



The Details

Employer Reporting of Health Coverage Code Sections 6055 & 6056

METHODS OF REPORTING

The final rule provides:

- **A general method** that all ALEs may use for reporting to the IRS and furnishing statements to full-time employees; and
- **Alternative reporting methods** for eligible ALEs.

If an ALE cannot use an alternative reporting method for certain employees, the ALE must use the general method for those employees. In any case, the alternative reporting methods are optional, so that an employer may choose to report for all of its full-time employees using the general method even if an alternative reporting method is available.

In an effort to simplify the Section 6056 reporting process, certain information required to be reported to the IRS and furnished to full-time employees may be reported through the use of **indicator codes**, rather than by providing more detailed information. More details about the reporting process are available in the reporting forms and instructions.

General Reporting Method

As a general method, each ALE may satisfy the requirement to file a Section 6056 return with the IRS by filing:

- A transmittal on **Form 1094-C** for all of the returns filed for a given calendar year; and
- A separate employee statement on **Form 1095-C** for each full-time employee.

Generally, each ALE must file separate Section 6056 returns providing that ALE's EIN. There must be only:

- **One Section 6056 Authoritative Transmittal** (Form 1094-C) reporting aggregate employer-level data for all full-time employees of the ALE; and
- **One Section 6056 employee statement** (Form 1095-C) for each full-time employee with respect to employment with that ALE.

AUTHORITATIVE TRANSMITTAL

A separate Section 6056 transmittal (Form 1094-C) must be filed with any Forms 1095-C filed by each ALE member. An ALE may submit multiple Forms 1094-C, each accompanied by Forms 1095-C, for some of its employees, provided that Forms 1095-C are filed for each employee for whom the ALE is required to file. However, if more than one Section 6056 transmittal is being filed for an ALE, one of those transmittals must be an **Authoritative Transmittal** reporting aggregate employer-level data for all full-time employees, in accordance with forms and instructions. The form must be identified, on line 19 of Part II, as the Authoritative Transmittal.

One Authoritative Transmittal must be filed for each ALE, even if multiple Forms 1094-C are filed by and on behalf of the ALE. For example, if an employer has prepared a separate Form 1094-C for each of its two divisions to transmit Forms 1095-C for each division's full-time employees, one of the Forms 1094-C filed must be designated as the Authoritative Transmittal and report aggregate employer-level data for all full-time employees (for both divisions).

ONE FORM 1095-C PER FULL-TIME EMPLOYEE

Also, **there must be only one Section 6056 employee statement (Form 1095-C) for each full-time employee** with respect to that full-time employee's employment with the ALE, so that all information for a particular full-time employee of the ALE is reflected on a single Form 1095-C.

For example, if an ALE separately reports for the full-time employees of its two divisions, the ALE must combine the information for any employee who worked at both divisions during the year, so that there is only a single Form 1095-C for that employee which reports information for all 12 months of the calendar year. However, a full-time employee who works for more than one ALE that is a member of the same aggregated ALE group (that is, works for two separate ALE members) must receive a separate Form 1095-C from each ALE member.

The employee statement is not required to include a copy of the transmittal form (Form 1094-C) that accompanies the return. As part of the alternative reporting methods, in certain circumstances, other methods of furnishing information to an employee may be sufficient.

Alternative Reporting Methods

The final rule provides two alternative methods of reporting under Section 6056 that are intended to minimize the cost and administrative tasks for employers.

- Reporting Based on Certification of Qualifying Offers (the Qualifying Offer Method); and
- Option to Report Without Separate Identification of Full-Time Employees if Certain Conditions Related to Offers of Coverage Are Satisfied (the 98 Percent Offer Method).

The information provided to the IRS and the employee under Section 6056 is important for administering the ACA's employer shared responsibility rules and the premium tax credit. However, in some circumstances, only some of the information required under the general method is necessary. Accordingly, the alternative reporting methods identify specific groups of employees for whom simplified alternative reporting would provide sufficient information.

REPORTING BASED ON CERTIFICATION OF QUALIFYING OFFERS

The first alternative method applies with respect to an ALE that **certifies on its transmittal form that it offered certain coverage (a qualifying offer) to one or more of its full-time employees**. A "qualifying offer" occurs when, for all months during the year in which the employee was a full-time employee with respect to whom an employer shared responsibility penalty could apply, the ALE:

- Offers MEC providing minimum value at an employee cost for self-only coverage of less than 9.5 percent of the mainland single federal poverty line to one or more of its full-time employees; and
- Offers MEC to the employee's spouses and dependents.

