



# Technical Update

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## Health Care Reporting Requirements

The Patient Protection and Affordable Care Act (PPACA) requires both insurance providers, including self-insured plan sponsors, and employers to report to the IRS information about the health plans they offer.

### Codes 6055 and 6056

IRS Code Section 6055 pertains to insurance providers and requires them to submit information to the IRS on those individuals who received a minimum essential coverage (MEC) plan from them during a calendar year. Likewise, IRS Code Section 6056 pertains to large employers and governmental entities, such as counties, and requires them to report which full-time employees and their dependents received or were offered a MEC health plan during a calendar year.

Providers and employers are also tasked with providing a corresponding statement to the individual covered employees. Failure to supply this information to the IRS or to the covered employee can result in fines.

### Increased Penalties

Employers preparing to file in 2018 for coverage offered in 2017 should be aware of an increase in penalties for failure to file, late filings, or incorrect filings of applicable Forms 1094 (reports summary information for each employer) and 1095 (reports individual information for each employee).

Previously, the IRS extended “good faith” filings for reporting under Sections 6055 and 6056 that allowed a short-term reprieve from penalties if the forms were incorrect or incomplete as long as the employer made

a good faith effort to comply. This good-faith status **has not been extended** to 2018. Failure to file, late filings, or incorrect/incomplete filings will face the increased penalties. The increases are as follows:

**Table: Penalty increases 2017 to 2018.**

Time returns filed/furnished	Returns due 1/1/2017 - 12/31/2017	Returns due 1/1/2018 - 12/31/2018
Less than 30 days late	\$50 per return/\$532,000 maximum	\$50 per return/\$536,000 maximum
31 days late – August 1	\$100 per return/\$1,596,500 maximum	\$100 per return/\$1,609,500 maximum
After August 1 or Not at all	\$260 per return/\$3,193,000	\$260 per return/\$3,218,500
Intentional Disregard	\$530 per return/No limit	\$530 per return/No limit

These penalties are found under IRS Tax Code Sections 6721 and 6722. Please note that penalties may be stacked, so if an employer fails to file the required forms for an employee and fails to send the employee the required statement, then the employer may incur a penalty for both.

### What This Means for Counties

Be sure that you are in compliance with all IRS reporting requirements in regard to the health care law. If you have questions, please contact CTSI at 303 861 0507. [ctsi](http://www.ctsi.org)