

Employers Advised to Prepare for Questions on ACA Reporting Forms

By Andrea Davis

As employers prepare to distribute Forms 1095 to employees by the newly extended IRS deadline of March 31, they should brace for increased questions from employees about the new forms.

In Notice 2016-4, issued by the IRS on Dec. 28, the agency extended the deadlines for both providing individuals with the reporting forms required as part of the Affordable Care Act and for filing them with the IRS, although it also said “employers and other coverage providers are encouraged to furnish statements and file the information returns as soon as they are ready.”

In the year-end notice, “the IRS indicated to employers that there’s going to be no more extensions,” says Laura Kerekes, chief knowledge officer with ThinkHR Corporation. “This is already more generous than what the initial filing extension was. The feeling is that you better get these done and into the government.”

The IRS notice also provides guidance to those who might not receive a 1095-C by the time they file their 2015 tax returns, saying people can rely on information they’ve already received from their employer outlining whether they’re enrolled in employer-sponsored coverage or not.

“That’s pretty important for employers to just make note of and maybe get ahead of with communication to their employees to say the filing deadlines have been extended so the company will not have your 1095-C done,” says Kerekes, adding employers can let employees know “this is the information we’ve already provided you, you can rely on it when you’re working on your taxes and filing by your April deadline.”

And while employers with more than 50 full-time employees need to compile data for the new forms to demonstrate employee healthcare coverage offerings under the ACA, two-in-five employers say they are unfamiliar with these forms altogether, finds a recent study from ADP.

“The good news is that 60% were highly or very familiar with the 1094-C and were working on it,” says Vic Saliterman, senior vice president and general manager of ADP’s healthcare reform business. “The fact that, given the nature of the way the law is written and the penalty, 40% were not familiar [with the forms] was certainly concerning.”

More than half (52%) of midsize businesses and 45% of large employers are unsure if they’re at risk of violating ACA compliance requirements this year and nearly one-in-five employers think they are at risk of not complying with Form 1095-C requirements, according to the ADP report.