 on **Form 1094-B** (a transmittal) and **Form 1095-B** (an individual statement), or other form designated by the IRS. Substitute statements that comply with applicable requirements may be used, as long as the required information is included.

However, the final regulations allow all ALEs to use a **single combined form** for reporting the information required under both Section 6055 and Section 6056. Thus, a reporting entity that is reporting under Section 6055 as an ALE will file using **Form 1094-C and Form 1095-C**, or other form designated by the IRS.

Section 6056

As a general method, the Section 6056 return may be made by filing **Form 1094-C** (a transmittal) and **Form 1095-C** (an employee statement), or other forms the IRS designates. A substitute form may be used, as long as it includes all of the required information and complies with IRS procedures or other applicable guidance.

Combined Reporting

Form 1095-C will be used by ALEs to satisfy both the Section 6055 and 6056 reporting requirements, as applicable.

- An ALE that sponsors a self-insured plan will complete both sections of the combined Form 1095-C to report the information required under both Sections 6055 and 6056. Therefore, these ALEs will be able to use a single form to report information regarding whether an employee was covered.

- An ALE that provides insured coverage will also report on Form 1095-C, but will complete only the section of Form 1095-C related to Section 6056.

ALEs will also be providing only a single employee statement (with the Section 6056 information and, with respect to employers with a self-insured group health plan, Section 6055 information). Employers are permitted to mail to an employee in the same mailing one or more of the required information returns, such as the combined Section 6055 and Section 6056 employee statement and the Form W-2.

Reporting for Medium-sized ALEs

On February 10, 2014, the Treasury released [final rules](#) implementing the ACA's employer shared responsibility provisions. These final rules include transition relief delaying compliance for medium-sized ALEs for one year, until 2016. Medium-sized ALEs are those with at least 50 full-time employees (including full-time equivalents), but fewer than 100 full-time employees (including full-time equivalents).

ALEs eligible for this transition relief will still report under Section 6056 for 2015. As part of this transition relief, the ALE must certify on its Section 6056 transmittal form (Form 1094-C) for calendar year 2015 (that is, for the Section 6056 transmittal form that will be filed in 2016) that it meets the following eligibility conditions:

- The ALE employs a limited workforce of at least 50 full-time employees (including full-time equivalents), but fewer than 100 full-time employees (including full-time equivalents) on business days during 2014;
- Between February 9, 2014, and December 31, 2014, the ALE does not reduce the size of its workforce or the overall hours of service of its employees in order to satisfy the workforce size condition; and
- During the coverage maintenance period (that is, the period ending December 31, 2015, or the last day of the plan year that begins in 2015), the ALE does not eliminate or materially reduce the health coverage, if any, it offered as of February 9, 2014.

ALEs with non-calendar year plans will also certify with regard to:

- Their 2015 plan year, including the months of their 2015 plan year that fall in calendar year 2015, on the Section 6056 transmittal form for 2015 (that is, the form that will be filed in 2016); and
- The months of their 2015 plan year that fall in calendar year 2016 on the Section 6056 transmittal form for 2016 (that is, the form that will be filed in 2017).

More Information

Please contact DiMartino Associates for more information on reporting under Code Sections 6055 and 6056.