



COBRA and 6055/6056 Reporting

Reporting Under IRC Sections 6055 and 6056

The Affordable Care Act (ACA) created new reporting requirements under Internal Revenue Code (Code) Sections 6055 and 6056. Under these new reporting rules, applicable large employers (employers with 50 or more full-time employees, including full-time equivalent employees) must provide information to the IRS about the health plan coverage they offer (or do not offer) to their full-time employees.

On February 9, 2015, the Internal Revenue Service (IRS) released final versions of the forms and related instructions that employers may use to report under Sections 6055 and 6056. These forms are not required to be filed for 2014, but reporting entities may voluntarily file them in 2015 for 2014 coverage. The first returns will be due in 2016 for coverage provided in 2015.

Reports from Benefit Strategies

Benefit Strategies is not preparing the applicable forms for our clients, however Benefit Strategies will provide participating employers with calendar year 2015 data for COBRA participants enrolled in the system. This data is anticipated to be sent during the week of January 11, 2016 to the participating employers. A second report will be sent in early March, 2016 to capture any changes made after the first report was sent. The entire calendar year 2015 will be addressed in this data.

A sample report with sample data can be found [HERE](#) so you can test how you will use the report to produce the required forms and filing.

COBRA Coverage and Reporting

COBRA continuation coverage that is offered to a terminated employee is not reported as an offer of coverage unless the former employee enrolls in the COBRA coverage. If the former employee does not enroll (even if a spouse or dependent enrolls), then the code for no offer of coverage should be entered. However, an offer of COBRA coverage made to a current employee due to a reduction in hours is reported, whether or not the employee enrolls.

What forms are required?

The IRS will use the new reporting requirements to verify that individuals have a

minimum essential coverage, applicable large employers are providing minimum essential coverage, and to determine potential penalties or tax consequences for the employer or individual should there be any.

Under the new guidelines, large employers will be required to report and submit information to the IRS and to the individual employees regarding the details of their health insurance plan.

Under Code Section 6055, reporting entities will generally file Forms 1094-B (a transmittal) and 1095-B (an information return). Under Code Section 6056, entities will file Forms 1094-C (a transmittal) and 1095-C (an information return) for each full-time employee for any month.

Employers send 1095s to employees first, then send a 1094 to the IRS second. Employers use 1095s to report offer of both self-insured and fully-insured coverage, and enrollment in self-insured coverage.

Differences among Self-Insured and Fully Insured Plans

Self-Funded Medical Plans - Employer uses Form 1094-C. The employer will need to complete both sections of the form to submit all the information required under both Sections 6055 and 6056.

Fully Insured Medical Plan - Employers also use Form 1094-C, but the employer completes only the information that applies to the Section 6056 reporting.

Deadline for Sending the 1095 Forms to Employees

1095s are generally due to employees by January 31st of the year immediately following the calendar year to which the return relates. Because January 31, 2016 falls on a Sunday, the 1095-Cs are due to employees by February 1, 2016. If the employer is sending a Form 1095-B to a non-employee, the "B" Forms and the "C" Forms have the same deadlines.

Deadline for Filing the 1094 Form with the IRS

1094s (with 1095s attached) are generally due to the IRS by February 28th (March 31st if filed electronically) of the year immediately following the calendar year to which the return relates. Because February 28, 2016 falls on a Sunday, the form, if it is being mailed, is due February 29, 2016. If an employer is filing a Form 1094-B, the "B" and the "C" Forms have the same filing deadlines.

For Whom Must a Form 1095-C be Completed

All reporting to the IRS will be made using Form 1094-C, the transmittal form, and Form 1095-C, the employee statement. The Form will include two sections - one that includes information about the employees who have been covered by the plan (the Minimum Essential Coverage section) and a second section that includes information about the coverage that the employer offered (the Shared Responsibility Section)

Applicable large employer group members must prepare a Form 1095-C (Parts I and II) for

- Each full-time employee

- Regardless of whether the employee is participating in an employer-sponsored group health plan and
- Regardless of whether the Employer sponsors self-insured coverage, fully-insured coverage or both
- Any other employee enrolled in the employer's medical plan (self-insured coverage)
- An Employer that offers self-insured health care coverage must also complete Part III of Form 1095-C to report to those employees enrolled in the self-insured coverage
- An employer may report certain non-employees enrolled in employer self-insured coverage on either Form 1095-C or 1095-B
 - Retirees who retired in a calendar year prior to the one being reported
 - COBRA qualified beneficiaries who terminated employment during a calendar year prior to the one being reported and
 - COBRA qualified beneficiaries that were not employees
- **The applicable large employer will then file Form 1094-C to transmit its Forms 1095-C to the IRS.**

Report	Plan Funding	Completed by
1095-C Minimum Essential Coverage Section	Insured	Insurance Carrier (reports using Form 1095-B)
1095- C Minimum Essential Covered Section	Self- Funded	Employer
1095- C Shared Responsibility Section	Insured	Employer with 50 or more full-time equivalent employees
1095-C Shared Responsibility Section	Self- Funded	Employees with 50 or more full-time plus full-time equivalent employees

Additionally, the IRS issued Publication 5196, which provides a quick reference guide for applicable large employers (i.e. employer that employed at least 50 full-time employees, including full-time equivalent employees, during the prior calendar year) regarding these new reporting requirements. The IRS also published Publication 5200, which provides very general information notifying both non-applicable large employers and applicable large employers of their reporting obligations. These information returns will be completed by employers and/or insurance carriers to report information to the IRS and individuals about the group health coverage offered by the employer for purposes of administering the Affordable Care Act's individual mandate, the employer mandate and the availability of a premium tax credit.

Please Note: *The above information is Benefit Strategies' translation of the IRS regulations. You may also want to consult your tax professional to discuss which method is best for your organization.*

Please contact Benefit Strategies at our toll free number for more information.

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