



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Affordable Care Act Employer Reporting Requirements

Board of Trustees Meeting

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A Division of the Department of State Treasurer

ACA Employer Reporting Requirements

- The Patient Protection and Affordable Care Act (ACA) enacted IRS Sections 6055 and 6056—each of which requires various information to be reported to the IRS and provided to certain individuals.
- Section 6055 requires all “plan sponsors” to file a yearly report to the IRS that identifies the months that any individual (employee, former employee, dependent, etc.) were enrolled at least one day in Minimum Essential Coverage (MEC) provided by the plan sponsor. A report will be furnished to each “responsible individual” as well.
- Section 6056 requires every applicable large employer (ALE) to file a yearly report regarding coverage offered each month (if any), and the scope of coverage offered, to any employee of the ALE who was full time (as defined by Code Section 4980H) at least one month during the year.

ACA Requirements: 6055 / 6056 Reporting

6055 Reporting

- The purpose of the reporting is to assist with the individual minimum essential coverage mandate. For self-insured plans (like the State Health Plan) this responsibility falls on the “plan sponsor” (see next slide).

6056 Reporting

- The purpose of this reporting is to administer the employer shared responsibility provisions of Section 4980H of the IRS code and the Code Section 36B premium tax credit for Exchange coverage. This obligation falls on each ALE regardless of whether the plan through which any coverage is offered was fully insured or self-insured.

6055 Reporting Obligations - Plan Sponsor

- The rules define the plan sponsor of a self-insured plan, such as the SHP, as any entity in the following categories:
 - #1: Each participating employer in a plan established or maintained by more than one employer;
 - #2: The joint board of trustees, association or committee of a multi-employer plan (plan maintained by a union and employers pursuant to a CBA);
 - #3: The employee organization if plan is maintained by an employee organization;
 - #4: If not described above, then the entity identified in the documentation that maintains the plan.
- After detailed analysis, discussion with outside counsel, and informal comments with IRS (conducted by outside counsel), we believe that the Plan is in Category #1 above.
 - All employing units will report employees, former employees (last employed by the unit) and their dependents enrolled in the SHP

ACA Requirements: Forms 1094 & 1095

Compliance reporting is accomplished via IRS Forms 1094 and 1095

- **Form 1095** is delivered to each Responsible Individual or Full-time Employee. This form is also filed with the IRS for each individual.
 - Responsible individual is an individual (other than an employee who was full time at least one month) who has the enrollment right or who should otherwise receive a 1095 (based on facts)
- **Form 1094** is a transmittal form that is filed with the IRS along with the 1095s. The process is analogous to W3/W2 filings.

B and C Versions

- **B Version** is designed for coverage providers to satisfy their 6055 reporting obligations
 - Generally not applicable to ALEs (such as most of the employing units)
- **C Version** is designed for applicable large employers (ALE) to satisfy both 6055 and/or 6056 obligations.

ACA Requirements: Self-Insured Reporting

- Self-insured employers who are ALEs must comply with both Section 6055 and 6056.
- ALEs that participate in the SHP may use the C version exclusively to the extent that they have Social Security numbers for all “Responsible Individuals.”
 - B-Series must be used by non-ALE employing units whose employees/former employees participated in the Plan or
 - Employing unit does not have SSN of responsible individual
- **C Version** contains a section where enrollment data may be reported and a check box to indicate self-insured.

ACA Requirements: Data

- **No one entity has all of the data needed to complete the forms.**
- **State Health Plan** – Some information resides within the Plan's eligibility and enrollment services vendors' systems
- **Retirement Systems** – Some information resides within the Retirement Systems
- **Employing Unit** – Some information resides within the employing units' payroll systems

- When the Plan transitioned to Aon Hewitt earlier in the year, a project was deployed to aggregate Benefitfocus and Aon Hewitt data to support the employer reporting requirements. Because of the transition back to Benefitfocus, the original solution was never rolled out to the employing units.

ACA Requirements: Reporting Support Options

- In late September, after a new support plan was in place with Benefitfocus, the Plan announced two reporting support options:
 - **Full Service:** Includes data file generation, form 1095 and 1094-C forms and IRS filing, printing, mailing and call center support.
 - **Data Only:** Includes data file generation for all employees and dependents in the Benefitfocus system, retirees, COBRA and HDHP members.
- In mid-October, at the request of several employing units who had already contracted for a reporting solution, the Plan developed a third option:
 - **Retiree Only Data:** Includes data file generation for retirees and a list of COBRA and HDHP members.
- The cost of the full-service option is \$6 per 1095 plus postage.
- The cost of the data-only options are \$4 per 1095.
- When the options were first announced, the Plan agreed to cover \$2 per 1095 for each option.
- Because the options and costs were rolled out to the employing units so late in the year, the Plan determined the best course of action was to cover the full cost of the 1095s for this reporting period. The employing units will cover the cost of the postage.
- The Plan will revisit the solution and the funding for the solution before the next reporting period.