



Health Care Reform **Bulletin**

IRS Releases Draft Forms for Employer Reporting of Health Coverage

Provided by MDG

Quick Facts

- On July 24, 2014, the IRS released draft forms for Code Sections 6055 & 6056 reporting.
- Draft instructions were released on Aug. 28, 2014, along with related Q&As.
- These are draft versions only, and should not be filed with the IRS or relied upon.
- Both the forms and instructions are expected to be finalized later this year.

On July 24, 2014, the IRS released draft versions of forms that employers will use to report information about the health plan coverage they offer (or do not offer) to employees.

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 forms that employers will use to report under Sections 6055 and 6056. The IRS also released draft instructions for these forms on Aug. 28, 2014.

1. [Form 1094-B, Transmittal of Health Coverage Information Returns](#), and [Form 1095-B, Health Coverage](#) (along with related [instructions](#)) will be used by entities reporting under Section 6055 as health insurance issuers, sponsors of self-insured group health plans that are not reporting as applicable large employers (ALEs), sponsors of multiemployer plans and providers of government-sponsored coverage.
2. [Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Return](#), and [Form 1095-C, Employer-Provided Health Insurance Offer and Coverage](#) (along with

related [instructions](#)) will be used by ALEs that are reporting under Section 6056, as well as for combined reporting by ALEs who report under both Sections 6055 and 6056.

On Aug. 29, 2014, the IRS also released [Q&As on Section 6055](#) and [Q&As on Section 6056](#). Draft Forms 1095-B and 1095-C were also updated on Aug. 28, 2014, to include instructions for the recipient of the form.

According to the IRS, these draft forms and instructions are intended to help stakeholders (including employers, tax professionals and software providers) prepare for these new reporting provisions. These forms and instructions are **draft versions only**, and should not be filed with the IRS or relied upon for filing. The IRS may make changes prior to releasing final versions.

The IRS expects both the forms and instructions to be finalized later this year.

Overview of Sections 6055 and 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.

The Section 6055 and 6056 reporting requirements were set to take effect in 2014. However, on July 2, 2013, the Treasury [announced](#) that employers will have an additional year to comply with these health plan reporting requirements. **Thus, the 6055 and 6056 reporting requirements will become effective in 2015.** The first returns will be due in 2016 for coverage provided in 2015.

Employers are encouraged to voluntarily comply with the reporting requirements for 2014 (that is, by filing and furnishing section 6056 returns and statements in early 2015). However, compliance is completely optional for 2014 and no penalties will be applied for failing to comply.

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 **Feb. 28 (March 31**, if filed electronically) of the year 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** (Feb. 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 **Jan. 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 **Feb. 1, 2016** (Jan. 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. The 250-or-more requirement applies separately to each type of return and separately to each type of corrected return.

Section 6055

Under Section 6055, every person that provides MEC to an individual during a calendar year must file Forms **1094-B** (a transmittal) and **1095-B** (an information return). This includes:

- Health insurance issuers or carriers;
- Self-insured health plan sponsors;
- Government agencies that administer government-sponsored health insurance programs; and
- Any other entity that provides MEC.

However, ALEs subject to the employer shared responsibility rules that sponsor self-insured group health plans will report information about the coverage in **Part III of Form 1095-C**, instead of on Form 1095-B. In general, an employer with 50 or more full-time employees (including full-time equivalents) during the prior calendar year is considered an ALE.

Section 6056

All ALEs subject to the employer shared responsibility rules must file **Form 1094-C** (a transmittal) and **Form 1095-C** (an information return) for each full-time employee for any month.

- Form 1094-C is used to report summary information for each employer to the IRS and to transmit Forms 1095-C to the IRS.



- Form 1095-C is used to report information about each employee.

These forms help the IRS determine whether an ALE owes penalties under the employer shared responsibility rules, as well as whether an employee is eligible for premium tax credits.

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 all sections of 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 sections 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 Feb. 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 Feb. 9, 2014, and Dec. 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 Dec. 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 Feb. 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 MDG for more information on reporting under Code Sections 6055 and 6056.

