

Streamline ACA Reporting Requirements

► BACKGROUND

The Affordable Care Act (ACA) created two new reporting requirements for employers and insurers. Two new sections were added to the tax code: Sections 6055 and 6056. Section 6055 requires employers who have self-funded plans providing minimum essential coverage to file a return with the IRS and provide a statement to each individual who was covered by those plans. Section 6056 requires large employers subject to the employer mandate to provide a return to the IRS and a statement to each full-time employee with information regarding the healthcare coverage that was offered to employees. The ACA also stipulates penalties for non-compliance or incorrect statements, up to \$1.5 million per calendar year.

The IRS will use this information to identify employers subject to penalty for failing to offer minimum essential coverage to full-time employees; to identify employees who may qualify for the premium tax credit for coverage purchased on an exchange; and to identify employees subject to the individual shared responsibility payment for failing to obtain coverage.

On December 28, 2015, the IRS extended the due dates for reporting by insurers and self-insured employers. They provided an automatic 60-day extension for providing these notices to employees and an automatic three month extension for filing the forms with the IRS.

► THE ISSUE

These reporting requirements are extremely burdensome for employers with self-funded health plans. The process of reporting this information to the IRS and employees should be streamlined to ease the reporting burden on employers and insurers. The IRS regulations also present **privacy concerns** because they require individuals, employers and insurers to collect and remit dependents' Social Security numbers.

► OUR POSITION

The Council supports legislative efforts, such as the Commonsense Reporting and Verification Act of 2015, to **simplify the reporting process and reduce the burden on employers.** This bill would create a voluntary prospective reporting system, eliminate the requirement that employers and insurers collect and remit dependents' social security numbers, and otherwise ease the reporting burden on employers.

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