

# PPACA Reporting Under IRC Sections 6055 and 6056

## Introduction

Beginning in 2015, Internal Revenue Code (IRC) Sections 6055 and 6056 impose new reporting and information gathering obligations on most employers related to their group health plan coverage, including employers that are participating entities in TRS-ActiveCare. The reporting obligations vary, depending upon whether the employer is or is not an “applicable large employer” (an “ALE”). An ALE is defined in the federal regulations as an employer with an average of 50 or more full-time equivalent employees.

TRS has been advised that under applicable federal law, the PPO plans (TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2) under TRS-ActiveCare are self-funded multiple employer plans. Consequently, except as noted below with regard to employees enrolled in a HMO associated with TRS-ActiveCare, each participating entity in TRS-ActiveCare is a plan sponsor for purposes of IRC 6055 and each participating entity is responsible for reporting under IRC Code Section 6055 with respect to its own employees enrolled in one of the PPO plans. In addition, ALEs must also fulfill the requirements of Section 6056 reporting. Non-ALEs are not required to report under IRC Section 6056.

The IRS has created a series of forms for Section 6055 and Section 6056 reporting. The forms that an employer will use for Section 6055 and Section 6056 reporting depend on a number of factors that will be addressed below.

- IRC Section 6055 facilitates IRS enforcement efforts with respect to the individual mandate by requiring any “person” who provides “minimum essential coverage” to an individual (such as an employee) during a calendar year to report certain information to the Internal Revenue Service (IRS).
- IRC Section 6056 is intended to assist the IRS in determining whether a large employer is subject to IRC Section 4980H penalties for failing to provide affordable minimum essential coverage that provides minimum value. Again, non-ALEs are not required to report under IRC Section 6056.

The following information is being provided to assist participating entities in TRS-ActiveCare in their efforts to comply with the completion of the reporting forms required under IRC Sections 6055 and 6056. This is intended to be general guidance; however, please note the disclaimers at the end of this document. Participating entities should consider their own unique situations and should consult with their own legal counsel or advisors.

TRS has determined that all TRS-ActiveCare plans, including the three HMO options available in association with TRS-ActiveCare, meet the minimum value requirement under the Affordable Care Act during the months from January to August 2015, inclusive. Once plan designs are available, TRS will analyze whether the same can be said with regard to the plans offered during

the months from September to December 2015, inclusive. Please refer to the TRS website for updates.

## **Reporting Employees of ALEs Participating in TRS-ActiveCare Plans**

### *Self-Funded Health Coverage through a TRS-ActiveCare PPO Plan (TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2)*

With regard to employees of ALEs who enroll in one of the self-funded TRS-ActiveCare PPO plans, the ALEs have both Section 6055 and Section 6056 reporting obligations.

- The IRS has provided a single form on which an ALE may do combined Section 6055 and Section 6056 reporting. ALEs must provide a Form 1095-C (completing Parts I, II, and III) to each of its covered employees that participate in one of these self-funded options, and must complete a Form 1094-C to transmit copies of those forms to the Internal Revenue Service.

### *Fully-Insured Health Coverage through a HMO associated with TRS-ActiveCare (Allegian Health Plans, FirstCare, and Scott & White Health Plan)*

- With respect to employees of ALEs who are enrolled in one of the fully-insured plans offered by a HMO, the HMOs themselves will be responsible for reporting under IRC Section 6055. However, ALEs still must fulfill their Section 6056 reporting obligations with respect to these employees. Therefore, ALEs must provide a Form 1095-C (completing only Parts I and II) to each of its covered employees that participate in one of the fully-insured HMO plans, and must complete a Form 1094-C to transmit copies of those forms to the Internal Revenue Service. The HMOs will be responsible for the Section 6055 reporting and will provide each of these employees with a Form 1095-B.

The following chart illustrates the proper forms to be used:

<b>Employer's Status</b>	<b>Reporting Obligation</b>	<b>Forms to Use</b>
ALE with employees enrolled in one of the self-funded health coverage PPO plans in TRS-ActiveCare	ALE has the 6055 and 6056 reporting obligation with regard to these employees.	Forms 1094-C and 1095-C (Parts I, II, and III)
ALE with employees enrolled in fully-insured health coverage through a HMO associated with TRS-ActiveCare	ALE has the 6056 reporting obligation with regard to these employees; the HMO has the 6055 reporting obligation with regard to these employees.	Forms 1094-C and 1095-C (Parts I and II only)

## Reporting Employees of Non-ALEs Participating in TRS-ActiveCare Plans

### *Self-Funded Health Coverage through a TRS-ActiveCare PPO Plan (TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2)*

- With regard to employees of a non-ALE who enroll in one of the self-funded TRS-ActiveCare PPO plans, the non-ALE only has Section 6055 reporting obligations. The non-ALE does not have Section 6056 reporting obligations.
- Each non-ALE must provide a Form 1095-B to each of its covered employees that participate in one of the self-funded options, and must complete a Form 1094-B to transmit copies of those forms to the Internal Revenue Service.

### *Fully-Insured Health Coverage through a HMO associated with TRS-ActiveCare (Allegian Health Plans, FirstCare, and Scott & White Health Plan)*

- With respect to employees of a non-ALE who are enrolled in one of the fully-insured plans offered by a HMO, the HMOs themselves will be responsible for reporting under IRC Section 6055 with respect to employees of participating entities that are enrolled in the HMO plan. Non-ALEs do not have reporting obligations under either Section 6055 or Section 6056 with respect to these employees.

