

# What Co-ops Need to Know

## Affordable Care Act: Individual Mandate Tax Reporting Requirements

**U**nder the Affordable Care Act, any entity offering health insurance that provides minimum essential coverage must both report that coverage to the IRS and provide the reported information to covered individuals. Individuals will use the information to establish compliance with the individual mandate on their federal tax returns. This requirement begins with the 2015 tax year with tax forms due in 2016. Want to learn how these changes affect cooperatives in the NRECA Medical Plan? Read on to learn more.

<p><b>Description</b></p>	<p>Individual mandate reporting (Code Section 6055) requires all participating employers in multiple employer plans, as well as health insurers and sponsors of self-insured plans, to report information about minimum essential coverage (health insurance coverage they provide) to the IRS and to the responsible individuals.</p>
<p><b>Purpose</b></p>	<ul style="list-style-type: none"> <li>■ Report individuals actually enrolled in your medical plans to help IRS determine compliance with the individual mandate</li> <li>■ Help IRS determine individual premium tax credit eligibility</li> <li>■ Help individuals establish on their tax returns the period during which they had health insurance coverage during the tax year</li> </ul>
<p><b>Threshold for Compliance</b></p>	<p>There's no size threshold. All co-ops, regardless of size, offering NRECA medical plans must comply with this requirement. In a self-funded multiple employer plan, such as the NRECA Medical Plan, each participating employer is considered the plan sponsor providing minimum essential coverage to its own employees for purposes of this requirement.</p> <p><b>Note:</b> Co-ops in fully-insured plans don't need to file tax forms to comply with this requirement if they have less than 50 full-time or full-time equivalent employees. The insurance carrier files the forms in this arrangement.</p>
<p><b>Tax Forms</b></p>	<p><b>If your co-op has less than 50 full-time or full-time equivalent employees,</b> file forms <b>1094-B</b> and <b>1095-B</b> with the IRS. Provide a copy of Form 1095-B to the responsible individuals. <b>For Form 1095-B,</b> complete parts I, III and IV. <b>For Form 1094-B,</b> complete the entire form.</p> <p><b>If your co-op has 50 or more full-time or full-time equivalent employees,</b> file forms <b>1094-C</b> and <b>1095-C</b> with the IRS. Provide a copy of Form 1095-C to the responsible individuals. <b>For Form 1095-C,</b> complete parts I and II for all full-time and non-full-time employees who are enrolled in the co-op's medical plan. Complete part III for anyone enrolled in the co-op's medical plan (covered employee, dependents and non-employees), or report them on the B forms. <b>For Form 1094-C,</b> complete parts I, II &amp; III. Complete part IV for aggregated group members, if any.</p> <p><b>Note:</b> Employers with fully-insured plans don't complete part III of Form 1095-C. The insurance company will report that information on the B forms.</p>

*continued*



<b>Deadlines</b>	<p><b>March 31, 2016*:</b> Provide a copy of either Form 1905-B or Form 1095-C to the responsible individual (person through whom the coverage is provided). <i>*The deadline was extended from February 1 for 2016, but it usually will be January 31.</i></p> <p><b>May 31, 2016*:</b> Submit all B or C tax forms to the IRS (if paper filing). <i>*The deadline was extended from February 29 for 2016, but it usually will be February 28.</i></p> <p><b>June 30, 2016*:</b> Submit all B or C tax forms to the IRS (if e-filing). <i>*The deadline was extended from March 31 for 2016.</i></p>
<b>Delivery</b>	<p>Two methods:</p> <ul style="list-style-type: none"><li>■ Mail paper forms to the last known permanent address</li><li>■ Deliver electronically<ul style="list-style-type: none"><li>□ Follow IRS electronic delivery rules, not ERISA</li><li>□ Must get individual's affirmative consent; can't use prior W-2 consent</li></ul></li></ul>
<b>Co-op Actions for 2015</b>	<ul style="list-style-type: none"><li>■ Ensure they have data elements—name, SSN—for all covered individuals (employee, spouse, dependents); address for the responsible individual. Date of birth can be used if the SSN isn't available. An initial solicitation (when the relationship with the covered individual is established), a first annual solicitation (by 12/31 of the first year, generally) and a second annual solicitation (by 12/31 of the following year) must be attempted to obtain SSNs. Depending upon timing, you may be in the process of making these attempts when you file your co-op's tax forms.</li><li>■ Track months individuals are enrolled in the co-op's medical plan. (One day of enrollment in a month counts as enrollment for the month.)</li></ul> <p><i>NRECA will provide reports in September 2015 and January 2016 to help co-ops verify gaps in their data. The reports will include:</i></p> <ul style="list-style-type: none"><li>■ <i>Co-op name</i></li><li>■ <i>Demographic information NRECA has on file for covered individuals (name, SSN, date of birth, address)</i></li><li>■ <i>The months each individual was covered by the NRECA Medical Plan</i></li></ul> <p><i>Information NRECA doesn't have will be blank on the reports.</i></p>

*This flier provides NRECA's interpretation of the provision. NRECA isn't authorized to provide tax or legal advice to co-ops. Co-ops should seek confirmation of the information in this document from their tax or legal advisors.*