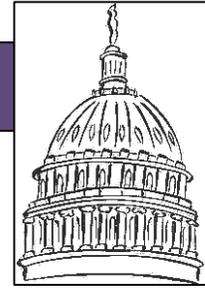




Health Care Reform Update



IMPORTANT NOTICE REGARDING HEALTHCARE REFORM Update #49 July, 2015

Employer Reporting – Increased penalties and New Electronic Filing Requirements

The Trade Preferences Extension Act of 2015 (“Act”), signed into law by President Obama on June 29, significantly increases potential penalties for insurers and employers that fail to comply with the new Affordable Care Act (ACA) Minimum Essential Coverage (MEC) and Large Employer reporting requirements first due in 2016.

- IRS Code 6055 requires insurers and self-insured plan sponsors to file reports with the IRS to verify whether an individual had MEC during a given calendar year to satisfy the Individual Mandate
- IRS Code 6056 requires an “applicable large employer” to file reports with the IRS verifying whether it offered minimum value and affordable coverage to full-time employees and their dependents in a given calendar year to satisfy the Employer Mandate

The new penalties are effective for returns and statements required to be filed in 2016 for the 2015 calendar year.

Penalty Description	Old Amount	New Amount
Failure to file/furnish an annual IRS return or provide individual statements to all full-time employees	\$100	\$250
Annual cap on penalties	\$1,500,000	\$3,000,000
Failure to file/furnish when corrected within 30 days of the required filing date	\$30	\$50
Annual cap on penalties when corrected within 30 days of required filing date	\$250,000	\$500,000
Failure to file/furnish when corrected by August 1 of the year in which the required filing date occurs	\$60	\$100
Cap on penalties when corrected by August 1 of the year in which the required filing date occurs	\$500,000	\$1,500,000
Lesser cap for entities with gross receipts of not more than \$5,000,000	\$500,000	\$1,000,000
Lesser cap for entities with gross receipts of not more than \$5,000,000 when corrected within 30 days of required filing date	\$75,000	\$175,000
Lesser cap for entities with gross receipts of not more than \$5,000,000 when corrected by August 1 of the year in which the required filing date occurs	\$200,000	\$500,000
Penalty per filing in case of intentional disregard. No cap applies in this case.	\$250	\$500

Also, the IRS provided more information on the process for electronic reporting. The electronic filing system known as the ACA Information Return (AIR) system is significantly more complex than simply uploading a file containing the pertinent information. Employers, insurers and third-party fulfillment or filing software developers are required to complete the following steps prior to being able to electronically submit any Reporting Forms:



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1. Register with the IRS's e-services website, including submission of personal information about the person registering for the Submitting Entity
2. Obtain an AIR Transmitter Control Code (TCC), a unique identifier authorizing each Submitting Entity to submit the Reporting Forms, and
3. Pass a series of technical/system tests to ensure that Reporting Forms will be properly submitted when due.

The first two steps can be completed now. The third step is anticipated to become available later this year.

Use the below link for more information on the AIR Program requirements:

[IRS AIR Program Link](#)

Bernie Lowe & Associates, Inc. is not providing any legal advice with regard to compliance with the requirements of the Affordable Care Act ("ACA"). Bernie Lowe & Associates, Inc. makes no representation as to the impact of plan changes on a plan's grandfathered status or interpretation or implementation of any other provisions of ACA. Bernie Lowe & Associates, Inc. will not determine whether coverage is discriminatory or otherwise in violation of Internal Revenue Code Section 105(h).