

MEETING IRS 6055 AND 6056 REPORTING REQUIREMENTS

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The continued challenges imposed by PPACA come in two primary forms: 1) regulations that negatively impact health plan sponsorship, such as PCORI, reinsurance and HIT taxes and 2) regulations that create extra work—for example, W2 reporting or variable hour tracking.

It's the second category that employers start to become front and center as we move into 2015. All employers with over 50 FTEs, as well as those that are self-funded, will face difficult reporting and recordkeeping with IRS 6055 and 6056. This section of PPACA is designed to report the healthcare coverage offered to full-time employees and their dependents. IRS 6055 will enforce minimum essential coverage for the individual mandate. IRS 6056 will enforce employer shared responsibility requirements around the employer mandate. Both of these filings will be due in first part of 2016 for the plan year of 2015.

KEY DETAILS

Who Does It Apply To?	6055 (All Sizes of Employers)	6056 (Only Applicable Large Employers—if over 50 FTEs)
Fully Insured Health Plans	Reported by insurer	Reported by employer
Self-Insured Plans and Multi-employer groups	Reported by employer	Reported by employer

WHAT EMPLOYEE-SPECIFIC INFORMATION IS REQUIRED?

- 6055 Employees and dependents covered under the health plan: their name, address, SSN and the specific months they were covered at least one day.
- 6056 For each calendar month, the number of full-time employees and the name, address and Social Security Number of

each, whether the employer coverage offered provided minimum essential coverage, minimum value, met the 9.5% affordability test, was offered to full-time employees and their dependents, and the employee's share of the cost for the lowest-cost employee-only coverage offered. A lot of additional information is required, which the final regulations allow employers to report using indicator codes.

THE CHALLENGE WITH CURRENT PAYROLL AND HRIS SYSTEMS

When it comes to benefits information, most employer HR systems are usually only keeping track of the payroll deduction amount and corresponding code for employees. 6055 will require dependent information and 6056 will need dependent election details, which is not normally captured in an HR database. IRS 6056, especially in the standard reporting form, requires an extensive amount of information, including employee details and coverage counts on a monthly basis, affordability tests, cost sharing and reason coverage was not offered to certain employees.

To qualify for the simplified filing, which will be far less onerous, the employer has to certify that coverage was offered to 95% of all full-time employees. The certification also eliminates the possibility of paying the \$2,000-per-employee penalty. Without some form of electronic tracking to record the enrollment election/waiver (for employees and dependents) and time and date stamp the event, employers will have a difficult time meeting the simplified filing guidelines.

SIMPLIFIED FILING OPTIONS REDUCE THE BURDEN OF 6056

Most ALE clients will strive for simplified filing as they significantly reduce the data requirements and work required around the IRS filing. With simplified filing, an employer can report on an annual basis (rather than monthly). To qualify, the employer needs to make a “qualifying offer” to full-time employees for all 12 months of the year. The employee contribution for this offer cannot cost more than \$1,100 for the year for employee-only coverage, and must also include an offer of coverage to the employee’s spouse and dependents.

An employer that certifies this qualifying offer to at least 95% of its full-time employees can take advantage of the simplified filing. Also, if the employer makes a qualified offer to at least 98% of full-time employees, it qualifies for even more streamlined reporting. As referenced earlier, it is difficult to properly certify this offer in a manual paper environment because paper enrollment lacks in its ability to demonstrate offer to dependents and timing of election needs to be dated.

ANNUAL STATEMENTS TO EMPLOYEES

These are similar to the new PPACA-required W-2 forms that employers already must provide to employees on an annual basis, but they only include information about the health benefits offered to the employee. An employer can just provide eligible employees with a copy of the 6056 information return.

THE NEXT STEPS

As you plan for 2015, it would make sense to strategize how your clients can collect this required data for each filing, generate proper employee statements and meet the simplified reporting requirement for IRS 6056. There is a strong likelihood that many companies’ current HR system and process will not deliver the core data needed to file the required report. To address this concern, they will need to identify an ideal method to collect and measure the required information. This may require the deployment of an enrollment system or simply the creation of an additional process or capability within their HR department. [HIU](#)

INDUSTRY INNOVATIONS

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reported on property-casualty and life and health insurance for both consumers and businesses for more than two decades. She says that while [theinsurance411.com](#)’s content will be broad in scope, “Everything we write about will be accessible, in jargon-free language. We’ll take out the sales pitch and help people understand whether they really need a coverage or not by making an objective assessment of the pertinent information.”

“For instance, as an individual, do you need critical illness insurance, long-term care or mortgage life insurance?” she asks. “Is pet insurance worth the money? What about dental insurance? What’s

umbrella coverage? And then there’s the Affordable Care Act... how does that affect your health plan?”

“As a business, do you need employment practices liability? Do closely held corporations need directors and officers liability insurance? What about environmental coverage? Is terrorism covered in your business owner’s policy? There are so many types of insurance available today, both personal and business,” says Whitaker. “It’s hard to know exactly what they cover and more importantly, what they don’t. And which you really need and which may not be that necessary.”

TheInsurance411.com launched on July 15, with dozens of insurance articles

covering insurance products for both consumers and businesses. Individuals will find topics such as individual health, personal auto, homeowners and life insurance; while businesses will find articles on property and liability insurance, employee benefits and workers’ compensation.

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