

September 12, 2014

14 Steps to Prepare for 6055 & 6056 ACA Reporting

By [Bruce Davis](#)

Now that the IRS has issued both draft forms and instructions in connection with the reporting requirements under Code Sections 6055 and 6056, what should employers keep in mind?

First, remember these are **drafts** and subject to change before being finalized before year end. Second, if self-funded, determine if you are ready to report on each person to whom you provided minimum essential coverage in 2015 (6055). And third, if an applicable large employer, assess your readiness to report on your compliance with the Employer Shared Responsibility provisions (6056).

In determining your readiness to prepare the required reports, employers need to consider the following:

1. Have you determined that at least one of your health plans meets both the minimum value and affordability requirements? Auditors of publicly-traded companies are beginning to ask for documentation of the minimum value and affordability tests.
 - In conducting the affordability test, did you assume the employee failed to achieve any wellness reward/incentive other than for tobacco cessation?
2. Has your Summary of Benefits and Coverage (SBC) been amended to indicate your plan(s) provides minimum essential coverage and meets minimum value requirements?
3. Have you established standard measurement, administrative, and stability periods for ongoing variable hour employees?
4. Have you established the initial measurement period for new variable hour employees?
 - For these new variable hour employees, have you ensured the combined initial measurement and administrative periods do not extend beyond the last day of the 1st calendar month that begins on or after the new employee's one year anniversary?
 - Have you determined how you will transition a new variable hour employee to an ongoing employee?
5. What process is being used or will be used to track hours of variable hour employees?
6. Have you ensured your eligibility waiting period is no longer than 90 days?
7. Have you gathered social security numbers for each dependent covered under your health plan(s)?
8. Is your eligibility and enrollment system capable of reporting by employee:
 - The number of full-time employees by month?
 - The calendar months the employee and their eligible dependents (including spouses) were offered minimum essential coverage and the months in which they were actually enrolled/covered?

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9. If your firm is part of a controlled group, have you determined how Employer Shared Responsibility penalties would be assessed entity by entity?
 10. Do you know how to treat a part-time employee who changes employment status to full-time?
 11. Similarly, do you know how to treat a full-time employee whose employment status changes to part-time?
 - Is your system capable of maintaining their coverage through the stability period?
 12. Do you know how to handle an employee or retiree that is re-hired?
 - Does your system track the length of the break in service to determine if the re-hire is treated as a new employee for ACA purposes?
 13. Are you documenting employee waivers of coverage in order to appeal penalties assessed by HHS in connection with employees who apply for and receive premium subsidies through the public exchange/marketplace?

14. If temporary staffing firms are used, has the contract with the agency been amended so that the agency accepts responsibility under the Employer Shared Responsibility provisions?

Check out [Findley Davies' Health Benefits Compliance Checklist](#) to help you manage September 2014 to January 2015 reporting and compliance deadlines.

If you would like assistance in assessing your readiness to comply with the 6055 and 6056 reporting requirements, please contact Bruce Davis at 419.327.4133 or bdavis@findleydavies.com. We can also help you evaluate capabilities of firms that are marketing their services to track hours of variable hour employees and prepare the ACA-required reports.

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