Note that, although the employer shared responsibility rules only require ALEs to offer coverage to dependent children (not spouses), ALEs must offer coverage to a full-time employee's spouse and dependent children in order to use the Qualifying Offer Method of reporting under Section 6056. Also, the employer shared responsibility final rules provide transition relief for certain ALEs that do not offer dependent coverage in 2015. An ALE using this transition relief **will not be treated as offering dependent coverage** under this alternative reporting method.

If an ALE is not eligible to use the Qualifying Offer Method with respect to one or more full-time employees, the ALE **must use the general method of reporting** for those employees.

For employees who received a qualifying offer for all 12 months of the calendar year, the ALE will be treated as complying with Section 6056 if it takes the following two steps:

1. **Report simplified Section 6056 return information with respect to those employees.** The ALE will file Form 1095-C with the IRS, providing only the employee's name, Social Security number and address, and indicating (using an indicator code) that a qualifying offer was made for all 12 months of the calendar year.
2. **Provide a simplified employee statement in lieu of a copy of the Form 1095-C**, by Jan. 31 of the year following the year to which the offer applies, to each full-time employee who received a qualifying offer for all 12 months. This statement will inform the employee that the employee (and his or her spouse and dependents, if any) received a qualifying offer for all 12 months of the calendar year, and therefore are generally ineligible for a premium tax credit for all of those 12 months.

For each employee who received a qualifying offer for fewer than 12 months, the ALE will **use the general reporting method**. However, the ALE may use an indicator code to report for months in which a qualifying offer was received.

Transition Relief: Alternative Method Based on Certification of Qualifying Offers for 2015

The final rule also includes transition relief for ALEs in 2015 that certify on the transmittal that they have made a qualifying offer to **at least 95 percent of their full-time employees** (and their spouses and dependents).

Generally, employers will have to use the general method of reporting for any employees that did not receive a qualifying offer for all 12 months. However, solely for 2015, ALEs that have made a qualifying offer to at least 95 percent of their full-time employees (and their spouses and dependents) will be treated as complying with Section 6056 if they take the two simplified steps listed above. However, the simplified employee statement will vary based on whether the employee received a qualifying offer for all, some or no months of the calendar year.

- If the qualifying offer applied to an employee for all 12 months of the calendar year, the statement will inform the employee that the employee (and the employee's spouse and dependents, if any) will not be eligible to claim a premium tax credit for any of the 12 calendar months.
- If the qualifying offer did not apply to an employee for all 12 months, the statement will inform the employee that the employee (and his or her spouse and dependents) may be eligible to claim a premium tax credit for one or more of the 12 calendar months. The statement must also include a name and telephone number that the employee can contact for further information regarding the offer of coverage.

REPORTING BASED ON CERTIFICATION OF 98 PERCENT OFFERS

The second alternative method applies with respect to an ALE that certifies on its transmittal form that it **offered MEC that is affordable and provides minimum value to at least 98 percent of its full-time employees** on whom it reports in its Section 6056 return. For this purpose, coverage is treated as affordable if the cost of employee-only coverage satisfies any applicable affordability safe harbor under the employer shared responsibility final regulations.

This alternative method allows eligible ALEs to provide Section 6056 reporting without:

- Determining whether each employee offered coverage is a full-time employee; or
- Specifying the number of the employer's full-time employees.

This alternative method is designed to ensure that the employer has offered coverage to "substantially all" of its full-time employees, and therefore is not subject to an employer shared responsibility penalty, without having to know which reported employees are full-time and which are part-time.

Although this alternative method allows reporting without identifying or specifying the number of full-time employees, it does not exempt the employer from any penalties that might apply for failure to report with respect to any full-time employee. Thus, reporting is still required under the normal rules for all full-time employees, including those not offered coverage.

Reporting for Medium-sized ALEs

The employer shared responsibility [final regulations](#) included transition relief delaying compliance for medium-sized ALEs for one year, until 2016. Medium-sized ALEs are those with at least 50 full-time employees (including full-time equivalents), but fewer than 100 full-time employees (including full-time equivalents). **ALEs eligible for this transition relief will still report under Section 6056 for 2015**, as described below.

