



IRS Releases Final Regulations for Employer Reporting Under the Affordable Care Act

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On Wednesday, the IRS issued final regulations on the reporting of health coverage and minimum essential coverage (MEC) by employers, as required by the Affordable Care Act (ACA). Although these reporting requirements will not be effective until 2015 (with the first cycle of reports due in early 2016), employers can (and should) begin to assess their reporting obligations now to allow ample time to collect and assemble the necessary data. The IRS is encouraging voluntary reporting for 2014 coverage, through the filing and furnishing of Section 6056 returns and statements in early 2015, in order to increase employers' familiarity with the reporting systems and help facilitate a smoother transition to full implementation.

Released in two parts, the final regulations expand on two sections of the IRC: (1) Section 6056, which governs the reporting of information regarding large-employer health coverage provided to full-time employees; and (2) Section 6055, which requires the reporting of certain information by entities that provide MEC to individuals.

Section 6056

Large employers subject to the "shared responsibility" rules (generally, those entities that employed, on average, 50 or more full-time employees during the previous calendar year—[see our Blast on this topic](#)) must file an annual return with the IRS describing the terms and conditions of the health coverage provided to their full-time employees and containing certain information about covered employees. Statements to that effect must also be provided to full-time employees, which, in conjunction with the Section 6056 return, will help determine whether they are eligible for premium tax credits (employees are ineligible for premium tax credits if they are offered or enroll in MEC under an employer-sponsored, minimum-value plan).

The final Section 6056 regulation describes several simplified reporting options for certain employers (employers may elect to use different reporting methods for distinct groups of employees):

- Applicable large employers with self-insured health plans can use a single combined form to satisfy their reporting obligations under both Sections 6056 and 6055.
- An applicable large employer certifying that it offered minimum-value MEC at a cost to employees (for employee-only coverage) of no more than 9.5% of the federal poverty line and also offered MEC to employees' spouses and dependents (collectively, a "qualifying offer") can also take advantage of simplified Section 6056 reporting. Under

a transition rule effective for 2015 only, an applicable large employer that is able to certify that it made a “qualifying offer” to at least 95% of its full-time employees and their spouses and dependents will also be able to give simplified statements to its employees regarding the coverage provided.

- Finally, an applicable large employer certifying that it offered minimum-value and affordable MEC to at least 98% of its employees (and their dependents) during that year does not have to determine whether each employee is full-time or specify the total number of full-time employees included in the return.

Section 6055

Under the new Section 6055 regulation, every entity that offers MEC (including health insurance issuers and self-insured employers) must file an annual return with the IRS reporting certain identifying information for each individual to whom MEC is provided (and must supply each applicable individual with a statement to that effect). The Section 6055 return must also include information about the employer and the plan. Together, the return and the statement can be used to determine the number of months, if any, that an individual was covered by MEC for purposes of the individual shared responsibility and premium tax credit provisions of the ACA. As described in the previous section, applicable large employers that provide MEC on a self-insured basis can file a single combined return with the IRS for all reporting obligations under Sections 6056 and 6055.

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