

EMPLOYMENT SERVICES ALERT

3/10/14

Treasury Announces Simplified Employer Reporting Requirements under the Affordable Care Act

On March 5, 2014, the Department of the Treasury announced changes to the employer reporting requirements under the Affordable Care Act (ACA). Generally, the ACA requires employers to report information to the IRS regarding the health care coverage they offer to full-time employees (known as Section 6056 reporting). It also requires information reporting by insurers, self-insuring employers, and other entities that provide health coverage to individuals (known as Section 6055 reporting).

The changes announced by the Treasury are designed to “streamline” the ACA’s reporting requirements. Self-insuring employers will be permitted to use a single combined form for both Section 6055 and Section 6056, thereby avoiding duplicative reporting. The top half of the form will include the information needed under Section 6056, and the bottom half will include the information needed for Section 6066. Self-insuring employers will be required to complete both parts of the form. Employers that do not self-insure will complete only the top section of the form. Employers that have fewer than 50 full-time equivalent employees will continue to be exempt from the employer reporting requirements.

The Treasury and the IRS also attempted to simplify the reporting process for employers that provide a “qualifying offer” of health insurance to full-time 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 9.5% of the federal poverty line. Employers will only need to report the names, addresses, and taxpayer identification numbers of employees who receive qualifying offers for a full year. Additionally, if the employer offers affordable, minimum value coverage to at least 98% of its employees, then the employers does not need to identify the employees that are full-time. Instead, it can simply report which employees “may” be full-time.

In a separate announcement, also on March 5, 2014, the Department of Health and Human Services stated that it would allow individuals to keep insurance plans that do not meet the ACA’s coverage requirement for an additional two years. The Obama administration faced criticism after ACA went into effect and insurers cancelled many of these plans, which typically offer minimal coverage and high deductibles in exchange for lower premiums. As a result of this new delay, individuals will be permitted to keep these so-called “bare bones” or “catastrophic” plans until the end of 2016.

Roetzel remains ready and able to assist you with all of your ACA compliance issues. For additional information, please contact any of the following attorneys:

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