

HR Brief

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ACA Reporting Requirements – A Basic Overview

The Affordable Care Act (ACA) requires health insurance issuers and applicable large employers (ALEs) to file annual returns with the IRS reporting on the health plan coverage they offered or provided. The reporting will provide the IRS with the necessary information to administer the ACA's employer and individual mandates. The first returns are due Feb. 29, 2016 (or March 31, if filed electronically), which report on coverage offered in 2015.

The purpose of this article is to provide a high-level overview of the requirements to ensure affected employers understand their reporting obligations.

What Employers Are Affected?

Only ALEs and employers that sponsor self-insured plans must satisfy ACA reporting requirements. The reporting requirements are found in Internal Revenue Code Section 6055 and Section 6056.

What does Code Section 6055 Require?

Under Code Section 6055, health insurance issuers and sponsors of self-insured plans are required to report on each individual who is provided with health coverage. Any employer (including non-ALEs) that sponsors a self-insured health plan must satisfy Section 6055 reporting requirements.

A non-ALE that sponsors a self-insured health plan will satisfy Section 6055 reporting using [Form 1094-B](#) and [Form 1095-B](#) and the [related instructions](#).

What Does Code Section 6056 Require?

Under Section 6056, all ALEs must report on the health coverage offered to full-time employees. An ALE that does not offer health coverage must still report under Section 6056, reporting that no coverage was offered. To satisfy Section 6056 reporting requirements, ALEs will use [Form 1094-C](#) and [Form 1095-C](#) and the [related instructions](#).

An ALE that sponsors a self-insured health plan is required to report under **both** Section 6055 and Section 6056 and will report under a combined method of reporting using Form 1094-C and Form 1095-C.

These reporting requirements are new for employers. Understanding if you are subject to reporting, and which reporting, can be half the battle.

For returns and statements filed and furnished in 2016 to report offers of coverage in 2015, the IRS will not impose penalties on reporting entities that can show they made good faith efforts to comply with the information reporting requirements.

DID YOU KNOW?

In June 2015, the U.S. Department of Labor (DOL) issued a [proposed rule](#) to modify the “white collar exemptions” under the Fair Labor Standards Act (FLSA). The proposed rule seeks to significantly increase the minimum salary requirements for employees to be considered exempt.

The DOL received more than 250,000 public comments on the proposed rule. In November, the Solicitor of Labor indicated that the final rule will not be published at the end of 2015 or early 2016 as originally anticipated, but in late 2016.

End-of-year Employee Communications

For many HR departments, the end of the year typically involves facilitating open enrollment for group health benefits. As part of (or in addition to) open enrollment communications, consider reminding employees of the following:

- **Federal and state tax withholdings.** It is not uncommon for an employee to complete his or her Form W-4 upon hire and never think about it again. Remind employees of their ability to update their withholdings. January is a good time for this, as many employees may have started completing their tax returns.
- **401(k) contributions.** Many 401(k) plans permit participants to change their contributions only during certain times of the year. Remind employees of their opportunity to update their contributions, and when the next opportunity will be.
- **Form 1095-C/1095-B.** This is the first year employees will receive a Form 1095-C or 1095-B from their employers or health insurance carriers. Inform employees what the form is and that they will need it to file their income tax returns.