Health Care Reform Update

Employers Face Significant Penalties for ACA Information Reporting Failures

With the deadline to electronically file Affordable Care Act (ACA) information returns with the Internal Revenue Service (IRS) fast approaching, employers are reminded that failure to comply with the law's information reporting requirements may result in significant penalties.

Background

Applicable large employers—generally those with **50 or more full-time employees**, including full-time equivalent employees (FTEs)—and other parties that provide minimum essential health coverage were required to furnish Forms 1095-B and 1095-C to employees/responsible individuals by **March 31, 2016**. In addition, Forms 1094-B, 1095-B, 1094-C, and 1095-C were required to be filed with the IRS by **May 31, 2016** for reporting entities filing on paper, while the deadline to electronically file those returns with the IRS is **June 30, 2016**.

ACA Information Reporting Penalties

Reporting entities that fail to comply with the ACA information reporting requirements may be subject to the general reporting penalty provisions under the Internal Revenue Code, as follows:

- Employers that fail to file correct information returns with the IRS and furnish correct payee statements are generally subject to a **$260 penalty** for each return for which such failure occurs, with a **maximum annual penalty of over $3 million**.
- Employers that file correct returns and furnish correct statements **on or before 30 days** after the required filing date are generally subject to a **$50 penalty** for each return for which such failure occurs, with a **maximum annual penalty of over $500,000**.
- Employers that file correct returns and furnish correct statements beyond 30 days after the required filing date **but on or before August 1, 2016** are generally subject to a **$100 penalty** for each return for which such failure occurs, with a **maximum annual penalty of over $1 million**.

Note: Lower maximum annual penalties are applicable to employers with average annual gross receipts for the most recent three taxable years of **$5,000,000 or less**. Special rules apply that increase the per-statement and total penalties if there is intentional disregard of the reporting requirements.

Penalty Relief May Be Available

In general, the IRS **will not impose penalties** for 2015 returns and statements filed and furnished in 2016 on reporting entities that can show that they have made **good faith efforts to comply** with the information reporting requirements. Reporting entities that fail to timely meet the requirements still may be eligible for penalty relief if the IRS determines that the standards for reasonable cause are satisfied.

Be sure to check out our Legislation/Compliance section on our website to stay on top of the latest news in Health Care Reform. If you have any questions, please feel free to reach out to your dedicated Brown & Brown broker consultant.

Simplifying your Business

IMPORTANT LINKS

Affordable Care Act (HHS)

COBRA (DOL)

Department of Labor

Federal Marketplace (HHS)

Medicare & Medicaid (CMS)

Tax Credits & Deductions (IRS)

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Amerihealth New Jersey

Horizon Blue Cross Blue Shield

Independence Blue Cross

Oxford Health Plans

United Healthcare

FIND A DENTIST

Aetna

Delta Dental

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