

VEHI Memo

Employer Mandatory Reporting Data Collection

November, 2014

IMPORTANT

The Affordable Care Act (ACA) requires employers who sponsor self-funded health plans to file two reports under the Internal Revenue Code to establish compliance with the individual mandate (6055 Reporting) and the employer mandate (6056 Reporting). The requirements are similar to the current W-2 process. As with Form W-2s, employers are required to provide an information return containing the required 6055 and 6056 data to the IRS, and also to issue a statement to each individual. Employers who sponsor self-funded plans may combine their reporting under a single Form 1094-C.

Note – the required filing relating to health coverage offered by an employer to non-employees or dependents of non-employees will be done with Forms 1094-B and 1095-B. While the guidance is not entirely clear, this group will likely include COBRA participants, retirees and independent contractors.

Annual employer returns must be filed with the IRS by March 1, 2016 for the 2015 calendar year (March 31, 2016 if filed electronically). Corresponding employee statements must be provided to full-time employees by January 31.

An issue that has raised significant concern for employers is the collection of social security numbers not only for employees, but for spouses, dependents, and any other individual (such as retirees, surviving spouses, and COBRA qualified beneficiaries) who may be covered under the employer's plan.

This memorandum addresses this requirement and provides a recommended Healthcare Reform Data Collection Form to assist in the collection process (attached).

6055 Reporting:

VEHI members (regardless of size) **are subject** to the section 6055 reporting of coverage. Even VEHI members with fewer than 50 full-time employees (including full-time equivalents) offering minimum essential coverage (MEC) must issue a return and transmittal form to the IRS and a statement to "responsible individuals" stating whether an individual has minimum essential coverage, including employees not considered 'full-time' (30-hours) but eligible and enrolled in coverage (e.g., part-time employees).

A responsible individual includes an employee, former employee, and an individual who enrolls one or more individuals in minimum essential coverage. An individual means any individual enrolled in minimum essential coverage including full-time and part-time employees, pre-65 retirees, COBRA beneficiaries and eligible dependents.

A 6055 report is not required if an individual is offered minimum essential coverage, but does not enroll.

Coverage does not need to be reported if is supplemental or is secondary to Medicare.

This report will require the employer to provide the following information:

1. The employer's name, date the return is filed, and employer identification number (EIN).
2. The name, address, and social security number (SSN) of the primary covered individual (usually the employee).
3. The name and SSN of each other individual, including spouses and dependents, covered under the plan.
4. For each covered individual, the months during which, for at least one day, the individual was enrolled in coverage.

Employers must include SSNs for all covered individuals. In some cases, the employer may be able to use the date of birth for individuals for whom they cannot obtain the SSN. However, before a date of birth may be used, employers must make a "reasonable attempt" to collect the SSNs of all covered individuals. The method requires the employer to make multiple attempts to collect the SSN as follows:

1. Make an initial solicitation such as at time of hire or when the individual becomes eligible for coverage;
2. If the number is not provided, another request must be made by December 31 of the first year of coverage (or by January 31 if the relationship begins in December);
3. If the number is not provided, another request must be made by December 31 of the following year of coverage (or by January 31 if the relationship begins in December);
4. If these steps are followed, and the SSN still is not provided, the employer may use the date of birth instead of the SSN.

Although the guidance indicates a request may be made orally, it is recommended that all requests be made in writing.

6056 Reporting:

Code Section 6056 requires an employer that is subject to the employer shared responsibility mandate to report to the IRS about the health care coverage offered to full-time employees. Information that will be included in the 6056 reporting includes, but is not limited to:

1. The employer's name, address, date the return is filed, and employer identification number (EIN);
2. The name and telephone number of a contact person;
3. The calendar year for which the information is being reported;
4. The employer's certification as to whether the employer offers its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage, by month;
5. The months during the year minimum essential coverage was available;

6. The number of full-time employees for each month during the calendar year;
7. The total number of employees (by month);
8. The name, address, and social security number of each full-time employee (not dependents) during the calendar year and the months during which that employee was covered under any of the employer's health plans.
9. For each employee, the employee share of lowest cost monthly premium, for employee-only Minimum Value coverage (This is not necessarily the plan in which the employee is enrolled, if any, just the least costly coverage option that provides minimum value.)

In addition, the following information will be collected through indicator codes, by month(s) of coverage:

1. Whether the coverage provide minimum value;
2. Whether the offer of coverage to the employee was on the basis of full-time status;
3. Whether the employee's spouse had an opportunity to enroll;
4. Whether the employee's dependents had an opportunity to enroll;
5. Whether coverage was delayed due to a waiting period;
6. Whether the employer had no employees in a given month;
7. Whether the employer is part of a controlled group;
8. If a third party is reporting, the identification of the third party;
9. If an offer of coverage was not made based on application of the transition relief rules, including if the transition relief rules were based on non-calendar year plans;
10. Affordability safe harbor used, if any.