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 legislativeUPDATE

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Be Prepared – Health Coverage Reporting Begins January 1, 2015

The employer shared responsibility “pay or play” mandate and health coverage reporting under the Affordable Care Act (ACA) begin January 1, 2015. All businesses need to determine how (or if) these rules apply to them and most will need to begin tracking information as of January 1, 2015.

The Employer Mandate The mandate goes into effect in the 2015 calendar year for businesses with 100 or more full-time (FT) and FT-equivalent employees in its controlled group. The pay or play mandate requires affected employers to offer affordable, minimum value health insurance to FT employees and their dependents, or they may be liable for a penalty for certain of those employees for any month coverage is not offered. By January 1, 2015, these businesses must determine for each month, the type of health benefits offered (if any), and whether they are offering health benefits to all of those working an average of 30 hours per week, or 130 hours per month. If an employer has a non-calendar year plan and can meet certain complicated transitional rules, they can delay offering employee health benefits until the start date of their non-calendar year plan in 2015. Employers with 50–99 FT and FT-equivalent employees in its controlled group will have until 2016 plan years to comply with the mandate provisions. Employers that have fewer than 50 FT and FT-equivalent employees in its controlled group are not subject to the pay or play employer mandate provisions. For more information, see our update, “[Employer Mandate Rules Begin 2015](#)”.

The Health Coverage Reporting: The new ACA Section 6055 and 6056 health coverage reporting requirements go into effect with the 2015 calendar year. An employer is not subject to these reporting rules if it has fewer than 50 FT and FT-equivalent employees in its controlled group and it either (1) does not sponsor any health plan, or (2) sponsors a fully-insured health plan. All other employers are required to report on health coverage effective as of January 1, 2015. By January 1, 2015, these businesses will need to begin tracking the type of health benefits they offer (if any) and who is offered and electing these benefits. For more information, see our update, “[Information Reporting – Draft Instructions Released](#)”.

The first statements to individuals (the 1095 Forms) will report 2015 data and must be furnished to individuals by February 1, 2016. The first transmittals (the 1094 Forms with copies of 1095 statements) must be filed with the IRS by February 29, 2016 if filed on paper, or by March 31, 2016 if filed electronically. Filers of 250 or more of the 1095 statements must file them with the IRS electronically, and a new IRS Publication 5165 “Affordable Care Act (ACA) Information Returns (AIR) Guide for Software Developers and Transmitters” is currently under development.

2015 Planning Steps: Although the 2016 deadlines may seem a long way off, employers need to understand these requirements now and develop a strategy to track, obtain, organize, and submit the required information. Employers need to finalize their determinations regarding the category their business fits into, how they will track full-time employees, and what they need to do with plan design in order to comply with the employer mandate requirements. Plan sponsors using look-back and look-forward periods will also need to update their eligibility rules for variable hour counting and employee eligibility provisions in advance of their 2015 plan year. New hire guides and enrollment materials will need to include language describing how the sponsor defines eligible employees and will also need to describe the provisions for variable hour tracking and identification, measurement periods, stability periods, and administrative periods. For calendar year plans, anyone found to be full-time for January 1, 2015 will need to be offered coverage in advance of the January 1, 2015 effective date to avoid a potential penalty. Therefore, tracking of hours for employees should be happening now for most sponsors, and administrative periods (for people to enroll) have to be operational in time to offer coverage and enroll newly eligible individuals effective January 1, 2015.

Example: ABC Company (under its calendar-year plan year) is using look-back and look-forward periods to determine full-time employees. ABC has decided to use an initial (transition) measurement period for measuring ongoing employees from 4/15/14 - 10/14/14 (six months), followed by an administrative period ending on 12/31/14, and a stability period of 1/1/15 - 12/31/15. New hire guides and summary plan descriptions will need to include language describing eligible employees and the provisions for variable hour tracking and identification, measurement periods, stability periods, and administrative periods. Assume ABC’s open enrollment period is 11/15/14 - 11/30/14 (for elections to begin 1/1/15). ABC could use the period between 10/15/14 - 11/14/14 to determine which employees were full-time during the initial transition measurement period (4/15/14 – 10/14/14) for purposes of offering coverage during open enrollment for the subsequent stability period (1/1/15 - 12/31/15). All employees determined to have worked an average of 30 hours or more/week during the 4/15/14 - 10/14/14 measurement period will be notified they are eligible for medical coverage effective 1/1/15, and that their open enrollment period for making the election will run from 11/15/14 - 11/30/14.

Conner Strong & Buckelew is actively developing tools, resources and service solutions to assist plan sponsors in meeting these requirements. To keep you up to date on the new rules, Conner Strong & Buckelew hosts educational webinars for employers. **You are invited to join us on September 25 from 2pm – 3pm for our next webinar “FTE Tracking and Health Coverage Reporting” focused on 2015 healthcare reform planning issues, with special emphasis on strategies to track, obtain, organize, and submit the required information.**

Contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220 should you have any questions. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online [Resource Center](#).