



5 Important Clarifications about ACA Compliance

1) ACA Penalties Only Assessed in Certain Scenarios

ACA Penalties will only be assessed if one of your “full-time” employees (averaging 30 or more hours worked per week) obtains coverage through the exchange, AND also receives a premium tax credit. For employers with 100+ employees, the ACA employer shared responsibilities penalties take effect in 2015. For certain employers with 50-99 employees, the ACA shared responsibility penalties have been delayed until 2016.

2) ACA Reporting Requirements Still in Effect, Despite Transition Relief

Although the ACA related penalties have been pushed off to 2016 for certain employers (those with 50-99 FTEs), the ACA related reporting requirements have not been delayed. Beginning in 2015, employers will be required to track information to be reported via IRS forms 6055/6056, which include details with respect to the health coverage offered to their full-time employees.

3) IRS Form 6055 and IRS Form 6056 Due in Early 2016, for 2015 Plan Year

IRS Form 6055 will enforce minimum essential coverage for the individual mandate. IRS Form 6056 will enforce employer shared responsibility requirements around the employer mandate. Both of these filings will be due in the first part of 2016 for the plan year of 2015.

- Information to be reported via IRS 6055:
 - Employees and dependents covered under the health plan; their name, address, Social Security number and a list of the specific months where they were covered at least one day.
- Information to be reported via IRS 6056:
 - For each calendar month, a report of the number of full-time employees, with corresponding names, addresses and Social Security numbers of each; whether the employer coverage offered provided minimum essential coverage, minimum value, met the 9.5% affordability test, was offered to full-time employees and their dependents, and the employee’s share of the cost for the lowest-cost employee-only coverage offered. A lot of additional information is required, which the final regulations allow employers to report using indicator codes.

4) Compliance with ACA Reporting Regulations Require Use of More Sophisticated HR and Payroll Management Systems

Most HR or payroll systems only track the payroll deduction amount for employees’ health insurance contributions. IRS Form 6055 will require dependent information and IRS Form 6056 will need dependent election details. IRS Form 6056, especially in the standard reporting form, requires an extensive amount of information including employee details and coverage counts on a monthly basis, affordability tests, cost sharing and reason coverage was not offered to certain employees.



To qualify for simplified filing the employer must certify that coverage was offered to 95% of all full-time employees. The certification also eliminates the possibility of paying the \$2,000 per employee penalty. Without some form of electronic tracking to record the enrollment election/waiver (for employees and dependents) and a time and date stamp of the event, employers will have a difficult time meeting the simplified filing guidelines.

5) Simplified Reporting is an Option for Certain Employers

For employers that provide a “qualifying offer” to any of their full time employees, the final rules provide a simplified alternative to reporting monthly, employee-specific information on those employees.

A qualifying offer is an offer of minimum value coverage that provides employee-only coverage at a cost to the employee of no more than approximately \$1,100 in 2015 (9.5 percent of the Federal Poverty Level), combined with an offer of coverage for the employee’s family.

For employees who receive qualifying offers for all 12 months of the year, employers will need to report only the names, addresses, and taxpayer identification numbers (TINs) of those employees and the fact that they received a full-year qualifying offer. Employers will also give the employees a copy of that simplified report or a standard statement indicating that the employee received a full-year qualifying offer.

For employees who receive a qualifying offer for fewer than all 12 months of the year, employers will be able to simplify reporting to the IRS and to employees for each of those months by simply entering a code indicating that the qualifying offer was made.

To provide for a phase-in of the simplified option, employers certifying that they have made a qualifying offer to at least 95% of their full-time employees (plus an offer to their families) will be able to use an even simpler alternative reporting method for 2015. Those employers will be able to use the simplified, streamlined reporting method for their entire workforce, including for any employees who do not receive a qualifying offer for the full year. Those employers will provide employees with standard statements relating to their possible eligibility for premium tax credits.

The final regulations also give employers the option to avoid identifying in the report which of its employees are full-time, and instead to just include in the report those employees who may be full-time. To take advantage of this option, the employer must certify that it offered affordable, minimum value coverage to at least 98 percent of the employees on whom it is reporting.