



COMPLIANCE ADVISOR



WHAT YOU NEED TO KNOW

Compliance Recap

January 2016

January was a very quiet month for compliance, on the heels of the multitude of delays that came at the end of December 2015. The IRS updated its FAQs related to 6055 and 6056 reporting under the Affordable Care Act (ACA).

UBA Guides and Compliance Documents

UBA updated the popular "[Play or Pay Penalty and Counting Employees Guide](#)" to reflect updates to affordability percentages; indexed penalty amounts; expiration of certain transition relief; information for educational institutions; clarifications on how disability and workers' compensation is factored into full time status determination; inclusion of flex credits, HRAs, and opt-out waivers when calculating affordability; and clarification on how to factor wellness incentives or penalties into affordability.

UBA created a [reference chart](#) on the applicable 2015 and 2016 ACA affordability percentages and indexed dollar amounts.

UBA updated the previously shared [template letter](#) that employers may use to draft written communication to employees regarding what to expect in relation to IRS Forms 1095-B and 1095-C, and what employees should do with a form or forms they receive.

UBA created a [template consent form](#) that employers may provide to employees, so that employees may consent to receive their employer-provided 1095-C or 1095-B forms electronically.

UBA has updated a previously-written guide on how to handle [leaves of absence under the ACA](#) rules for applicable large employers.

IRS Updates FAQs

The long-standing IRS FAQs related to reporting under sections 6055 and 6056 on requirements provided by the Patient Protection and Affordable Care Act (ACA) have been updated in January 2016 to reflect new information. Final instructions for both the [1094-B and 1095-B](#) and the [1094-C and 1095-C](#) were released in September 2015, as were the final forms for [1094-B](#), [1095-B](#), [1094-C](#), and [1095-C](#). On December 28, 2015, in [Notice 2016-04](#), the IRS extended the information reporting due dates for insurers, self-insuring employers, other health coverage providers and applicable large employers. The updated FAQs take the information from Notice 2016-04 into account.

The [6056 FAQ](#), which discusses information reporting for applicable large employers (ALEs), and the [6055 FAQ](#), which discusses reporting on minimum essential coverage (MEC), clarify that the deadlines for fixing mistakes on forms has been extended due to the overall extension for information reporting. For statements furnished to individuals under sections 6055 and 6056, any failures that reporting entities correct by April 30 and October 1, 2016, respectively, will be subject to reduced penalties.

The 6056 FAQ also clarified that an employer may only issue one 1095-C per full-time employee.

Question of the Month

Q. May an ALE use wellness incentives when determining its plan's affordability?

A. When calculating affordability of employer coverage when incentives or penalties are offered through a wellness program, employers must assume each employee fails to satisfy the requirements of the wellness program, unless it is a non-discriminatory wellness program related to tobacco use. For nondiscriminatory tobacco use incentives, the affordability calculation can assume all employees earn the incentive or are not charged the penalty.

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