



What Employers Need to Know Right Now About Health Care Reform

Highlights of Employer and Insurer Reporting Requirements

The Patient Protection and Affordable Care Act (PPACA) provides that individuals who do not have minimum essential (basic medical) coverage will owe a penalty unless they qualify for an exemption. Employers with 50 or more employees that do not offer affordable, minimum value coverage to their full-time employees also will owe a penalty. In addition, individuals who have lower incomes and meet other requirements may be eligible for advance tax credits to help pay for health coverage if they purchase coverage through a Marketplace. The Internal Revenue Service (IRS) is generally responsible for verifying that individuals have the required minimum essential coverage, individuals who request premium tax credits are entitled to them, and large employers are meeting their shared responsibility ("play or pay") obligations. The IRS will be using Forms 1094 and 1095 to gather the information it needs to administer penalties on those who owe them and to verify that tax credits are accurate.

This reporting will be done on a calendar year basis, even for non-calendar year plans. Reporting will first be due in early 2016, based on coverage offered or provided during 2015.

The individual responsibility requirement is based on the individual *actually having coverage*. Insurers will generally use Form 1095-B to report which months during the year the primary insured and covered family members had minimum essential coverage in place. Plan sponsors of self-funded plans will use either Form 1095-B (if they had fewer than 50 employees in their controlled group) or a specific section on Form 1095-C (if they had 50 or more employees in their controlled group) to report which months during the year the employee or union member and covered family members actually had coverage in place. This reporting will meet the reporting requirements of Section 6055 of PPACA.

The employer-shared responsibility requirement is based on *offering coverage*. Employers will use specific sections on Form 1095-C to indicate whether coverage that was minimum essential, or affordable and minimum value, was offered in a month to a full-time (30 or more hours per week) employee and to the employee's spouse and children. Employers with 50 or more employees must provide this form to employees who worked full-time for one or more months during the year. This reporting will meet the reporting requirements of Section 6056 of PPACA. All employers that had 50 or more full-time or full-time equivalent employees in their controlled group during 2014 will need to provide reporting in early 2016, based on coverage offered during the 2015 calendar year. Although employers with 50 to 99 employees generally do not need to comply with the employer-shared responsibility/play or pay requirements for 2015, they do need to comply with the reporting requirement for 2015. Employers in this situation will enter a code on their Form 1094-C so the IRS will know that they are not subject to penalties for 2015. Employers will provide additional reporting about offers of coverage and controlled group status using Form 1094-C.

The IRS has now issued the [forms and instructions](#) that insurers and employers will use for this reporting. An employer that had fewer than 50 full-time and full-time equivalent employees in its controlled group during 2014 and that offers coverage through a fully insured plan will not need to do reporting for 2015. The carrier will provide the required reporting (using Form 1095-B) to employees and dependents that had coverage during 2015. All other employers -- those that are self-funded regardless of size, and those with 50 or more employees in their controlled group, whether coverage is fully insured, self-funded, or not offered at all -- will need to do reporting in early 2016 based on 2015 coverage.

The IRS has created a [brochure](#) that describes the employer reporting requirements that may be helpful. More detailed information on the reporting forms can be found in our [PPACA Advisor](#).

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