**The Expatriate Health Coverage Clarification Act of 2014 does not exempt applicable large employers from the employer mandate or employer reporting requirements.**

**For 2017 reporting, the IRS has extended the distribution deadline. Forms must be sent to individuals no later than 3/2/18. The filing deadline with the IRS remains unchanged (2/28 by paper or 4/2 if filed electronically).**

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**Reporting basics**

To monitor compliance with the individual and employer mandates, the Affordable Care Act (ACA) requires reporting by employers and insurers.

**Large employer reporting – employer mandate**

All employers subject to the employer mandate (i.e., employers with 50 or more full-time employees and/or full-time equivalents) are required to annually report to the IRS on the coverage offered to their full-time employees and their dependent children.* This reporting will be completed on IRS Form 1095 by February 28 (March 31 if filed electronically) following the applicable calendar year. A copy of the form or alternative statement that includes the identical data must also be provided to their full-time employees by January 31.**

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* The Expatriate Health Coverage Clarification Act of 2014 does not exempt applicable large employers from the employer mandate or employer reporting requirements.

** For 2017 reporting, the IRS has extended the distribution deadline. Forms must be sent to individuals no later than 3/2/18. The filing deadline with the IRS remains unchanged (2/28 by paper or 4/2 if filed electronically).
Large employer reporting data to report

The IRS Form 1095-C requires reporting of the following information:

- Employer contact and Employer Identification Number (EIN), including contact person’s name and phone number
- Year for which information is reported
  - Certification that full-time employees and dependents were offered an opportunity to enroll in Minimum Essential Coverage (MEC), by calendar month
- For each full-time employee, months for which MEC was available
- Each full-time employee’s share of the cost for coverage under the lowest-cost, minimum-value plan offered by the employer, by calendar month
- The number of full-time employees for each month during the calendar year
- Name, address and Social Security Number (SSN) of each full-time employee and the months of coverage, if any

A single Form 1094-C must accompany the set of Forms 1095-C when filing to the IRS.

Large employer reporting penalties

Employers that do not submit an annual IRS return or provide individual statements to all full-time employees may be subject to a penalty up to $270 per return, with a maximum annual penalty of $3 million.

Waivers are available when failure to report is due to a reasonable cause. Limited relief is also available for returns and statements filed or furnished in 2017 (for 2016 coverage) if incorrect or incomplete information is reported.

Minimum Essential Coverage (MEC) reporting – individual mandate

Employers sponsoring self-insured group health plans, and health insurers, must report on the minimum essential coverage they provide for all covered individuals. These employers and insurers must confirm – during every tax season – that the coverage satisfied the individual mandate requirements for any or all months during the preceding calendar year or reportable tax year. This reporting is required for all size group plans and private individual/family plans.

Reporting is not required for supplemental benefits, if the supplemental coverage is provided by the same plan sponsor, or if coverage supplements government-sponsored plans, like Medicare supplemental coverage.

For 2017 reporting, the IRS has extended the distribution deadline. Forms must be sent to individuals no later than 3/2/18. The filing deadline with the IRS remains unchanged (2/28 by paper or 4/2 if filed electronically).
**Reasonable efforts to obtain individual identification**

The IRS requires that the Tax Identification Number (TIN), which is usually the Social Security Number (SSN) be used to identify individuals on the IRS reports. Employers and insurers may not always have this information. The rules require that employers and insurers make reasonable efforts to obtain the SSN.

The rules state that the reasonable efforts mean asking for SSNs up to three times before any annual filing. Enrollment can count as the first request as long as there is a field or place to provide the SSN/TIN. The other two attempts for obtaining SSNs are generally required by December 31 of that same year and December 31 of the following year.

If enrollment counts toward the first attempt for obtaining SSN/TIN, then the second and third outreach are required within specified time frames.

- Enrollment that takes place before December, including enrollment for non-calendar-year plans, must be followed by a second solicitation for SSNs/TINs by December 31 of that same calendar year.
- If enrollment takes place in December, the second attempt to obtain the SSN/TIN must take place by the following January 31.
- The third and final attempt to obtain SSN/TIN must take place by December 31 of the following year.

If all three attempts are made, and SSNs/TINs are still not available, employers sponsoring self-insured plans and insurers must use date of birth to help the IRS confirm identity.

**Minimum Essential Coverage data to report**

The IRS Forms, 1095-C for employers, and 1095-B for insurers and small employers with self-insured plans, include fields and codes to report information such as the following:

- Reporting entity contact and Employer Identification Number (EIN), including contact person’s name and phone number
- Year for which information is reported
- Name, address and SSN/TIN for most “responsible individuals” or policy holder
- Name and SSN/TIN of each covered individual
- Months that each named individual was covered during the calendar year
- For insured group health plans, name, address and EIN of employer sponsoring plan
- Whether coverage is through the SHOP exchange, and the SHOP’s unique identifier

For large employers, a single Form 1094-C must accompany the set of Forms 1095-C when filing to the IRS. For insurers and small employers with self-insured plans, a single Form 1094-B must accompany the set of Forms 1095-B when filing to the IRS.
Specifications for providing individual statements on Minimum Essential Coverage

Statements are only required to be sent to the “responsible individual” named on the IRS return, which in most cases is the full-time employee. The statement may be either a copy of the return filed with the IRS or a substitute statement that includes all the same data of each covered individual. Truncated SSNs may be used on the individual statements.

Statements must be sent by first class mail to the last known address by January 31 following the year of coverage.** Electronic statements can be provided given the responsible individual has consented or opted-in for this form of statement. They must also be allowed to opt out at any given time. There are a number of additional requirements when utilizing electronic distribution of statements, including, but not limited to, safeguards for providing written statements upon withdrawal of consent, inclusion of explicit disclosure statements, and additional rules when posting statements to a secure website.

Minimum Essential Coverage reporting penalties

Responsible employers or insurers that do not submit an annual IRS return or provide individual statements to covered individuals may be subject to penalties of up to $270 per return, with a maximum annual penalty of $3 million.

Waivers are available when failure to report is due to a reasonable cause. Limited relief is available for returns and statements filed or furnished in 2017 (for 2016 coverage) if incorrect or incomplete information is reported.

Reduced penalties are available if returns are corrected and filed within 30 days of the required filing date and by August 1 following any tax season. There is no cutoff for correcting annual returns.

IRS reporting filing steps for insurers and employers

Reporting returns are due annually during tax filing season for both large employer and minimum essential coverage (MEC) reporting. The MEC and large employer reporting must be submitted annually to the IRS by March 31, if filing electronically or by February 28, if filing by paper. Electronic transmittal is required for any insurer or employer filing at least 250 forms.

Electronic filing steps

The electronic filing system for reporting to the IRS is known as the ACA Information Return (AIR) system. Employers, insurers and third-party fulfillment or filing software developers are required to complete the following steps prior to being able to electronically submit any reporting forms:

› Register with the IRS’s e-services website, including submission of personal information about the person registering for the Submitting Entity
› Obtain an AIR Transmitter Control Code (TCC), a unique identifier authorizing each Submitting Entity to submit the Reporting Forms, and
› Pass a series of technical/system tests to ensure that Reporting Forms will be properly submitted when due.

** For 2017 reporting, the IRS has extended the distribution deadline. Forms must be sent to individuals no later than 3/2/18. The filing deadline with the IRS remains unchanged (2/28 by paper or 4/2 if filed electronically).