



ACA COMPLIANCE

CHALLENGES FOR EMPLOYERS

BY INFINISOURCE

Discussing aspects of the Affordable Care Act (ACA) without mentioning partisan politics seems a little like talking about guacamole without bringing up avocados. However, we'll do our best to stay politically neutral here while

Infinisource has been coding the relevant areas of its iSolved human capital management technology to be able to provide the completed forms (as they are finalized by the IRS) in a thorough, accurate and timely manner. Go to www.infinisource.com for more information.

focusing on matters of compliance, tracking, reporting, filing and related issues. Provisions of the ACA have been altered or delayed since the bill was signed into law in 2010, and there are ongoing challenges in Congress and federal courts, including the pending *King v. Burwell* Supreme Court case. Whatever the results of these legislative actions, judicial rulings and executive decisions, individuals and employers cannot afford to wait to begin complying with the reporting and filing requirements the IRS administers and enforces.


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The Supreme Court's 2012 ruling in the *National Federation of Independent Business v. Sebelius* case upheld the constitutionality of the ACA's individual mandate as an exercise of the taxing power of Congress. Thus, two vital components of the ACA—the individual and employer mandates—now require all who are not exempt to procure or provide health insurance that meets certain standards or face potential penalties called shared responsibility payments.

Shared Responsibility for Individuals

Under the ACA, the federal government, state governments, insurers, employers and individuals are given shared responsibility to reform and improve the availability, quality and affordability of health insurance coverage in the United States. Starting in 2014, the individual shared responsibility provision calls for each individual to have qualifying health care coverage (known as minimum essential coverage) for each month, qualify for an exemption, or make a payment when filing his or her federal income tax return.

Shared Responsibility for Employers

Applicable Large Employers (ALE) with 100+ full-time equivalents (FTE) in 2015 or 50+ in 2016 will be subject to the Employer Shared Responsibility (ESR) provisions under section 4980H of the Internal Revenue Code. If these employers do not offer affordable health coverage that provides a minimum level of coverage to their full-time employees (and their dependents), the employer may be subject to an ESR payment if at least one of its full-time employees receives a subsidy in the Marketplace.

Section 6055 was added to the Internal Revenue Code by the ACA to require every provider (including plan sponsors of self-funded plans) of minimum essential health insurance coverage to report details on who is covered by filing an information return with the IRS and furnishing a statement to the individuals. The IRS and the individuals use this information to verify shared responsibility (Individual Mandate) compliance.

Form 1095-A (*Health Insurance Marketplace Statement*) is sent to individuals who purchased health insurance through a Health Insurance Marketplace set up by states or the federal government. The information on this form is used for filing Form 8962 (Premium Tax Credit) with individuals' tax returns. Individuals should have received Form 1095-A in the mail by January 31, 2015, for the 2014 tax year, and the form should have also appeared in the taxpayer's online account at Healthcare.gov. This form contains details about the Marketplace, the policy that was bought, the individuals covered, monthly premiums paid, and the Premium Tax Credit applied.

Section 6056 was added to the Internal Revenue Code to require ALEs to file information returns on who is offered coverage with the IRS and provide statements to their full-time employees about the health insurance coverage the employee was offered. This Employer Mandate places more extensive tracking, reporting, and filing demands upon businesses and their payroll service providers.

Employers with fewer than 50 employees may be eligible to buy coverage through the Small Business Health Options Program (SHOP). SHOP has experienced its own implementation delays, so employers should go to the Healthcare.gov website for the latest information. At Healthcare.gov, select the Small Businesses tab, then choose For Employers, and then select a state from the dropdown menu. Click Learn More for details or Apply Now to create an account.

Self-funded plan sponsors with fewer than 50 full-time equivalents and insurers must provide:

- **Form 1094-B** to the IRS—This is known as *Transmittal of Health Coverage Information Returns* and is used to report certain information to the IRS and to taxpayers about individuals who are covered by minimum essential coverage and are therefore not liable for the individual shared responsibility payment.

- **Form 1095-B** to employees—This is also known as *Health Coverage* and provides information needed to report on the individual's income tax return that the individual had qualifying health coverage for some or all months during the year.

If you're also a large employer with 50 or more full-time equivalents, you must provide:

- **Form 1094-C** to the IRS—This is the *Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns* and must be used to report to the IRS summary information for the employer and to transmit Forms 1095-C to the IRS.

- **Form 1095-C** to employees—This is the *Employer-Provided Health Insurance Offer and Coverage* and includes information about the health coverage offered to you by your employer.

Due dates for the forms are the following:

- **Forms due to FT employees:** January 31, 2016

- **Forms due to the IRS:** February 29, 2016 (or March 31, 2016, if filed electronically)

- **Data collection start date:** January 1, 2015 ■

