

Reporting Requirements - 6056 FAQs

Summary

On March 10, 2014, the U.S. Department of the Treasury and IRS published final rules to implement the information reporting provisions certain employers under the Affordable Care Act (ACA) that take effect in 2015.

Section 6056 reporting is the required reporting to the IRS of information relating to offers of health insurance coverage by employers that sponsor group health plans. A statement disclosing information about the offer of coverage must also be furnished to full-time employees.

Applicable Large Employers (ALE)

What is an ALE?

An ALE is one who employs 50 or more full-time employees or full-time equivalents.

What is the definition of a full-time employee?

Full-time employees are those who work at least 30 hours per week. An employer must also count full-time equivalents (FTE) by averaging hours worked by employees, including part-time and seasonal employees. For example, two 15-hour-per-week employees equal one full-time equivalent, since decimals are taken into consideration.

What are the reporting requirements where, for example, the ALE is comprised of a parent corporation and several wholly owned subsidiary corporations?

Under the reporting rules, companies that are part of a parent corporation are combined and treated as a single company. Each company that is combined is referred to as an applicable large employer (ALE) member. This method is used for the purposes of determining whether or not the employer has 50 or more full-time employees including full-time equivalents (FTE) and together are an ALE. When the combined total of full-time employees and FTE meets the threshold, each ALE member (each single company) is subject to the employer shared responsibility provisions (employer mandate) even if a particular individual company or companies does not employ enough employees to meet the 50 or more full-time employee and FTE threshold.

Each ALE member must file under section 6056, regardless of the number of full-time employees of the ALE member. However, one ALE member may facilitate the filing of returns and the furnishing of statements on behalf of another. A single identified section 6056 transmittal form (Form 1094-C) reporting aggregated employer-level data for all full-time employees of the ALE member must be made and only one statement must be furnished to each employee. ALEs with no full-time employees are not required to report.

According to the IRS, government entities and churches may apply a reasonable good faith interpretation of the tax code's controlled group rules in determining their status as an ALE or member of an aggregate ALE group.

Employer Requirements

What is 6056 reporting?

Section 6056 applies to applicable large employers (ALE) with 50 or more full-time employees. It requires them to report to the IRS information with respect to the offer of coverage provided to the ALE's full-time employees and other details that would help determine compliance with the employer shared responsibility provisions (employer mandate).



Under those provisions, a penalty could be assessed on an ALE that fails to offer MEC to its full-time employees (and their eligible dependents) under an eligible employer-sponsored plan if at least one full-time employee enrolls in a qualified health plan through the public Marketplace for which a premium tax credit is allowed or paid (under section 4980H).

What is the definition of a full-time employee?

Full-time employees are those who work at least 30 hours per week. An employer must also count full-time equivalents (FTE) by averaging hours worked by employees, including part-time and seasonal employees. For example, two 15-hour-per-week employees equal one full-time equivalent, since decimals are taken into consideration.

Whose compliance obligation is it to file returns?

Applicable large employers, as defined in section 4980H(c)(2), are required to file returns with respect to each full-time employee and to furnish a statement to each full-time employee by January 31 of the year following the calendar year for which the return must be filed.

What information needs to be reported to the IRS?

Health Section 6056 reporting return must show the following:

1. Name, address and employer identification number (EIN) of the ALE
2. Name and telephone number of a contact person
3. Calendar year for which the information is reported
4. Certification as to whether the ALE offered full-time employees (and dependents) the opportunity to enroll in MEC under a plan by calendar month
5. The months during which coverage was available
6. Each full-time employee's share of the lowest cost monthly premium (self-only) for coverage providing minimum value offered under a plan, by calendar month
7. Number of full-time employees for each month during the calendar year
8. Name, address, Social Security number (SSN) of each full-time employee during the calendar year and the months, if any, during which the employee was covered under the plan
9. Any other information that may be specified

What information needs to be furnished to employees?

Statements required to be furnished to full-time employees must show the name, address and EIN of the ALE, and all of the information summarized above that is reported to the IRS with respect to the full-time employee.

Is the employer required to report coverage information on behalf of COBRA or retiree plan participants?

Section 6056 reporting is specific to full-time employees. For this population, the employer is not subject to the employer mandate because COBRA beneficiaries and retirees are not employed by the group.

