

The Bankler Report

June 15, 2015

INTRODUCTION

As discussed in earlier Bankler Reports, the Patient Protection and Affordable Care Act places numerous reporting requirements on employers. The IRS has provided transitional relief which has delayed many until the 2016 Employer Requirements go into effect. Some important items to note:

Notice Requirement for All Employers

All employers are required to give notice to new hires, both full-time and part-time, on whether or not they offer health insurance coverage. This notice should be documented and kept by the employer and should have been previously given to existing employees.

Health Reimbursement Arrangements Now Subject to Excise Tax

Employers are now in violation of the Affordable Care Act (ACA) if they offer medical reimbursement arrangements to their employees, since they are considered group health plans which do not meet the requirements of the ACA. After June 30, 2015, these plans subject employers to an excise tax of \$100 per day per applicable employee. The IRS did grant limited transitional relief on these types of payments until June 30, 2015, for small employers (under 50 full-time employees). The limit on health reimbursement accounts for 2015 is \$2,500.

All Employers Are Responsible for Reporting Requirements if Offering Insurance

While employers with fewer than 50 full-time employees are not subject to the Employer Shared Responsibility payments, they are still subject to the reporting requirements if they offer insurance to their employees.

Employer Reporting Requirements

All health care information reported to employees must be provided no later than January 31, 2016 – the same due date as W-2.

Employers wishing to provide healthcare information electronically must obtain written consent from the employee before October 31, 2015.

The basic information required to be reported includes the following:

- a. The name of each individual enrolled in a healthcare policy – employee and dependents.
- b. The identification number of the employee and dependents.
- c. The months of coverage for each covered individual.
- d. A statement that it is the employee's responsibility to provide this information to any covered dependents.

Since employers have the reporting responsibility, we are recommending that all employers offering health coverage contact their health insurance providers **NOW** to determine whether the insurance company is providing the necessary reports. The employer is still obligated to file these reports even if the insurance company refuses to prepare the reports.