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Health Care Reform: Get Ready to Report

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Prepare to comply and communicate as ACA deadlines draw near.

By Joanne Sammer 7/21/2014



As the rollout of the Affordable Care Act (ACA) continues, both employers and employees can be forgiven for experiencing a bit of implementation fatigue. Just don't let it linger too long. The next major compliance challenge is straight ahead as employers prepare to compile data in 2015 and develop processes for required reporting to employees and the IRS in 2016.

With the law becoming more entrenched, HR executives should remain prepared as employees bring new questions and concerns about the ACA and how it will affect their benefit choices and costs.

Staying Ahead of the Game

Both compliance and communication are on the radar screen of Trish Brennan, SPHR, vice president of human resources for the Adrienne Arsht Center for the Performing Arts in Miami. Brennan has noted that initial confusion about the ACA has given way to more action-oriented questions from employees about how to choose plans and become better health care consumers. To keep up with this shift, Brennan and her staff have collectively gone through 50 hours of training to understand the details of the ACA. "We tried early on to understand it and get ahead of it," Brennan says.

In terms of compliance requirements, Brennan has relied on the local chamber of commerce, her local Society for Human Resource Management chapter and her organization's insurance broker for support and education. "There is an abundance of information, but you have to sift through it to find the parts that are relevant," she says.

When it comes to complying with the upcoming reporting requirements under ACA sections 6055 and 6056, Brennan considers her organization to be ahead of the game. Her team has already begun collecting the necessary information and has given employees access to a self-service portal so that they can update their own information. "We are not just going to chase it," Brennan says.

To meet the requirements, Brennan has developed a staged process with deadlines tied to significant dates, such as the beginning of the organization's fiscal year on Oct. 1. Because the organization processes its own payroll and therefore has access to some of the employee information that will need to be collected, Brennan has more control than many over implementation.

However, this approach also puts more pressure on the team, which is made up of Brennan and representatives from finance and IT, to maintain steady progress toward compliance. "We are on our own with this, so staying ahead of it is essential in making sure that we are compliant and accurate," she says. Brennan plans to start simulating the required information collection by October so that the team can make any necessary tweaks to the system and have it ready by Jan. 15, 2015.

Be Prepared

Although required reporting under sections 6055 and 6056 will not occur until January 2016 to employees and March 2016 to the IRS, the data being reported is based on what happened during 2015. Therefore, employers should have the necessary infrastructure in place to gather that information by January 2015 or very soon after.

Just collecting necessary data can be a challenge, since the information often resides on different systems run by different vendors. For example, data on hours worked could be in one system while information about coverage and coverage availability is in other systems. "You have to make sure the records match up, especially if they are coming from different vendors," says Amy Bergner, managing director with PricewaterhouseCoopers in Washington, D.C.

Adding to this challenge is the fact that employers must gather new types of data, including personal information from employees, that workers could consider intrusive. For example, employers must compile Social Security numbers for dependents and ask questions about Medicaid eligibility. "Even if employers ask for all of the information they need, they may not get it," says Anne Leary, a shareholder of law firm Gallagher and Kennedy in Phoenix.

Because the IRS has not yet released the forms for this reporting, employers don't know exactly what information will be required or how it must be presented. "This makes it difficult to do the work upfront to create reports," Bergner says. "This is causing delays for both vendors and employers, and it is getting late in the year to be doing all of the programming and testing needed."

Although it is possible that the IRS will delay this required reporting, HR professionals shouldn't bank on that, especially considering that the requirements have already been delayed once. "Employers need to start acting now to ensure that they have the necessary information available and have appropriate record-keeping and reporting functions to fulfill these obligations," says Sarah Bassler Millar, a partner with law firm Drinker Biddle & Reath in Chicago. "Trying to recreate this information after the fact would be very painful."

Reporting for sections 6055 and 6056 is similar to that required for annual W-2 forms. Therefore, when identifying who should be involved in 6055 and 6056 reporting, individuals involved in W-2 reporting are natural stakeholders.

ACA Reporting Requirements at a Glance

Relevant Sections

Section 6055 requires self-insured employers to file reports with the IRS that include information on each individual to whom the organization provided minimum essential health coverage and to send those individuals a statement each year for tax-filing purposes. The IRS says that self-insured employers will be able to file a combined form for 6055 and 6056 reporting.

Section 6056 involves reporting to the IRS the health coverage employers provided to full-time employees under the shared responsibility portion of the law. Employers must also send these statements to employees.

Time Period for First Data Reported

Calendar year 2015

When Reporting Begins

January 2016 to employees

March 2016 to the IRS

Major Challenges

- Necessary data may reside on different systems.
- Required data includes personal information that some employees may be reluctant to provide.
- The IRS has not yet released reporting forms.

Action Steps

- Check with relevant vendors to find out what support is available.
- Create staged process with deadlines.
- Make employee communications clear and easy to understand.

Although employers should be doing everything they can to gather the necessary information in 2015 and report it in 2016, most experts expect the federal government to provide some leeway. "I anticipate that there will be a lot of glitches for everyone," Leary says. "I think there will be some flexibility as long as an employer can demonstrate a good-faith attempt to comply."

Time to Get Started

The good news is that employers that have not taken significant steps toward reporting compliance still have time to get started. The first step is to check in with relevant vendors to find out what support is available.

"We partner very well with our broker, working with them to develop materials to communicate with employees and to manage

Everbridge's Constant Communication

As a rapidly growing employer, technology company Everbridge sometimes brings 10 new employees on board in a given week—a significant number for a company with about 180 U.S. employees. Yet this steady influx fits neatly into the company's communication philosophy regarding health benefits and the Affordable Care Act (ACA). By having to continually communicate with new hires about the law, HR at Everbridge has been able to refine and update its communication for all employees as new elements are implemented.

"There is some complexity to this communication, and you have to be diligent and thorough," says Trina White, PHR, the company's senior director of global human resources. "It is not 'one and done.'" White prepares to handle a spike in ACA-related questions whenever the company sends out companywide communication about the law.

necessary compliance," says Trina White, PHR, senior director of global human resources at Everbridge (<http://www.everbridge.com/>), a technology company based in Glendale, Calif. "Having a strong working relationship with your broker helps to ensure that they understand your scope of work and that they can help in redefining that scope of work as needed."

When working with vendors, HR executives must make sure any communication and compliance work is handled appropriately, says Robert Masteller, SPHR, newly retired vice president of human resources and legal for Calsonic Kansei North America (<http://calsonic.com/>), an automotive company in Nashville with about 6,500 U.S. employees. "HR needs to be the project leader," he says, adding that HR should "be sure to review that communication to make sure it fits the company culture."

In addition, because some communication can be very difficult for employees to understand, "There needs to be some coordination between HR and vendors and consultants so that employees understand why these letters are going out and what they need to do," he says.

Rich Stover, a principal with Buck Consultants in New York City, echoes that point. "Employees need to understand what this form means and how they should use it," he says. "Just like W-2s, this form will have important information that employees will use to fill out their tax returns." For that reason, employers may want to offer communication beyond what is required by law. Doing so will help both HR and employees to smoothly navigate the first year of this new reporting process, and may even be a good idea after that.

While admittedly exhausting, complying and communicating as early as possible will help HR professionals to rest easier in the long run.

Joanne Sammer is a New Jersey-based business and financial writer.

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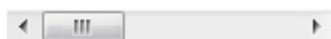
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