
THE GROUP BENEFIT NEWS BULLETIN

Updates on Health Care Reform

Affordability Percentage Increases Slightly

Recently the IRS released [Revenue Procedure 2014-37](#) which states that the affordability requirement within the Employer Shared Responsibility Provision (aka Employer Mandate) of the Affordable Care Act would be raised from 9.5% to 9.56%.

Background:

As part of the Employer Mandate, employers must provide “affordable” coverage based the employee only rate of the employer’s lowest cost coverage option which provides minimum value (defined as providing at least 60% of the cost). The employee only rate cannot exceed 9.56% in 2015 of the employee’s household income. Since Employers will not necessarily know the household income of employees, the IRS does allow employers to use Safer Harbors. One such Safe Harbor is the W2 Box 1 Safe Harbor. In this case, the employee only rate of the lowest cost coverage option providing minimum value cannot be higher than 9.56% of the employees W2 Box 1 income for the year.

IRS Releases Drafts of Employer Reporting Content

As a follow up to our other bulletins on this topic, the IRS recently released draft copies of the ACA reporting forms for employers and carriers. The drafts do not contain any instructions regarding filing procedures. The IRS is taking comments on the drafts at this time.

It is highly recommended that Employers review the drafts to make certain that the information that is being requested on the forms can be captured by Employers current systems, otherwise Employers may need to make adjustments to do so. While the reports are based on a calendar year the information being requested may have to be broken out on a per month basis.

Drafts of the reports can be found here:

Form 1095 A, Health Insurance Marketplace Statement: <http://www.irs.gov/pub/irs-dft/f1095a--dft.pdf>

Form 1095 B, Health Coverage: <http://www.irs.gov/pub/irs-dft/f1095b--dft.pdf>

Form 1094 B, Transmittal Letter: <http://www.irs.gov/pub/irs-dft/f1094b--dft.pdf>

Form 1095 C, Employer Provided Health Insurance Offer and Coverage: <http://www.irs.gov/pub/irs-dft/f1095c--dft.pdf>

Form 1094 C, Transmittal Letter: <http://www.irs.gov/pub/irs-dft/f1094c--dft.pdf>

Background:

Section 6055 requires those providing minimum essential coverage to submit the necessary documents to the IRS. Examples: Fully Insured Coverage = The Carriers; Self Funded = Employer; Government Sponsor Programs = Agency that provides coverage, e.g. Department of Defense = TRICARE. **Section 6056** relates to reporting requirements of Large Employers subject to the Employer Shared Responsibility Provision.

Transitional relief was granted for both reports and will not be required for the 2014 calendar year, but will be required for the 2015 calendar year. Employers who have been granted transitional relief for 2015 from the Employer Mandate will still be required to file the necessary returns to the IRS indicating the transitional relief that applies to them.

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As always, this material is intended for informational purposes only and is not to serve as instruction or legal counsel.