

EXPERT UPDATE



EXPECT AN EXPERT

IRS Releases Proposed Regulations for Reporting (Code §§ 6055, 6056)

The IRS has released proposed regulations for the Affordable Care Act's reporting requirements under sections 6055 and 6056 that provide details on the reports' content and submission process. This release follows an announcement made earlier this year that these particular reporting (return) obligations, along with the Employer Shared Responsibility provision, would be delayed until 2015. Because of the nature of the data required and the complexities involved for collecting the information from health insurance issuers and plan sponsors for the returns, it is highly likely additional guidance will be released following the conclusion of the comment period.

Section 6055

This particular section of the legislation was designed so that information could be collected about participants enrolled in minimum essential coverage. Health insurance issuers, self-insured employers and other parties that provide health coverage are required to submit a return to the IRS, including contact information about the entity providing coverage, names of participants and the dates each was enrolled under minimum essential coverage during the calendar year, information identifying whether the coverage was a qualified health plan offered through an Exchange and the portion of the premium (if any) required to be paid by participants.

Entities are also required to furnish a written statement to each individual listed on the return that shows the information that was reported to the Service for that individual.

Section 6056

This particular report is required from Applicable Large Employers with respect to its full time employees. Similar to the separate Form W-2, Wage and Tax Statement and its aggregate version Form W-3, this separate report that provides significant details on group health coverage and information on the participants enrolled will be coupled with a single transmittal for all returns. Both returns will report details for each calendar year.

Similar to the requirement under code section 6055, entities must furnish a separate written statement to each participant listed in the return.

(continued)

IRS attempts to streamline information reporting

The proposed rules describe several options that can be adopted for this reporting requirement with the intent that flexibility and choice will minimize burden on those organizations required to report. A September 5, 2013, Treasury press release summarized several of the reporting options published in the proposed regulations:

- Replace section 6056 employee statements with Form W-2 reporting on offers of employer-sponsored coverage to employees, spouses and dependents.
- Eliminate the need to determine whether particular employees are full-time if adequate coverage is offered to all potentially full-time employees.
- Allow employers to report specific cost to an employee of purchasing employer-sponsored coverage only if the cost is above a specified dollar amount.
- Allow self-insured group health plans to avoid furnishing employee statements under both 6055 and 6056 by furnishing a single substitute statement.
- Limit reporting for certain self-insured employers offering no-cost coverage to employees and their families.
- Permit health insurance issuers to forgo reporting under section 6055 on individual coverage offered through a Exchange (Marketplace) because that information will be provided by the Marketplace.
- Permit health insurance issuers, employers and other reporting entities under section 6055 to forgo reporting of specific dates of coverage (instead reporting only the months of coverage), the amount of any cost-sharing reductions, or the portion of the premium paid by the employer.

A spokesperson for the Department has indicated that Treasury "...will continue to consider ways, consistent with the law, to simplify the new information reporting process and bring about a smooth implementation of those new rules..."

HBI will release another Expert Update on this subject matter later this fall as more information becomes available.

Resources:

<https://www.federalregister.gov/articles/2013/09/09/2013-21783/information-reporting-of-minimum-essential-coverage>

<https://www.federalregister.gov/articles/2013/09/09/2013-21791/information-reporting-by-applicable-large-employers-on-health-insurance-coverage-offered-under>



Contributing EXPERT:

Shari Herrle
Director of Compliance
Henderson Brothers, Inc.

Join the Conversation:



Please note that the information contained in this document is designed to provide authoritative and accurate information in regard to the subject matter covered. However, it is not provided as legal or tax advice and no representation is made as to the sufficiency for your specific company's needs. This document should be reviewed by your legal counsel or tax consultant before use.

Additionally, the messages and content within the Pittsburgh Health Care Reform group do not reflect the advisory services of Henderson Brothers, Inc.

EXPECT AN EXPERT