

March 7, 2014

Final Rules Released on Information Reporting for Employers and Insurers

On March 5, 2014, the Department of Treasury and the Internal Revenue Service (IRS) released final rules on two provisions: reporting health insurance coverage by large employers, and reporting minimum essential coverage by insurers and employers of self-insured plans. The guidance provides a streamlined process for reporting duplicate information required by both provisions – to both the IRS and respective employees.

While the first reporting will not be required until early 2016 for the 2015 calendar year, employers are encouraged to voluntarily report coverage information in 2015 for the 2014 calendar year.

Who must report to whom?

Employers with 50 or more full-time (including full-time equivalent) employees need to report all of the employees offered coverage throughout the calendar year to the IRS. Respectively, all employees named in this report must also be provided with a statement, and can simply be given a copy of the IRS form.

Minimum essential coverage must also be reported annually to both the IRS and any individual named in the report as having such coverage.

What information must be reported?

The final rules provide for a single, consolidated form to streamline the information being reported. Employers and insurers can complete their respective portions of the form and submit them separately. Large self-funded employers can complete both parts of the combined form for information reporting. This form can be used for reporting to both the IRS and employees.

The forms have not yet been provided by the IRS, but will require information to help determine eligibility for the premium tax credit, such as:

- Employer information, including contact information and the number of full-time employees
- The lowest cost employee monthly premium for self-only coverage for minimum

value coverage offered to the employee

- Information on each full-time employee to whom coverage was offered and identifying information, such as Social Security Number

The bottom half of the form includes information for insurers or self-insured employers to report, which will help administer compliance of the individual mandate and eligibility of premium tax credits:

- Information about the insurer or entity providing coverage, including contact and other business information
- Which individuals are enrolled, identifying information of those individuals, and the months in which they are enrolled

Special rules to further simplify

Special rules have been provided to further simplify reporting and offer transitional relief for employers that provide a “qualifying offer” to any of their full-time employees. A qualifying offer is two-fold: 1) offering an employee self-only coverage that meets minimum value (60% of costs) and provides self-only coverage at a cost of no more than 9.5% of the Federal Poverty Level, and 2) offering coverage for the employee’s family, including spouses and children.

- Large employers can take advantage of simplified reporting obligations when they extend qualifying offers to employees for all 12 months of the year. They can report basic employee identification data and the fact that they received a full-year qualifying offer. These employers can also give the named employees a copy of that notice or a standard statement confirming the full-year qualifying offer.
- Large employers who extend a qualifying offer to employees for fewer than 12 months of the year can use a code to report to both the IRS and the named employees. This code indicates that the qualifying offer was made for each of those months.
- A phased-in option for 2015 is available for large employer who can certify they have made a “qualifying offer” to at least 95 percent of their full-time employees and their families (spouses and children). These employers will have simplified reporting method for their entire employee population, and can provide employees a standard statement regarding the coverage offered and potential eligibility for premium tax credits.
- Large employers that can certify they have offered affordable minimum value coverage to at least 98% of the employees named in the report do not have to identify full-time status.

Can employee statements be provided electronically?

The regulations do allow for statements to be provided electronically, but only if an employee agrees in writing to receive them electronically. The electronic statement and consent must satisfy strict requirements and an employee must be permitted to withdraw consent.

When are the first reports and employee statements due?

The first reports to the IRS will be required no later than March 1, 2016 for 2015 calendar-year coverage (February 28 is a Sunday). However, if the report is filed electronically, it will be due no later than March 31, 2016.

The first statements to employees will be required no later than January 31, 2016 for the 2015 calendar year.

For more information, review the [Treasury Fact Sheet](#).

We encourage you to bookmark Cigna's health care reform website, [InformedOnReform.com](#), where we will update information as future guidance and final rules are released.