

ACA Reporting Requirements §6055 and §6056

ACA's shared responsibility provisions impose penalties on individuals who do not maintain minimum essential coverage (MEC) and on plan sponsors who do not offer minimum value, affordable coverage.

The way the IRS will know if an individual has MEC and if an employer offers minimum value, affordable coverage is via the §6055 and §6056 reporting.

On March 10, 2014 the IRS published final regulations (see [ErisaALERT 2014-04, Compliance Cue Card](#)) and released draft forms on July 24, 2014 (<http://apps.irs.gov/app/picklist/list/draftTaxForms.html>). It is important to keep in mind that the Forms are in draft and subject to change.

On August 28, 2014 the IRS released instructions for the Forms as well as posted frequently asked questions ([§6055](#), [§6056](#)). The instructions are very detailed and will require maintenance of a large amount of data. The IRS has requested comments on a number of items including:

- Whether the collection of the information necessary for the IRS to do its job
- Whether the information will have practical utility and
- Ways to minimize the burden of collecting the information on the respondent.

Key Compliance Points

- §6055 reporting of MEC is required of all plan sponsors. Insurers will prepare the reports for insured plans. Self-insured plans must report the information or outsource to their TPA.
- §6056 reporting is required of all applicable large employers (ALE) subject to the shared responsibility provisions. A self-insured ALE can combine the §6055 and §6056 reporting.
- Participant statements must be distributed containing the information that is reported to the government by January 31 of the following year. First statements are due January 1, 2016 (technically, February 1, 2016 because January 31, 2016 is a Sunday)
- §6055 and §6056 reports are due by February 28, 2016 or March 31, 2016 (if filed electronically)
- Extensions may be requested; 30 days automatic, may be able to get another 30 days
- Electronic filing is required for plans with more than 250 returns
- A tremendous amount of data must be reported unless an alternative the plan sponsor is eligible for an alternative reporting method

Which Forms to Use

§6055	§6056
To the IRS	
Form 1095-B or another Form designated by the IRS Form 1094 - B Transmittal Form	Form 1095-C or another Form designated by the IRS Form 1094-C - Transmittal Form

Combined Reporting (§6055 and §6056)

- Applicable large employers that provide minimum essential coverage on a self-insured basis are subject to the reporting requirements of both section 6055 and 6056
- Report on 1095-C only, completing both sections to report the information required under sections 6055 and 6056
- Members of controlled group file separately. However, there is one combined transmittal form.

Penalties

There are penalties for failure to file the return (§6721) and failure to provide the individual statement (§6722). The penalties can be up to \$100 for each failure. However, the IRS will not impose penalties for good faith attempts to comply with the 2015 reporting and disclosure made in 2016.

Note: all links are active as of the date of issuance of this ErisaALERT.

Disclaimer: This material is for the sole purpose of providing general information and does not under any circumstances constitute legal advice and should not be used as a substitute for legal advice. You should seek the advice of counsel when applying the requirements to your plan. For more information on this ErisaALERT contact us by phone at 610-524-5351 and ask for Mary Andersen or 215-508-5629 and ask for Theresa Borzelli at SFE&G.