

Let's Simplify IRS Healthcare Coverage Reporting....Please!

It is expensive and confusing to all involved. Some simplification changes may be in our future.

IAA has named it 1094/1095 Reporting but the IRS Code identifies this reporting area as IRC Sections 6055 and 6056

Senators Warner ((D-VA) and Portman (R-OH) introduced a bill (The Commonsense Reporting Act of 2017) to streamline the employer reporting process under the Affordable Care Act and strengthen the eligibility verification process for the premium assistance tax credit and cost-sharing subsidy. A similar bill was introduced in the House by Rep. Black (R-TN). The prospects for passage of this bill are unclear at this time. This is to let you know that members of Congress are considering changes.

Background:

The Affordable Care Act (ACA) created new information reporting provisions under Code Sections 6055 and 6056 that require employers and insurance carriers to collect data on a monthly basis and report them annually to the IRS and individuals. The information reporting is intended to verify compliance with the individual and employer mandates, and administer premium tax credits and cost sharing subsidies under the state and federally-facilitated insurance Exchanges.

Section 6055 requires employers who offer self-funded plans and insurers to file a return with the IRS and provide a statement to each individual who is covered by plans that constitute minimum essential coverage.

Section 6056 requires large employers subject to the ACA's employer mandate to file a return with the IRS and provide a statement to each full-time employee with information regarding the offer of employer sponsored health care coverage. A statement released by the bill sponsors asserts that the current 6055 and 6056 reporting requirements do not create an effective way to:

- Administer advance premium tax determinations accurately;
- Minimize the prospects of employees being subjected by the IRS to repayment of premium tax credits or cost sharing subsidies in cases in which Exchanges made an incorrect eligibility determination; and
- Ensure individual privacy is protected as IRS regulations unnecessarily require employers and insurers to collect, retain and remit dependents' and spouses' Social Security numbers. The legislation would address elements of the inefficiencies outlined above, according to the statement.

The legislation would:

- Create a voluntary prospective reporting system that permits employers to voluntarily report general information to the IRS prospectively about their health plan for the current plan year to help increase the accuracy of eligibility determinations for Exchange tax credits;
- State and federally facilitated Exchanges will access information securely through the Data Services Hub.
- Streamline the reporting process: Eases reporting burdens for employers who use

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the voluntary prospective reporting system by requiring 6056 reporting statements only for those employees for whom the employer has received notification that the employee or their dependents purchased coverage through an Exchange rather than issuing reporting statements for the entire workforce.

- **Protect privacy:** Provides clarification that the IRS can accept full names and dates of birth in lieu of dependents' and spouses' Social Security numbers and requires the Social Security Administration to assist in the data-matching process.
- **Modernize transmission of information to individuals:** Allows for electronic transmission of employee and enrollee statements rather than requiring this information be provided only by paper statements sent through the mail.
- **Establish oversight of reporting verification:** Requires the Government Accountability Office (GAO) to study the functionality of the prospective reporting system, including the accuracy of information collected, the number of employers electing to report under such system, and any changes that have arisen.

Adjusted Dollar Amounts for PCORI

Background

The Affordable Care imposes a fee on plan sponsors of certain self-funded health plans to help fund the Patient-Centered Outcomes Research Institute, as well as on fully insured carriers. The fee, required to be reported once a year on the second quarter Form 720 and paid by its due date, July 31, is based on the average number of lives covered under the plan or

policy. The fee applies to plan or policy years ending on or after October 1, 2012 and before October 1, 2019. The PCORI fee is filed using Form 720, Quarterly Federal Excise Tax Return. Although Form 720 is a quarterly return, for purposes of PCORI, Form 720 is filed only once annually, by July 31.

IRS Notice 2017-61:

For policy years and plan years that end on or after October 1, 2017, and before October 1, 2018, IRS Notice 2017-61 provides the adjusted applicable dollar amounts to be multiplied by the average number of covered lives. The amount is \$2.39. The below link provides a chart of the fees.

<https://www.irs.gov/affordable-care-act/patientcentered-outreach-research-institute-filing-duedates-and-applicable-rates>

If you have questions, contact Rebecca Friedman at IAA. Rebecca's contact information is: email: rebeccafriedman@iaatpa.com or telephone: 856.470.1200 (Ex 252).

Other services related to employee benefits that are available from IAA:

- **Consumer Directed:** FSA, HRA, HSA, Transit/Parking administration
- **COBRA Administration**
- **Summary Plan Description Preparation**
- **Level and Partially Funded Self-Insurance Medical/Dental/Rx/Vision**
- **Family Medical Leave administration**

If any further progress is made with the ACA, we will be sure to let you know.

Enjoy the rest of your day!

*Thank you,
Paul Kelly, President*