However, for 6055 reporting, COBRA beneficiaries and retirees are subject to the individual mandate. As long as the COBRA or retiree plan is minimum essential coverage, the issuer (for fully insured plans) or plan sponsor (for self-funded plans) must furnish a form 1095 to COBRA and/or retiree plan participants.

Why does this information need to be reported to the IRS?

First, the statements support compliance with the employer shared responsibility provision (employer mandate). Second, the statements assist individuals in determining their eligibility for federal financial assistance (subsidy) through the Individual Health Insurance Marketplace, also called an Exchange.

Is there a specific time by when the statements need to be sent to the employees?

The statements must be furnished to responsible individuals/full-time employees on or before January 31 of the year following the calendar year in which the offer of coverage is made. As a general rule, the statements must be sent to the employee's last known permanent address.

How are the reports submitted to the IRS?

Reports can be submitted to the IRS in either paper format by February 28 or electronic format by March 31. Groups that file 250 or more returns are required to file electronically. Each section 6056 return for a full-time employee is counted as a separate return.

Can the statements be sent with the employee W-2 Forms?

The statements may be furnished in the same mailing along with the W-2 Forms. We encourage our ALE customers to reduce compliance costs and explore ways to distribute their section 6056 statements as part of their W-2 mailings.

Is there an alternate reporting option for ALEs?

Yes. Certain ALEs may use an alternate method of reporting for full-time employees who: (1) received a Qualifying Offer for all 12 months of the calendar year and (2) did not enroll in employer-sponsored self-insured coverage. For these employees, an ALE Member meets its Form 1095-C obligation if it furnishes a statement to the employee with the following information:

Employers eligible for this approach will report:

1. Employee's name, address and EIN;
2. Contact name and telephone number at which the employee may receive information about the offer of coverage on the Form 1095-C filed with the IRS for that employee;
3. Notification that for all 12 months of the calendar year, the employee and his or her spouse and dependents, if any, received a Qualifying Offer and therefore are not eligible for a premium tax credit, and
4. Information directing the employee to Pub. 974, Premium Tax Credit, for more information on eligibility for the premium tax credit.

ALEs are not required to use the alternate method of reporting. Instead, the ALE may furnish the employee with a copy of the 1095-C Form filed with the IRS. This method of reporting is not allowed when the employee enrolls in self-insured coverage. In that case, the ALE must furnish Form 1095-C with all of the required information.

Filing Returns

Can the statements be furnished electronically?

Yes. Statements may be furnished electronically so long as the employee affirmatively consents to receive the statement in electronic form. Consent to generally receive plan information electronically is not sufficient. The employee must be able to withdraw the consent and obtain a hard copy of the statement, as well as be informed about changes in the technology being used to furnish the statement.

How are the reports submitted to the IRS?

Reports can be submitted to the IRS in either paper format by February 28 or electronic format by March 31 of the year following the calendar year when MEC was provided. Groups that file 250 or more of any type of information return are required to file electronically.

Forms

What is the difference between Form 1095-B and Form 1095-C?

Both forms are similar since they both will be used to report information to the IRS and to furnish information to taxpayers about their coverage. Both forms contain identifying information about the employee or policy holder (i.e., the responsible individual) that is the primary subscriber of the minimum essential coverage (MEC). In addition, in the case of employer-provided coverage, both forms will include the name, address, phone number and Employer Identification Number (EIN) of the employer sponsoring the coverage. Finally, both forms include identifying information about the health issuer or other entity that provides the coverage on behalf of the employer. The coverage information will be used by employees (and family members) to report on their tax returns that they had MEC for some or all months of the year.

