



Health Care Reform **Bulletin**

IRS Issues New Q&As on Section 6056 Reporting

Provided by J D Fulwiler & Co. Insurance

Quick Facts

- On May 20, 2015, the IRS issued new Q&As on Section 6056 reporting.
- These Q&As provide more details on using Form 1094-C and Form 1095-C.
- The Q&As clarify existing requirements, including issues related to:
 - Using alternative methods of reporting
 - Reporting offers of COBRA coverage

Under Section 6056, ALEs are required to file information returns with the IRS and to provide statements to their full-time employees about the health insurance coverage the employer offered.

The Affordable Care Act (ACA) created new reporting requirements under Internal Revenue Code (Code) Section 6056. These new reporting rules require applicable large employers (ALEs) subject to the ACA's employer shared responsibility rules to report information to the Internal Revenue Service (IRS) on the health coverage offered to full-time employees. Related statements must also be provided to individuals.

On May 20, 2015, the IRS released new [Questions and Answers](#) (Q&As) on Section 6056 reporting using Form 1094-C and Form 1095-C. These Q&As supplement a separate set of [Q&As](#) on Section 6056 reporting that were issued on Aug. 29, 2014, which were updated at the same time the new Q&As were released.

The new and updated Q&As clarify existing requirements under Section 6056, and provide additional guidance on specific aspects of reporting that had not been addressed previously.

Overview of Section 6056 Reporting

Under Section 6056, ALEs are required to file information returns with the IRS and provide statements to their full-time employees about the health insurance coverage the employer

offered. Information reporting under Section 6056 is voluntary for calendar year 2014. Reporting is first required in early 2016 for calendar year 2015.

This additional reporting is intended to promote transparency with respect to health plan coverage and costs. It will also provide the government with information to administer the ACA's employer shared responsibility rules and premium tax credits.

The employer shared responsibility rules impose penalties on ALEs that do not offer affordable, minimum value coverage to their full-time employees and dependents. **The ACA's employer penalty provisions apply to many ALEs, effective Jan. 1, 2015.**

Under Section 6056, each ALE must generally file these items with the IRS:

- A separate [Form 1095-C](#) for each of its full-time employees; and
- A transmittal on [Form 1094-C](#) for all of the returns filed for a given calendar year.

These forms must be filed regardless of whether the ALE offers coverage, or whether the employee enrolls in any coverage offered.

The IRS has provided [instructions](#) for completing and filing Forms 1094-C and 1095-C. A copy of the Form 1095-C will generally be provided to each full-time employee.

Q&As on Using Form 1094-C and Form 1095-C

On May 20, 2015, the IRS issued new Q&As to help employers complete and file Form 1094-C and Form 1095-C, as required under Section 6056. These Q&As provide information about the basics of Section 6056 reporting, as well as more detailed information about specific issues regarding Form 1094-C and Form 1095-C.

These Q&As clarify existing requirements under Section 6056, and provide additional guidance on specific aspects of reporting that had not been addressed previously. For example, the Q&As address specific issues related to:

- ***Reporting Offers of Coverage and Other Enrollment Information.*** The Q&As address specific employment situations and explain how employers should report in those situations. The Q&As highlight the specific Offer of Coverage and Safe Harbor codes that should be used in these situations, as well as how to complete the various parts of Forms 1094-C and 1095-C. In addition, the Q&As address certain issues when reporting information for new hires and terminated employees.
- ***Reporting Offers of COBRA Coverage.*** Notably, the Q&As provide clarification and examples for reporting offers of COBRA coverage in a number of situations. Previously, the IRS had not issued much guidance with respect to reporting for COBRA coverage, which left many of these issues largely unclear. The Q&As address reporting COBRA coverage both for terminated employees and for ongoing employees who experience a reduction in hours.
- ***The Authoritative Transmittal.*** The Q&As provide more detailed information on the Authoritative Transmittal. In general, each

ALE must file a single Authoritative Transmittal Form 1094-C containing the aggregate employer-level data for the ALE (meaning the total number of full-time employees and the total number of employees of the ALE for each calendar month, regardless of whether a Form 1095-C is transmitted with that Form 1094-C).

- ***Alternative Methods of Reporting.*** The Q&As address reporting under the Qualifying Offer Method (including the Transition Relief for 2015) and the 98 Percent Offer Method. These alternative methods of reporting allow eligible ALEs to provide less detailed information than under the general method of reporting.
- ***Reporting for Governmental Units.*** The Q&As clarify Section 6056 reporting for Governmental Units that are using a Designated Government Entity (DGE) to report on their behalf. A governmental unit may report under Section 6056 on its own behalf or may appropriately designate another person or persons to report on its behalf. A person may be appropriately designated to file the return and furnish the statements under Section 6056 on behalf of the ALE if the person is part of or related to the same governmental unit as the ALE.

More Information

Please contact J D Fulwiler & Co. Insurance for more information on Section 6056 reporting.

