



# NAVIGATING HEALTHCARE REFORM

September, 2014

## ACA In The News: Employer Reporting of Health Coverage – Code Sections 6055 & 6056

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.

The additional reporting is intended to promote transparency with respect to health plan coverage and costs. It will also provide the government with information to administer other ACA mandates, such as the large employer shared responsibility penalty and the individual mandate.

On March 5, 2014, the Internal Revenue Service (IRS) released two final rules on the ACA's health coverage reporting requirements.

- The first [final rule](#), on the section 6055 reporting requirements, requires health insurance issuers, **self-insured health plan sponsors**, government agencies that administer government-sponsored health insurance programs and any other entity that provides minimum essential coverage (MEC) to report information on that coverage to the IRS and covered individuals.
- The second [final rule](#), on the section 6056 reporting requirements, **requires applicable large employers (ALEs) subject to the pay or play rules** to report to the IRS and covered individuals information on the health coverage offered to full-time employees.



The final regulations apply for calendar years beginning after **Dec. 31, 2014**. This date reflects the one-year delay provided in [IRS Notice 2013-45](#). However, the IRS is encouraging voluntary compliance for 2014.

### EFFECTIVE DATE

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

On July 9, 2013, the IRS issued Notice 2013-45 to provide **transition relief for 2014** for the Code sections 6055 and 6056 information reporting requirements. Under the transition relief, 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 with the reporting rules is completely optional for 2014 and no penalties will be applied for failing to comply.

Those that wish to voluntarily comply with the information reporting requirements in 2014 should do so in accordance with the final regulations. This means that reporting entities should provide both section 6056 and section 6055 information, if applicable, on a single form.

According to the IRS, real-world testing of reporting systems and plan designs, built in accordance with the final regulations, through voluntary compliance for 2014 will contribute to a smoother transition to full implementation for 2015.

## OVERVIEW

TYPE OF REPORTING	AFFECTED EMPLOYERS	REQUIRED INFORMATION	EFFECTIVE DATE
<b>Code §6056</b> —Applicable large employer (ALE) health coverage reporting	Applicable large employers (those with at least 50 full-time employees, including full-time equivalents)	Terms and conditions of health plan coverage offered to full-time employees (helps the IRS administer the ACA's employer shared responsibility penalty)	<b>Delayed until 2015</b> The first returns will be due in 2016 for coverage provided in 2015
<b>Code §6055</b> —Reporting of health coverage by health insurance issuers and sponsors of self-insured plans	Employers with self-insured health plans	Information on each individual provided with coverage (helps the IRS administer the ACA's individual mandate)	

### CODE §6056—APPLICABLE LARGE EMPLOYER (ALE) HEALTH COVERAGE REPORTING

Section 6056 returns must be filed with the IRS annually, no later than **February 28 (March 31, if filed electronically)** of the year immediately following the calendar year to which the return relates. Due to the one-year delay, the first section 6056 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.

Section 6056 employee statements must be furnished annually to full-time employees on or before **January 31** of the year immediately following the calendar year to which the employee statements relate. This means that the first section 6056 employee statements (meaning the statements for 2015) must be furnished no later than **February 1, 2016** (January 31, 2016, being a Sunday). Extensions may be available in certain circumstances.

The final regulations do not permit an alternate filing date for employers with non-calendar year plans. While Treasury and the IRS understand that employers may collect information on a plan year basis, employees will need to receive their section 6056 employee statements early in the calendar year in order to have the requisite information to correctly and completely file their income tax returns for that calendar year.

### CODE §6055—REPORTING OF HEALTH COVERAGE BY HEALTH INSURANCE ISSUERS AND SPONSORS OF SELF-INSURED PLANS

The ACA requires every health insurance issuer, sponsor of a self-insured health plan, government agency that administers government-sponsored health insurance programs and any other entity that provides minimum essential coverage (MEC) to file an annual return with the IRS reporting information for each individual who is provided with this coverage. Related statements must also be provided to individuals.

The IRS will use the information from the returns to implement the ACA's individual mandate (that is, the requirement that individuals obtain acceptable health insurance coverage for themselves and their family members or pay a penalty). The ACA's individual mandate became effective in 2014.

Under the section 6055 reporting requirements, every person that provides MEC to an individual during a calendar year must report on the health coverage provided. Reporting entities include health insurance issuers, self-insured plan sponsors, government-sponsored programs and other entities that provide MEC. To ensure complete and accurate reporting, the final regulations require section 6055 reporting for all covered individuals.

Reporting entities must file the section 6055 information return with the IRS by **February 28** (or **March 31**, if filed electronically) of the year following the calendar year in which they provided MEC.

The entity required to file the IRS return must also furnish a written statement to each individual listed on the return. The statement must be provided by **January 31** following the calendar year for which the information was required to be reported to the IRS. Reporting entities showing good cause may be allowed the flexibility to apply for an extension of time, not exceeding 30 days, to furnish statements.