The following chart illustrates the proper forms to be used:

<b>Employer's Status</b>	<b>Reporting Obligation</b>	<b>Forms to Use</b>
Non-ALE with employees enrolled in one of the self-funded health coverage PPO plans in TRS-ActiveCare	Non-ALE has the 6055 reporting obligation with regard to these employees. There are no 6056 reporting obligations with regard to these employees.	Forms 1094-B and 1095-B
Non-ALE with employees enrolled in fully-insured health coverage through a HMO associated with TRS-ActiveCare	Non-ALE has no reporting obligations under 6055; the HMO has the 6055 reporting obligation with regard to these employees. There are no 6056 reporting obligations with regard to these employees.	None

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## Forms

**The following forms (with instructions) are available from  
the Internal Revenue Service website ([www.irs.gov](http://www.irs.gov))**

<b>Form Details To Consider</b>	
<b>Form 1094-B</b>	
Lines 1-9	The participating entity has the information requested by these lines

<b>Form Details To Consider</b>	
<b>Form 1095-B</b>	
Part I. Responsible Individual	
Lines 1-7.	The participating entity has the information requested by these lines.
Line 8.	Enter Code "B." The participating entity is providing "Employer-Sponsored Coverage" because it is an employer providing its employees coverage through TRS-ActiveCare.
Line 9.	This is not applicable -- leave blank
Part II. Employer Sponsored Coverage	
Lines 10-15.	These are not applicable -- leave blank.
Part III. Issuer or Other Coverage Provider	
Lines 16-22.	The participating entity has the information requested by these lines.
Part IV. Covered Individuals	
Lines 23-28.	The participating entity (PE) has this information from the following source(s): <ul style="list-style-type: none"> <li>• PE's Third Party Administrator (TPA)</li> <li>• PE's Payroll and Benefits Department</li> <li>• Census report provided by WellSystems on request</li> </ul>

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<b>Form Details to Consider</b>	
<b>Form 1094-C</b>	
Part I: Applicable Large Employer Member (ALE member)	
Lines 1-8.	The participating entity has the information requested by these lines.
Lines 9-16.	This is not applicable -- leave blank.
Line 17.	Reserved -- leave blank.
Line 18.	The participating entity has the information requested by this line.
Part II: ALE Member Information	
Lines 19-22.	The participating entity has the information requested by these lines.
Part III: ALE Member Information -- Monthly	
Lines 23-35.	The participating entity has this information requested by these lines.
Part IV: Other ALE Members of Aggregated ALE Group	
Lines 36-50.	These lines require the participating entity to identify whether it is an ALE member of a larger ALE aggregated ALE group. This could be applicable if a participating entity has made a determination that it is in a "controlled group" with other entities. This is a legal determination and each participating entity must make this determination for itself.

<b>Form Details To Consider</b>	
<b>Form 1095-C</b>	
Part I: Employee and Applicable Large Employer Member (Employer)	
Lines 1-6.	The participating entity has the information requested by these lines.
Lines 7-13.	The participating entity has the information requested by these lines.
Part II. Employee Offer and Coverage	
Line 14.	The participating entity has the information requested by this line. TRS has determined that all TRS-ActiveCare plans, including the three HMO options, meet the minimum value requirement under the Affordable Care Act.
Line 15-16.	The participating entity has the information requested by these lines.
Part III. Covered Individuals	
Line 17-22.	The participating entity (PE) has this information from the following sources: <ul style="list-style-type: none"> <li>• PE's Third Party Administrators (TPA).</li> <li>• PE's Payroll and Benefits Department</li> <li>• Census report provided by WellSystems on request</li> </ul>

## **Reporting COBRA Participants in TRS-ActiveCare Plans**

### *COBRA Participants in one of the Self-Funded TRS-ActiveCare PPO Plans (TRS-ActiveCare 1-HD, TRS-ActiveCare Select, and TRS-ActiveCare 2)*

WellSystems will provide participating entities with calendar year 2015 data for COBRA participants enrolled in the TRS-ActiveCare PPO plans.

- This data, will be sent in January 2016 to the Benefits Administrator of each affected participating entity. The entire Calendar Year 2015 will be addressed in this data.
- Each ALE has the IRC Section 6055 and Section 6056 reporting obligations with regard to its COBRA participants. Likewise, each non-ALE has the IRC Section 6055 reporting obligations with regard to its COBRA participants. As noted above, non-ALEs do not have any reporting responsibilities under IRC Section 6056.

### *COBRA Participants in one of the Fully-Insured HMO plans associated with TRS-ActiveCare (Allegian Health Plans, FirstCare, and Scott & White Health Plan)*

- The HMOs have the IRC Section 6055 reporting obligation with regard to COBRA participants in the fully-insured HMO plans. As to these participants, an ALE will remain responsible for meeting the reporting obligations under IRC Section 6056. As noted above, non-ALEs do not have any reporting responsibilities under IRC Section 6056.

**Appropriate forms and instructions are available from the Internal Revenue Service website ([www.irs.gov](http://www.irs.gov)).**

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