

## Employer Coverage Reporting Requirements: Begin Collecting Data Now for 2016

**January 8, 2015**

Even though we just started 2015, it's time to start thinking about IRS 6055 and 6056 reporting requirements. True, mandatory compliance doesn't begin until January 1, 2016 (for the 2015 reporting year). There are some things you should know and start doing now to prepare for compliance in 2016.

Please note that reporting in 2015 for the 2014 plan year is voluntary.

Let's start with what fully insured and self-funded employers *need to know* now. If you haven't already done so for purposes of the employer mandate, you must determine if you are an **applicable large employer (ALE)**. The counting method is the same one used for the employer mandate:

- full-time employees work 30 or more hours per week
- full-time equivalents are counted by combining the number of hours worked

If your employee count is hovering around 50 full-time employees and full-time equivalents, it is important to monitor your count monthly.

The table below shows 6055 and 6056 reporting obligations by funding type/group size.

<b>Funding type/group size</b>	<b>6055 reporting (MEC) to IRS and covered employees</b>	<b>6056 (offer of coverage) to IRS</b>	<b>Solicitation for missing member SSNs</b>
<b>Self-funded ALE</b>	Employer requirement	Employer requirement	Employer requirement
<b>Fully insured ALE</b>	Issuer requirement	Employer requirement	Issuer requirement
<b>Self-funded small group</b>	Employer requirement	n/a	Employer requirement
<b>Fully insured small group</b>	Issuer requirement	Issuer requirement	Issuer requirement

Next, here is what **ALEs need to do in 2015** to be ready to report in 2016.

<p><b>Collect and document data</b></p>	<p>This includes but is not limited to:</p> <ul style="list-style-type: none"> <li>• Offer of coverage to employees and dependents, including the months that coverage was available</li> <li>• Names, SSNs and addresses for employees and dependents covered under the plan</li> <li>• Number of full-time employees for each month in the calendar year</li> <li>• Share of full-time employees' monthly premiums broken out by calendar month (when applicable)</li> </ul>
<p><b>Determine and document how employees are counted</b></p>	<ul style="list-style-type: none"> <li>• Useful if you are audited by the IRS</li> </ul>
<p><b>Consider how you want to generate and deliver the required forms</b></p>	<ul style="list-style-type: none"> <li>• Generate and deliver on your own or use a vendor</li> <li>• It may be more efficient for you and your employees if you send the forms with the W-2 Form (not a requirement).</li> </ul>

To summarize, here are some key points to remember:

- These reporting obligations provide proof of coverage to the IRS to satisfy the individual and employer mandates
- Small business employers are 1 to 49
- Determine if you are an ALE (50-plus full-time employees and full-time equivalents)
- Determine and document the counting methodology you are using
- There will be new tax forms, the 1095-B and the 1095-C. To populate these forms, data may need to be pulled from various locations and systems
- Consider how the forms will be delivered to employees – if you use a W-2 vendor and want to deliver the forms together, discuss this need with the vendor in early 2015
- Reports can be submitted to the IRS in either paper format by February 28, 2016 or electronic format by March 31, 2016. Groups that file 250 or more returns will be required to file electronically.
- Employers who qualify for transition relief under the employer mandate are still required to report on coverage.
- Section 6055 reporting will be covered by insurers for all fully insured small and large business employers.
- Insurers will not handle 6055 reporting for any small or large **self-funded employer** –this is the Plan sponsor (employer) obligation.
- Section 6056 is an obligation for both fully insured and self-funded employers who are ALEs