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BENEFIT SERVICES, INC.

Excellence in Benefit Management Solutions

DBS Notice: 11/16/2015

Relief for Employers with Integrated HRAs from ACA 6055 Reporting

General Overview

Section 6055 was added to the Internal Revenue Code with the passage of the Affordable Care Act (ACA). This section requires that every provider of minimum essential coverage (MEC) report coverage information to the IRS by filing a form called an 'information return'. They must also provide a statement to covered individuals.

The August draft of the IRS instructions for ACA reporting forms seemed to impose a new reporting requirement on employers with HRAs. However, the **final** instructions provided relief to HRAs that are integrated with either fully insured or self-funded coverage sponsored by the same employer. This removes the MEC reporting obligation for many employer HRAs (for example if you offer an HRA that reimburses deductibles under your group health plan).

HRAs that are still required to report are HRAs covering individuals who do not have other minimum essential coverage (MEC) for which an information return is required. See below under "What HRAs will still be required to Report".

The requirements are first effective for coverage provided in 2015. Health coverage providers will need to file information returns with the IRS in 2016.

What is 6055 Reporting?

Section 6055 was added to the Internal Revenue Code with the passage of the Affordable Care Act (ACA). This section requires that every provider of minimum essential coverage (MEC) report coverage information to the IRS by filing a form called an 'information return'. They must also provide a statement to covered individuals. The 'information return' is used by the IRS to administer the individual shared responsibility provision in section 5000A of the ACA and the statement to covered individuals shows compliance with the individual mandate.

What "Minimum Essential Coverage" needs to be Reported?

- A self-insured group health plan (which would include an HRA, unless it qualifies for the relief described in this notice)
- Group health insurance coverage (for which the section 6055 reporting would be done by the insurer, not the employer)

What is the Relief for Many Employers that have Integrated HRAs?

The August draft of the IRS instructions for ACA reporting forms seemed to impose a new reporting requirement on employers with HRAs. However, the **final** instructions to the ACA reporting forms provides relief to HRAs that are integrated with either fully insured or self-funded coverage sponsored by the same employer. This removes the MEC reporting obligation for many employer HRAs and provides relief to those employers with integrated HRAs.



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What HRAs will still be required to Report?

HRAs will be required to report if they are not integrated with MEC provided by the employer (such as another group health plan maintained by the same employer) or with government-sponsored MEC (such as Medicare for individuals who are at least 65 years old). For example, an employer that offers major-medical group health plan coverage, and provides an HRA that is available to all employees regardless of whether they are enrolled in the employer's group health plan (i.e., the HRA is "stand alone" and not integrated with the employer's group health plan), will have to file the report for the HRA. (An HRA that reimburses individuals who are covered by another employer's group health plan will be required to report, because such an HRA is not integrated with MEC provided by the individual's employer.) For a second example, an employer that does not offer major-medical group health plan coverage, but does provide an HRA that reimburses employees regardless of whether they are enrolled in another employer's group health plan, will have to file the report for the HRA.

Who must Report – Who is the Plan Sponsor for Self-Insured Group Health Coverage?

Any person that provides MEC to an individual must report to the IRS and furnish statements to individuals. This includes health insurance carriers for insured coverage and plan sponsors of self-insured group health plan coverage. For a self-insured group health plan maintained by a single employer the plan sponsor is the employer. For a plan maintained by more than one employer that is not a multiemployer plan defined by ERISA the plan sponsor is each participating employer. This information can be found on page 3 of the IRS instructions for Forms 1094-B and 1095-B.

What Type of Return must be filed with the IRS?

Generally, Form 1094-B and Form 1095-B must be filed to report the minimum essential coverage. Exception: in the case of an "applicable large employer" (as defined by the employer shared responsibility provisions in section 4980H) that provides coverage through a self-insured group health plan, the employer must file Form 1094-C and Form 1095-C and those forms will also report the minimum essential coverage.

What Some Employers Need To Do

- Employers with HRAs & self-insured major medical coverage (**No HRA reporting**):
 - If the employer provides both a self-insured major medical plan and a health reimbursement arrangement (HRA) that is integrated with the major medical plan, the employer is required to report the coverage of the individual under only one of the arrangements (usually this would be the major medical plan coverage).
- Employers with HRAs integrated with fully insured major medical coverage (**No HRA reporting**):
 - An employer with an insured major medical plan and HRA coverage where an individual is eligible because the individual enrolls in the insured major medical plan – **the employer is not required to report the coverage** under the HRA. The insurer reports the coverage under the major medical plan.



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- Employers with HRAs not integrated with major medical coverage:
 - If an employer provides an HRA that is not integrated with any major medical plan (even a plan sponsored by another employer, such as through spousal coverage) then the employer with the HRA must report the HRA. The major medical coverage will also be reported (either by the other employer, in the case of a self-insured plan, or by the insurer, in the case of insured coverage).
- Employers with HRAs covering only retirees:
 - If an employer provides an HRA covering only retirees then the employer must report the HRA, unless the HRA is integrated with a major medical plan.

Employers should be in contact with their legal or CPA firm for assistance as needed.

When is the Effective Date and Deadline for filing the Information Reporting Requirements?

The requirements are first effective for coverage provided in 2015. Health coverage providers will need to file information returns with the IRS in 2016. Statements must be provided to individuals in 2016 to report coverage information from 2015. Specifically, the return and transmittal must be filed with the IRS on or before February 28 (or March 31 if filed electronically) of the year following the calendar year of coverage. In 2016 the deadline dates for forms 1094-B and 1095-B are required to be filed by February 29, 2016 or March 31, 2016 (if filed electronically).

Where Can Employers Find More Information?

Further guidance on code section 6055 and the information reporting requirements for health coverage providers can be found at the IRS website at <https://www.irs.gov/Affordable-Care-Act/Questions-and-Answers-on-Information-Reporting-by-Health-Coverage-Providers-Section-6055>

Form 1095-B can be found at <https://www.irs.gov/pub/irs-pdf/f1095b.pdf>

Form 1094-B can be found at <https://www.irs.gov/pub/irs-pdf/f1094b.pdf>