The primary difference between the two forms is that Form 1095-C will be used by employers with 50 or more covered full-time employees (including full-time equivalents) that are subject to the employer responsibility provisions. Form 1095-C contains information about the offer of health insurance coverage made to employees, the employee's share of the lowest cost premium and other information related to the employer responsibility provisions. Information from Form 1095-C will be used by individuals that purchased health insurance coverage through an Individual Health Insurance Marketplace to determine if they are eligible for a premium tax credit. The following table shows an at-a-glance summary of the forms:

Individual/Group Type	Required Form 6055 Reporting	Required Form 6056 Reporting (Employer Responsibility)
Individual (on-Marketplace)	N/A (1095-A sent by Marketplace)	N/A
Individual (off-Marketplace)	Form 1095-B (sent by UnitedHealthcare)	N/A
Small group fully insured (both SHOP Marketplace and off-Marketplace)	Form 1095-B (sent by UnitedHealthcare)	N/A
Small group self-funded	Form 1095-B (sent by employer)	N/A
Applicable large employer (fully insured)*	Form 1095-B (sent by UnitedHealthcare)	Form 1095-C Sections I, II
Applicable large employer (self-funded)	Combined 6055 + 6056 report on Form 1095-C (sent by ALE)	Form 1095-C All sections (6055 + 6056)

*Employees of fully insured ALEs will receive two forms: Form 1095-B from UnitedHealthcare and Form 1095-C from their employer. Subscribers do not have to wait for either Form 1095-B or 1095-C to file their individual tax return. Subscribers may use other sources of documentation, in lieu of the Form 1095 information returns, to prepare their tax return. This includes W-2s, payroll statements, insurance cards, or EOBs.

Form 1095-B is the return used for reporting MEC under section 6055 to the IRS and for furnishing coverage information to covered individuals. (Form 1095-B is transmitted to the IRS using Form 1094-B.) Insurance issuers, in both the individual and group markets, must file Form 1095-B, except in the case of coverage obtained through the Individual Health Insurance Marketplaces. (Issuers file Form 1095-B for coverage obtained through a Small Business Health Options Program (SHOP).)

- Self-funded employers that do not have 50 or more full-time employees (including full-time equivalent employees) and are not subject to the IRS shared responsibility provisions use Form 1095-B to report their MEC to the IRS. Other entities that provide MEC such as sponsors of multiemployer plans, and providers of government-sponsored coverage (Medicare, Medicaid, CHIP, TRICARE) also report their MEC to the IRS on Form 1095-B.

Form 1095-C is to be used by employers with 50 or more full-time employees (including full-time equivalent employees) known as applicable large employer (ALE) members to report information required under section 6055 and 6056 to the IRS. Form 1095-C must be furnished to all full-time employees – those covered under the employer’s plan as well as those who elected not to accept coverage. (Form 1095-C is transmitted to the IRS using Form 1094-C.) This form is required to be used by ALEs for the combined reporting of MEC (under section 6055) and the offer of coverage (under section 6056) to the IRS. The form is used by:

- ALE members that sponsor a self-funded plan: The employer completes Parts I and III of the 1095-C for any employee that enrolls in the health coverage, whether or not the employee is a full-time employee. If the employee is a full-time employee, the employer must also complete Part II. Part II of the form includes information about the offer of coverage that was made to the employee, the employee’s share of the lowest cost monthly premium, and other employer responsibility information.
- ALE members that provide fully insured coverage: The employer completes Parts I and II of Form 1095-C, but does not complete Part III of the form. Part III of the form reports information about the MEC and is reported separately to the IRS by the entity providing the coverage, such as the health insurance issuer.

Timing

By what date does the information return need to be submitted to the IRS?

The time for filing the returns to the IRS is on or before February 28 (or March 31, if filed electronically) of the year following the calendar year in which MEC was provided.

An applicable large employer has a policy year plan that renewed on May 1. Since the plan does not renew on a calendar year, would the 6055 and 6056 reporting requirements begin on May 1 or January 1 of the year following the calendar year in which MEC was provided?

Section 6055 and 6056 reporting is based on the tax (calendar) year regardless of a plan's policy year.

By what date must statements be furnished to employees?

Statements are due no later than January 31 of the year following the calendar year in which MEC was provided. For the 2016 tax year, a 30-day automatic extension was granted and forms will arrive on or before March 2, 2017.

UnitedHealthcare's Approach

Does UnitedHealthcare offer applicable large employers assistance with 6056 reporting on Form 1095-C?

For 6056 reporting on Form 1095-C, fully insured ALEs are responsible to complete Parts I (employee/employer demographics) and II (offer of coverage information) only. The employer would know employee/employer demographic information and whether or not they've offered coverage to their full-time employees and eligible dependents.

If fully insured or self-funded groups want assistance in preparing and distributing the Form 1095-C, they may contact a vendor of their choice to assist them.

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