

Reporting Health Plan Coverage to Employees and the IRS

Beginning with the calendar year 2015, many employers are now required to provide employees with significantly more information about their health plan coverage. The reports are due to the employee January 31 for the preceding calendar year, and employers need to plan during the year to accurately collect, organize, and send the detailed information to employees on time. This article describes which employers will have this additional reporting obligation, and the types of information they will need to provide.

The new filing obligations apply to two types of employers:

- Employers with self-insured health plans that are not large employers will issue Form 1095-B to every covered employee, and file copies with the IRS.
- Large employers (over 50 full-time equivalent employees) will be required to issue a Form 1095-C to every employee and file copies with the IRS. This reporting applies even if the large employer qualifies for transition relief, as described below. Large employers with a self-insured health plan will complete an additional part of Form 1095-C to pick up the information that would have been reported on Form 1095-B.

The chart below describes the reporting obligation.

Insured plans have less employer reporting, because the coverage information provided on Form 1095-B and Part III of Form 1095-C is reported by the insurance company.

Note that:

- Self-insured and large employers are subject to reporting on Form 1095-B or Form 1095-C, even if they qualify for an exemption from reporting medical expense on Form W-2.
- These forms report on a calendar year, even if the plan or employer is on a fiscal year.

Large Employer Reporting (whether or not self-insured)

Each employee will receive a Form 1095-C. The employer will be required to report the following for each employee, for each month:

1. The health care coverage the employer offered, or did not offer, the employee. Reported coverage is described by codes for various coverage options. For instance, code 1A identifies a “Qualifying Offer” as: “Minimum essential coverage providing minimum value offered to full-time employee with employee contribution for self-only coverage equal to or less than 9.5% mainland single federal poverty line and at least minimum essential coverage offered to spouse and dependent(s).” Other codes apply to other benefit options provided to employees.
2. In some cases, the amount the employee paid for the employee’s share of the lowest-cost monthly premium for self-only minimum value coverage.
3. The safe harbor that protects the employer from penalties for not offering coverage. For instance, for a specific month, the employer might enter “2A,” meaning the individual was not employed in that month. Commonly used codes will be 2A, not employed and 2B, not a full-time employee (as defined under health care law).

Not Large Employer	Large Employer
INSURED PLAN	
Neither Form 1095-B or Form 1095-C	Form 1095-C, Parts I & II
SELF-INSURED PLAN	
Form 1095-B	Form 1095-C, Parts I, II & III

Employers should investigate the form requirements and list of codes to assure that they are collecting the necessary information during the year. The Form 1095-C instructions and codes are available at www.irs.gov/instructions/i109495c/index.html

Self-insured Employer Reporting (whether or not a Large Employer)

An employer with a self-insured health plan must provide the following information. If the employer is not a Large Employer, this will be reported on Form 1095-B. For Large Employers, it can be reported on Form 1095-C, Part III.

1. Name of each individual who was covered for at least one month during the year. This includes the employee, spouse, dependents, or others who were covered under the employer's plan.
2. Social Security number or date of birth of each covered person. The employer is required to try to collect this information. It is in the employee's interest to provide the information, since if the IRS can't connect a person with a health plan, it will seek to collect the penalty from the individual for not being insured.
3. Each month for which the person was covered.

Employers should investigate the form requirements to ensure they are collecting the correct information. The Form 1095-B instructions are available at www.irs.gov/instructions/i109495b/index.html

A Caution

Long-range planning for compliance with Affordable Care Act requirements has been difficult. Many issues have been discovered, and many requirement changes have been made.

The requirements for these reports, however, seem to be clear. The reports to the IRS and the employees are instrumental in overall compliance processes, and we anticipate that they likely will be required substantially as described in this article.

About CapinCrouse

As a national full-service CPA and consulting firm devoted to serving not-for-profit organizations, CapinCrouse provides professional solutions to organizations whose outcomes are measured in lives changed. Since 1972, the firm has served mission-focused not-for-profit organizations, churches, and higher education institutions by providing support in the key areas of financial integrity and security. With a network of offices across the nation, CapinCrouse has the resources of a large firm and the personal touch of a local firm. Learn more at capincrouse.com.