

New IRS ACA Reporting Forms

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Source: Bloomberg

The forms that employers must use to fulfill annual information reporting requirements under the Affordable Care Act were released Sept. 17 by the Internal Revenue Service. Employers have to file the forms in the first quarter of 2016 to provide a month-by-month breakdown of health-care coverage offered during tax year 2015, and to list out the names of individuals who've received the "minimum essential coverage" required under the ACA.

The two main forms that employers must submit are:

- Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, and
- Form 1095-B, Health Coverage.

Each of the main ACA forms also has an accompanying transmittal form:

- Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns, and
- Form 1094-B, Transmittal of Health Coverage Information Returns.

Along with the forms themselves, the IRS released instructions for the B series and instructions for the C series.

The information from the forms will be used to enforce the law's employer mandate, which requires employers above a certain size threshold to offer coverage that meets minimum standards or face potential penalties. The

information also will be used to enforce the law's individual mandate and to assess whether employees are eligible for premium assistance tax credits.

If employers haven't already begun preparing for the new ACA reporting requirements, they have to get moving, said David Lewis, president and CEO of Operations Inc., a Hartford, Conn.-based HR outsourcing and consulting firm.

Some companies took the attitude that they wouldn't turn their attention to ACA reporting until it became absolutely necessary, according to Lewis. "We're now getting to the point where all businesses are waking up to the demands involved, and some are starting to panic," he said.

Fulfilling these new reporting requirements will be harder for some employers than others, Lewis said. For example, the process of gathering and reporting the required information is likely to be more challenging for those companies that don't have a payroll service provider, aren't using electronic recordkeeping or timekeeping systems, or have a lot of employees coming and going throughout the year as a result of such things as high turnover or seasonal work.

"The more variables they have, the more complicated it'll be," Lewis said. "The more manual the situation, the more time they'll need in order to figure out where they sit," he added.

On the other hand, if employers have good technology in place and already have the necessary data collected in an electronic format, then the process can go much more smoothly, Lewis said. And for those with a third-party payroll provider, it may be a situation where there's just one more set of records and reports to be handled by that outside vendor.

Lewis did warn, however, that HR and payroll professionals should prepare themselves for possible sticker shock when they ask their third-party service providers to perform the additional task of ACA reporting. "In some cases, cost can be an issue if the ACA reporting component is part of a larger data management package that must be paid for on top of regular payroll processing," he explained.

Source Link

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