REPORTING FOR MEDIUM-SIZED ALES

As part of the transition relief from the employer shared responsibility rules for medium-sized ALEs, the ALE must certify on its Section 6056 transmittal form for calendar year 2015 (that is, for the Section 6056 transmittal form that will be filed in 2016) that it meets the following eligibility conditions:

- The ALE **employs a limited workforce** of at least 50 full-time employees (including full-time equivalents), but fewer than 100 full-time employees (including full-time equivalents) on business days during 2014;
- Between Feb. 9, 2014, and Dec. 31, 2014, the ALE **does not reduce the size of its workforce or the overall hours of service** of its employees in order to satisfy the workforce size condition; and
- During the coverage maintenance period (that is, the period ending Dec. 31, 2015, or the last day of the plan year that begins in 2015), the ALE **does not eliminate or materially reduce the health coverage**, if any, it offered as of Feb. 9, 2014.

ALEs with non-calendar year plans will also certify with regard to their 2015 plan year, including:

- The months of their 2015 plan year that fall in calendar year 2015, on the Section 6056 transmittal form for 2015 (that is, the form that will be filed in 2016); and
- The months of their 2015 plan year that fall in calendar year 2016, on the Section 6056 transmittal form for 2016 (that is, the form that will be filed in 2017).

The IRS noted that the delay for medium-sized ALEs is solely for the employer for purposes of the employer shared responsibility rules, and does not affect the employee's potential eligibility for the premium tax credit. Accordingly, regardless of whether the employer is eligible for this delay, the Form 1095-C for each full-time employee must accurately reflect the health coverage offered to that employee (if any) during that period, including, if applicable, the required employee contribution. Thus, reporting for medium-sized ALEs is *not* a simplified method of reporting.

INFORMATION REQUIRED TO BE REPORTED

Each ALE is required to report information about the health coverage, if any, offered to its full-time employees, **including whether an offer of health coverage was (or was not) made**. This requirement applies to all ALEs, regardless of whether they offered health coverage to all, none or some of their full-time employees.

For each of its full-time employees, regardless of whether health coverage was or was not offered to the employee, the ALE is required to file a return with the IRS and furnish a statement to the employee reporting:

- Whether an offer of health coverage was or was not made to the employee; and
- If an offer was made, the required information about the offer.

Therefore, even if an ALE does not offer coverage to any full-time employees, it must file returns with the IRS and furnish statements to each of its full-time employees to report information specifying that coverage was not offered.

IRS Return

The ALE's return filed with the IRS must include the following information:

- The ALE's name, address and employer identification number (EIN);
- The name and telephone number of the ALE's contact person;
- The calendar year for which the information is reported;
- A certification of whether the ALE offered to its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage (MEC) under an eligible employer-sponsored plan, by calendar month;
- The months during the calendar year for which MEC under the plan was available;
- Each full-time employee's share of the lowest cost monthly premium for self-only coverage providing minimum value offered to that employee under an eligible employer-sponsored plan, by calendar month;
- The number of full-time employees for each month during the calendar year;
- The name, address and taxpayer identification number (TIN) of each full-time employee during the calendar year and the months (if any) during which the employee was covered under the eligible employer-sponsored plan during the calendar year; and

Employee Statement

Under the general method, an ALE generally must furnish to each full-time employee a written statement showing:

- The ALE's name, address and EIN; and
- The information required to be shown on the Section 6056 return with respect to the full-time employee (and his or her spouse and dependents).

Employee statements may identify the employee using an IRS truncated TIN rather than the Social Security number or other identifying number shown on the corresponding information return filed with the IRS. Under the alternative reporting methods, in certain circumstances, other methods of furnishing employee statements may be sufficient.

PENALTIES

A reporting entity that fails to comply with the Section 6055 or Section 6056 reporting requirements may be subject to the general reporting penalties for:

- Failure to file correct information returns (under Code Section 6721); and
- Failure to furnish correct payee statements (under Code Section 6722).

The penalty is generally **\$100 for each return**, up to \$1,500,000 per calendar year. However, penalties may be waived if the failure is due to reasonable cause and not to willful neglect.

In addition, if the reporting entity corrects the failure within 30 days after the required filing date, the penalty will be reduced to \$30 for each return, up to a maximum of \$250,000 per calendar year. Likewise, if the reporting entity corrects the failure more than 30 days after the required filing date, but before Aug. 1 of that year, the penalty will be reduced to \$60 for each return, up to \$500,000 per calendar year. Lower annual penalty limits may apply for reporting entities with average annual gross receipts of up to \$5,000,000 for the most recent 3 taxable years.

However, failures due to intentional disregard of the filing requirement (or the correct information reporting requirement) will have no penalty reduction, and the penalty will be equal to \$250 (or, if greater, 10 percent of the aggregate amount of the items required to be reported correctly).