

NEW REPORTING REQUIREMENTS FOR 2016

In accordance with the Affordable Care Act (ACA), beginning in 2016, health care plans, fully-insured large group employers and self-funded plan sponsors who offer minimum essential coverage (MEC) will be required to report to the IRS certain information about individuals covered by MEC, as well as provide a statement to those individuals. The IRS will use this information to administer the employer and individual shared responsibility provisions.

Independent Health has developed this brief fact sheet to help brokers and employers understand the ACA's new reporting requirements.

GLOSSARY OF KEY TERMS

Minimum Essential Coverage – Coverage under an eligible employer-sponsored plan (including self-insured plans), a government-sponsored program, a plan in the individual market, a grandfathered health plan, or other coverage recognized by the Department of Health & Human Services as minimum essential coverage.

Employer Shared Responsibility – Under the ACA, beginning in 2016, employer groups with 50 or more full-time equivalent employees may be subject to one of two Employer Shared Responsibility payments.

1. A group will owe the first type of employer shared responsibility payment if it does not offer minimum essential coverage to at least 95 percent of its full-time employees (and their dependents), and at least one full-time employee receives the premium tax credit for purchasing coverage through the New York State of Health marketplace.
2. Even if a group offers minimum essential coverage to at least 95 percent of its full-time employees (and their dependents), it may owe the second type of employer shared responsibility payment for each full-time employee who receives the premium tax credit for purchasing coverage through the New York State of Health marketplace.

Individual Shared Responsibility – If a taxpayer or any other member of the tax household did not have either minimum essential coverage or an exemption for any month during the year, the taxpayer will need to make a shared responsibility payment with their tax return.

Reporting Penalties – Fully insured large group employers, self-funded plan sponsors and insurers that do not submit an annual IRS return or provide individual statements to covered individuals may be subject to penalties of up to \$250 per return, with a maximum annual penalty of \$3 million. Waivers are available when failure to report is due to a reasonable cause. The IRS will not impose penalties on reporting entities that can show they have made good faith efforts to comply with the information reporting requirements.

REPORTING RESPONSIBILITIES

Group Type	Required Reporting Responsibilities for Independent Health	Required Reporting Responsibilities for Employer
Fully Insured Small Group	Issue Form 1095-B to all fully insured small group plan subscribers (both on and off the marketplace) by January 31, 2016.	Not required to notify employees.
Fully Insured Large Group	Issue Form 1095-B to all fully insured large group plan subscribers by January 31, 2016.	<p>Complete Parts I and II of Form 1095-C.</p> <p>File Form 1095-C with IRS by February 28, 2016 (for paper format) or March 31, 2016 (for electronic format). Must also include Form 1094-C (transmittal form) when filing.</p> <p>Issue a copy of Form 1095-C or alternative statement to all full-time employees, including those who did not receive health care coverage in 2015, by January 31, 2016.</p>
Self-Funded Plan Sponsor	Not required to notify self-funded plan participants.	<p>Complete all three parts of Form 1095-C.</p> <p>File Form 1095-C with IRS by February 28, 2016 (for paper format) or March 31, 2016 (for electronic format). Must also include Form 1094-C (transmittal form) when filing.</p> <p>Issue a copy of Form 1095-C or alternative statement to plan participants by January 31, 2016.</p>

OVERVIEW OF FORM 1095-C

Form 1095-C includes the following three parts:

- **Part I** – Provide employee/employer demographic information
(Fully Insured Large Groups and Self-Funded Plan Sponsors must complete)
- **Part II** – Provide information about the type of coverage, if any, that was provided to the employee during the 2015 calendar year
(Fully Insured Large Groups and Self-Funded Plan Sponsors must complete)
- **Part III** – Provide subscriber and dependent names, Social Security numbers, DOB (if SSN is not available) and the months for which the subscriber and dependents were enrolled in coverage for at least one day
(Only Self-Funded Plan Sponsors must complete)

A copy of Form 1095-C, as well as general instructions, are available at www.irs.gov.

IMPORTANT TO KNOW

New York state will be changing the definition of a small group in 2016. Currently, a business with 50 or fewer Western New York employees eligible for health insurance is considered a small group. However, effective January 1, 2016, a small group will be defined as a business with 100 or fewer full-time equivalent employees. Since the new reporting requirements are for the 2015 calendar year, any business that is considered a large group in 2015 (51–100 employees) will be required to follow the large group fully-insured reporting requirements, even if they move to small group status in 2016, due to the small group definition change. For additional information about the small group definition change, visit www.dfs.ny.gov.

More information about the 2016 reporting requirements and penalties, minimum essential coverage and the shared responsibility provisions is available at www.irs.gov/Affordable-Care-Act.

If your clients or their employees have tax-related questions or concerns, please have them consult with a tax advisor or service.

As always, if you have questions about the ACA requirements or our plans, please contact your Independent Health account manager.

