



## SITZMANN ▪ MORRIS ▪ LAVIS

Employee Benefits | Life Insurance | Risk Management

**TO: Clients of Sitzmann Morris & Lavis Insurance Agency**

**RE: Final Rules on Benefits & Parameters and Reporting**

Final Rules on Benefits and Parameters:

On March 6, the Department of Health and Human Services (HHS) issued final regulations on the 2015 Notice of Benefit and Payment Parameters and provided the 2015 actuarial calculator. There are many details confirmed in this final rule that impact insurers and governments. Below are highlights which impact employers and their plans. A fact sheet is available on the Centers for Medicare and Medicaid Services (CMS) website.

Key Provisions:

*2015 Cost-Sharing Limits* – The 2015 maximum out-of-pocket limits for all non-grandfathered plans will increase by 4.21% (lower than originally proposed) to \$6,600 for individual and \$13,200 for family coverage. The maximum 2015 deductibles for insured non-grandfathered small group plans are \$2,050 individual and \$4,100 family.

The out-of-pocket limits for 2015 stand-alone pediatric dental Exchange Marketplace plans have increased from the proposed limits of \$300 for one covered child and \$400 for two or more, to the final limit of \$350 for one and \$700 for two or more.

*Reinsurance Fees* – For 2015 the fee will be \$44 per participant. This is payable by carriers issuing fully-insured policies, and by plan sponsors of self-insured policies. This is a decrease from the 2014 fee of \$63 per participant. Of this fee, \$52.50 will be allocated towards reinsurance payments and administrative expenses, and \$10.50 towards payments to the U.S. Treasury. Therefore, if an employer submits its enrollment count by November 15, 2014, a reinsurance payment of \$52.50 per participant will be payable in January 2015. Another \$10.50

per participant will be invoiced in the fourth quarter of 2014 and payable late in the fourth quarter.

*Open Enrollment Period* – the 2015 open enrollment period for individual and family plans will be November 15, 2014 – February 15, 2015. This is an extension of 30 days from the period in the proposed rule.

### Final Rules on Reporting

The Treasury Department and the Internal Revenue Service (IRS) released the final regulations on what health plan information employers and insurers will be required to report annually under Internal Revenue Code (IRC) sections 6055 and 6056. These reports will be used to enforce both the individual and employer mandates. To avoid a penalty most individuals are required to be covered by “minimum essential coverage”. The IRC section 6055 requires all providers of minimum essential coverage to file an information return and a transmittal form to the IRS. This includes health insurance issuers of fully-insured policies and plan sponsors of self-insured policies of all sizes. The IRC section 6056 requires employers with at least 50 full-time employees to report to the IRS information about what health care coverage, if any, they offer to full-time employees, and to provide a statement to those employees.

If you are under 50 full-time employees (not subject to pay or play) and only sponsor fully-insured policies you will not have to complete any reporting.

### Key Provisions: Section 6055 & Section 6056

Reporting entities for calendar years beginning on or after December 31, 2014 must

- File an annual information return with the IRS which includes specified information (voluntary for 2014, mandatory for 2015 and thereafter).
- Furnish to each “responsible individual” or employee a written statement showing contact information and such information that was reported to the IRS, with copies to the IRS.
- Applicable large employers (ALE) that provide minimum essential coverage on a self-insured basis and are therefore required to report under both sections are allowed to file a combined return and statement for all reporting under sections 6055 and 6056.

### What Forms are Used?

The section 6055 return will be on Form 1094-B, and the transmittal on 1095-B. Under the general method the section 6056 return may be made by filing Form 1094-C (a transmittal) and Form 1095-C (an employee statement), or other forms the IRS designates.

An ALE member that sponsors a self-insured plan will report on Form 1095-C, completing both sections to report the information required under both sections 6055 and 6056.

An ALE member that provides insured coverage will also report on Form 1095-C, but will complete only the section of Form 1095-C that reports the information required under section 6056.

### What Information is Required:

#### **Section 6055**

- Name, address, employer identification number (EIN) for the person required to file the form
- Name, address, and taxpayer identification number (TIN), or date of birth, if a TIN is not available for the responsible individual
- Name and taxpayer identification number (SSN) of each individual covered under the policy or program (this includes dependents!!) If you document three failed attempts to obtain the SSN the date of birth can be used
- For each covered individual, the months for which, for at least one day, the individual was enrolled in coverage, and
- Any other information specified in the forms, instructions, or published guidance

#### **Section 6056**

- Information about the employer offering coverage (including contact information and number of full-time employees)
- For each full-time employee, information about the coverage offered to the employee, by month
- Employers who certify that they made a “qualifying offer” of coverage are allowed to report simplified section 6056 information. They can also provide a simplified employee statement instead of a copy of the Form 1095-C to each full-time employee who received a qualifying offer for all 12 months of the calendar year. A qualifying offer is coverage which is affordable (9.5% of FPL) and of minimum value for employee-only, and minimum essential coverage is offered to the employees’ spouses and dependents.
- Employers who wish to use an alternative simplified method which allows them to report without identifying or specifying the number of full-time employees must certify on the

transmittal form that it offered affordable coverage of minimum value to at least 98% of employees on its section 6056 return.

- For the 2015 reporting year, employers with between 50 – 99 employees must certify on their section 6056 transmittal form that they meet the requirements for transition relief from pay or play penalties. They are not exempt from the 6056 reporting for 2015.

Filing Dates: Reporting begins for calendar years beginning on or after December 31, 2014.

The first section 6055 and 6056 returns required to be filed are for the 2015 calendar year and must be filed no later than March 1, 2016 (February 28, 2016, being a Sunday), or March 31, 2016, if filed electronically. Forms 1095-B and 1095-C will be required to be electronically filed only if the reporting entity is required to file at least 250 of the specific form. The transmittal (Form 1094-B or 1094-C) is not treated as a separate return.

The first section 6055 and 6056 employee statements (forms 1095-B and 1095-C) must be furnished no later than February 1, 2016 (January 31, 2016, being a Sunday).

Penalties: Relief is provided from penalties for returns and statements filed and furnished in 2016 to report coverage in 2015, but only for incorrect or incomplete information reported on the return or statement, including TINs or dates of birth. No relief is provided in the case of reporting entities that do not make a good faith effort to comply with these regulations or that fail to timely file an information return or furnish a statement.

What's Next: All of the new IRS Forms will be made available in draft form in the near future. We will provide you with more detail as it becomes available. As always, contact your SML Account team if you have any questions.

The information provided in this legislative update for our clients and colleagues is for general guidance only and is not intended to be, and does not constitute, tax or legal advice. We recommend that you consult with your tax and legal advisors for the interpretation or application of any laws for your particular circumstances and situation.