



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

March 5, 2014

The Honorable Angus King  
United States Senate  
Washington, DC 20510

Dear Senator King:

Thank you for sharing your thoughts on the information reporting requirements for employers and insurers under the Affordable Care Act (ACA). On this and other matters, your policy guidance has been invaluable and has helped the Treasury Department implement the ACA in a more careful and thoughtful way to improve our country's health and financial security.

I am pleased to tell you that we are releasing our final regulations on the reporting requirements today. We paid close attention to comments from you and others on our proposed regulations, and this feedback played an important role in our work to finalize the rules. In response to feedback, these final rules include key modifications to the proposed regulations to help employers and insurers effectively comply with their responsibilities. This includes a single, consolidated form to avoid duplicative reporting, simplified certification options for employers that provide quality, affordable health coverage to their employees, and an option to simplify reporting by not separately identifying full-time employees. These provisions significantly streamline and simplify information reporting to ensure efficient tax compliance, making it easier for employers and insurers of all sizes to provide the quality, affordable health coverage that every American deserves.

Key modifications in the final regulations include:

**Single, Consolidated Form for Information Reporting**

- To avoid duplicative reporting, the final rules include a consolidated form for those that qualify as both employers and insurers.
- Applicable large employers that “self-insure” will complete the full combined form, instead of being responsible for two separate forms under both sections 6055 and 6056. Applicable large employers that do not “self-insure” will fill out only the 6056 section of the combined form.
- Entities that provide minimum essential coverage that are not applicable large employers or not acting in that capacity, such as health insurance issuers, sponsors of multiemployer plans, and providers of government-sponsored coverage, will report on a shorter section 6055-only form.

## **Simplified Options for Qualifying Offers**

- To facilitate an efficient reporting process, the final rules provide simplified alternatives to reporting monthly, employee-specific information for employees who receive offers of coverage that are highly affordable and meet minimum value standards – also known as “qualifying offers.”
- For employees who received qualifying offers for the full year, employers will only need to report limited information about those employees to the IRS and provide a standard-form statement to both the IRS and the employee indicating that they received a full-year qualifying offer. For employees receiving a qualifying offer for fewer than all 12 months of the year, employers can simplify reporting by entering a code (instead of more detailed information) on the report to the IRS for those months when the employee received a qualifying offer, with a standard-form statement to the employee indicating that the qualifying offer applied to fewer than all 12 months. For full-time employees who received no qualifying offer, employers will continue to provide more specific information called for under the standard 6056 reporting method.
- Employers making a particularly generous offer for 2015 – a qualifying offer extending to at least 95% of full-time employees (plus an offer to their families) – could use an even more simplified alternative reporting method for 2015 only with respect to employees receiving a qualifying offer for fewer than 12 months or no qualifying offer at all.

## **Opportunity to Elect Not to Report on Employees’ Full-Time Status**

- To simplify reporting, the final rule under section 6056 also gives employers the option to elect not to identify all of their full-time employees. Instead, the employer may simplify reporting by including some or all of its part-time employees in its reporting along with its full-time employees without distinguishing between the two groups.
- To take advantage of this option, the employer must certify that it offered affordable, minimum value coverage to at least 98 percent of the employees on whom it is reporting.

Another issue addressed in the final regulations is taxpayer identification numbers (TINs). The final regulations under section 6055 retain the rule in the proposed regulations directing issuers to provide TINs for all covered individuals. This reporting is necessary for individuals to establish, and the IRS to confirm, that the individuals have minimum essential coverage and are not subject to the individual responsibility payment. Because many individuals have the same name, the name and TIN combination enable the IRS to identify that a particular individual has minimum essential coverage. However, in response to concerns about privacy and administrative challenges connected with TIN reporting:

- Section 6055 statements may use truncated TINs to help protect against theft of Social Security numbers and other TINs.

- Reporting the TINs of individuals who enroll others in coverage but are not themselves enrolled in coverage is optional, as suggested by several commenters.
- Reporting entities that make a reasonable effort to collect a TIN will not be subject to penalty if they do not receive one. To satisfy the reasonable effort standard, reporting entities must simply request a TIN – on an application form or otherwise – on specified occasions.

The final regulations under section 6056 require that employers provide Social Security numbers for their employees only (not other covered individuals such as family members). This is information that is already collected by employers for other tax compliance purposes.

I want to thank you again for all you have done to ensure that the reporting rules respond to the needs of employers, insurers, and individual taxpayers. Your efforts helped the Treasury Department make ACA tax reporting as efficient as possible while assisting employers and insurers of all sizes provide the quality, affordable health coverage that every American deserves.

Sincerely,



Alastair M. Fitzpayne

Assistant Secretary for Legislative Affairs