



HEALTHCARE REFORM “PLAY OR PAY” REPORTING REQUIREMENTS

The Affordable Care Act (ACA) contains two separate but related health-insurance tax penalties for individuals and employers. The individual shared responsibility payment (a.k.a. the individual mandate), requires most taxpayers to have health insurance coverage or pay a tax penalty starting in 2014. The employer shared responsibility payment (a.k.a. the play or pay penalties), requires Applicable Large Employers (ALEs) to provide their full-time employees affordable, minimum value health coverage or potentially pay a tax penalty starting in 2015 or 2016 (depending on employee count — see sidebar).

As with many taxes, these two tax penalties come with their own reporting requirements:

- **§6055 reports** – These reports notify the IRS of the individuals who were provided health coverage by the reporting entity to satisfy the individual mandate.
- **§6056 reports** – This report identifies an ALE’s full-time employees and other information needed by the IRS to determine whether the employer owes a play or pay penalty.

Who is required to file these reports?

- **§6055** – For employers with fully insured health plans, the insurance company will file the §6055 reports. For employers with self-funded health plans, the employer is responsible for filing the §6055 reports, regardless of company size.
- **§6056** – The §6056 reports must be filed by all ALEs, whether the employer offers a fully-insured, self-funded or no health plan.

Who is an ALE?

- An employer who employed an average of 50 or more full-time employees and equivalents (FTEs) during the 2014 calendar year, using the method described in the final play or pay regulations.
- An employer with 50-99 FTEs during 2014 and who meets certain other requirements may qualify as a “medium” employer. A “medium” employer is not subject to play or pay penalties until 2016 but must nevertheless file §6055 and/or §6056 reports for 2015.

What forms are used to make these reports?

There are two different forms that must be filed under §6055 and §6056 — an individual statement that is sent to the employee and a master report that is sent to the IRS.

The master report will be made using Form 1094-C. This is a new form, which the IRS has not yet released. This form will consist of two parts — Part I will cover the §6055 information, and Part II will cover the §6056 information. An employer subject to both reporting requirement will complete both parts of the form. An employer subject to only §6056 reporting will only complete Part II.

The individual report will be made using Form 1095-C. Again, this is a new form which the IRS has not yet released. An employer subject to both §6055 and §6056 will report both sets of information on Form 1095-C. An employer subject only to §6056 will use Form 1095-C to



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report the §6056 information, and the insurance company will report the §6055 information to the employee on a Form 1095-B.

When are these reports due?

§6055 and §6056 reports have the same timeline as W-2s. The individual report (Form 1095-C) for a given calendar year is due to the employee by January 31 of the following calendar year. The master report (Form 1094-C) is due to the IRS by February 28 (March 31 if filed electronically) of that year.

The first §6055 and §6056 reports are due for the 2015 calendar year — so January 31, 2016 for the individual Form 1095-C, and February 28 (or March 31, 2016) for the Form 1094-C master report.

While “medium” employers are not subject to the play or pay penalties until 2016, those employers are nevertheless required to file §6055 and/or §6056 reports for 2015.

What information must be reported?

- **§6055:**
 - The employer’s name, address and tax ID number
 - The name, address and social security number of each employee enrolled on the employer’s health plan at any time during the year
 - The name and social security number of each dependent enrolled on the employer’s health plan at any time during the year (the employer may report the dependent’s date of birth if the social security number is not available but only after making reasonable efforts to obtain the dependent’s social security number)
 - The calendar months during which each such employee and dependent was covered under the employer’s health plan

- **§6056:**
 - The employer’s name, address and tax ID number as well as the name and phone number of the employer’s contact person
 - The number of full-time employees employed in each calendar month during the year
 - The name, address and social security number of each employee who qualifies as full-time at any time during the year
 - For each full-time employee, the following information for each calendar month during the year:
 - Whether the employee and their dependents were offered coverage on the employer’s health plan for that month (and, if not, why not, e.g. the employee was not full-time during that particular month)
 - The employee’s share of the premium for self-only coverage on the lowest cost, minimum value plan available to the employee that month
 - Whether the employee was actually enrolled in the plan for that month
 - Whether one of the affordability safe-harbors applies to the employee for that month (this appears to be an optional requirement)

Are there any exceptions to the reporting requirements?

The §6056 rules allow an employer to report a more limited set of data in two circumstances:

- Where the employer offers a particular employee minimum value health insurance coverage and the employee cost for self-only coverage is less than 9.5% of the federal poverty level for a family of one.
- Where the employer certifies that it offered minimum value, affordable coverage to 98% of the full-time employees. It would otherwise be required to report for the year on Form 1094-C.



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The rules also indicate that the IRS intends to include various check boxes and indicator codes in the final forms and instructions that may help simplify the reporting process in the most common scenarios.

While the initial §6055 and §6056 reports are not due until January 2016, they are based on information and events that occur during the 2015 calendar year. Employers subject to such reporting should think about which systems and procedures may need to be adopted now to ease the reporting process at the end of 2015. While payroll companies and third-party administrators (TPAs) may assist employers with various aspects of the reporting, at this point it's not clear what role they will take or whether any one entity will have all of the necessary data and/or systems to do the reporting on the employer's behalf.

Associated Financial Group will discuss these reporting requirements and other play or pay recordkeeping issues in more detail in our [Strategic planning for large employers VI: "Play or pay" recordkeeping and reporting](#) webinar. To view our full list of healthcare reform webinars, [click here](#). For more information contact us at 800-258-3190 or info@AssociatedFinancialGroup.com.



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