

Let the Data Collection Begin! Final Rules for Employer Reporting under the ACA

Labor & Employment Law Update

By Kelly Haab-Tallitsch on March 12, 2014

On March 10, 2014, the Treasury Department and the IRS published the final rules on the Affordable Care Act (ACA) information-reporting provisions for employers and insurers set to take effect in 2015. The final regulations on Sections 6055 and 6056 of the Internal Revenue Code are being touted by the agencies as simplifying the original reporting requirements, which had been criticized by many employer groups as unnecessarily onerous.

Some progress has been made toward simplification – moving to a single combined form capturing data required by both Sections 6055 and 6056 and dropping some of the initial data requirements – but employers still face a daunting task.

Employers with 50 or more full-time equivalents are subject to the reporting requirements. Those who self-insure, and are subject to both Section 6055 and 6056 reporting, will be able to report required information to both employees and the IRS on a single, consolidated form. The form will have two sections: the top half collecting information required by Section 6056 and the bottom half collecting information required by Section 6055. Those with fully-insured plans are subject only to Section 6056 and will only complete the top half. Insurers are required to report under Section 6055 only, but will do so on a separate form.

Employers are required to report if they made a “qualifying offer” of coverage to individual employees on a per month, per employee basis, but they may now report that a specified employee received a full-year offer, instead of reporting on each of twelve separate months. Reporting still needs to be done on a per month, per employee basis for any employees receiving a qualifying offer for less than a full-year, such as newly eligible employees. A qualifying offer is an offer of coverage that provides minimum value and meets the affordability requirements by providing employee-only coverage at a cost of around \$1,100 in 2015 (9.5% of the Federal Poverty Level), along with an offer of coverage for the employee’s family.

The final requirements omit data elements in the statute that are not necessary to understanding coverage offered and provided by employers. These include the length of waiting periods, the employer's share of the total costs of benefits provided and the amount of any advance payments of the premium tax credit and cost-sharing reductions.

The ACA reporting requirements still place a significant burden on employers, given that much of the information is not currently tracked by most employers or HRIS systems. With the final data requirements released, affected employers can now begin the task of ensuring all the proper data are captured and tracked prior to the beginning of 2015.

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