

A PRACTICAL GUIDE TO NEW REPORTING REQUIREMENTS UNDER THE AFFORDABLE CARE ACT

Prepared for the 2016 Massachusetts Municipal Association Annual Meeting

The Affordable Care Act (“ACA”) imposes various requirements on employers. One such provision is found in Section 6056 of the Internal Revenue Code and requires covered large employers to file information returns with the IRS and provide statements to certain employees about health insurance coverage offered during the previous calendar year. The IRS will use the information to administer the new employer-shared responsibility and premium tax credit provisions of the law. Below is a brief summary of the reporting requirements.

Who Must Comply?

All Applicable Large Employers (“ALE”), as defined by the ACA, must comply with the new reporting requirements. An ALE is defined as an employer, including municipalities, with 50 or more full-time and full-time equivalent employees. A full-time employee is defined as one who averages at least 30 hours of service per week or at least 130 hours of service during the calendar month. The number of full-time equivalent employees is determined as follows: (1) add the number of hours of service worked by all non-full-time employees for the month (do not include more than 120 hours of service per employee); and (2) divide the total by 120.

Information to be Reported to the IRS

An ALE must report the following information to the IRS, including: (1) identification of the ALE; (2) identification of full-time or full-time equivalent employees to whom coverage is offered; and (3) duration of the health insurance offer.

How to Report

Each ALE must file with the IRS a Form 1095-C, *Employer-Provided Health Insurance Offer and Coverage*, for all full-time employees and each non-full-time employee enrolled in an employer-sponsored plan, as well as a single Form 1094-C, *Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns*. Employers must also provide a similar statement to each of its full-time employees. These forms can be found and completed at: <http://www.irs.gov/pub/irs-pdf/f1095c.pdf> and <http://www.irs.gov/pub/irs-pdf/f1094c.pdf>

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The Form 1095-C must be separately completed for each full-time employee and non-full time employee who enrolls in healthcare coverage offered by the employer, with a copy provided to the employee. Completed forms may be filed by mail to the Department of the Treasury, Internal Revenue Service Center, Austin, TX 73301, or through the IRS e-filing system.

When to Report

The reporting requirements are effective beginning in 2016 for coverage offered in 2015. The IRS recently extended the deadlines by several months for forms required to be filed in 2016. Thus, for 2016 only, Forms 1094-C and 1095-C must be filed with the IRS on or before May 31, or June 30 if filed electronically. In subsequent years, the IRS is likely to require that they be filed by February 28, or March 31 if filed electronically, of the year following the calendar year of coverage.

Prior to filing with the IRS in 2016, the employer must provide to each covered employee no later than March 31, 2016 a copy of their Form 1095-C. For subsequent years, the IRS will likely require that this form be provided to employees by no later than February 1 of the year following the period of coverage.

Should you have any questions concerning these reporting requirements or the ACA generally, we encourage you to contact Attorney Timothy Zessin at tzessin@k-plaw.com or any member of the firm's Labor and Employment Practice Group at 617.556.0007.

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