

# What you need to know about minimum essential coverage reporting



## Overview

Under the Affordable Care Act (ACA), most U.S. citizens and those lawfully present in the U.S. are required to have health care coverage or be subject to a tax penalty. This is commonly referred to as the individual mandate. To track compliance with this requirement, the ACA added Section 6055 to the Internal Revenue Code.

According to Section 6055, health plan issuers such as Kaiser Permanente that provide fully insured group coverage must report to the IRS annually on the coverage and months of coverage for all enrolled individuals. Beginning in 2016 for tax year 2015, Kaiser Permanente must:

- send IRS Form 1095-B statements to subscribers by March 31 annually for subscribers to use as proof of minimum essential coverage
- transmit 1094-B and 1095-B data to the IRS by June 30 annually for the IRS to use to reconcile with individual tax filings and confirm that taxpayers have met the individual mandate

The 1095-B form requires that your federal employer identification number (EIN) be reported. We need your help to comply with these IRS reporting requirements.

If you need to report new EIN information or make changes to EIN information and have missed the December 8, 2015, cutoff for providing the correct information for the initial 1095-B mailing, Kaiser Permanente will continue to collect EINs from employers and will start mailing out corrected 1095-B statements in early to mid-April and continue on an ongoing basis. Please send the EIN correction information to [KP-EIN@kp.org](mailto:KP-EIN@kp.org).

- EINs collected before December 8, 2015, were included in the initial 1095-B mailing for the regions outside California.
- EINs collected before January 21, 2016, were included in the initial 1095-B mailing for California.

- EIN corrections collected after these dates will be included in the correction mailings beginning in early to mid-April and continuing weekly.

Kaiser Permanente must make good-faith attempts to solicit missing Taxpayer Identification Numbers (TINs), which for most members is their **Social Security number (SSN)**.

Other key regulations that require the collection of SSNs include:

- Medicare, Medicaid, and SCHIP Extension Act of 2007 require group health plan insurers to report SSNs in order for Medicare to coordinate payments with other insurance benefits.
- The Federal Trade Commission's Red Flags Rule requires all creditors – including health care organizations such as Kaiser Permanente that meet the definition of "creditor" – to collect SSNs to combat medical identity theft and to minimize the financial impact of fraud.

## SSN/TIN and EIN solicitation

### As Kaiser Permanente collects the missing member TINs or corrects invalid TINs (most commonly SSNs), where will this information be stored?

After being used for the creation of the members' 1095-B statements, the data will be stored in a secured repository and won't be used to update our membership systems.

### After a subscriber sends their TIN, how will Kaiser Permanente protect this information?

For the purposes of minimum essential coverage reporting, Kaiser Permanente stores the TINs (for most members, their SSNs) in a secured repository that is access-protected and behind Kaiser Permanente's firewall.

Whenever possible, we use the Medical Record number/Health Record number to identify members. We take precautions to only allow employees access to protected health information, including SSNs, when it's needed to perform their jobs.

## Reporting requirements

### What's the difference between Sections 6055 and 6056 of the Internal Revenue Code?

These two sections of the Internal Revenue Code apply to two different provisions of the ACA:

### Section 6055:

- ▶ Under the ACA, most U.S. citizens and those lawfully present in the U.S. are required to have health care coverage or be subject to a potential tax penalty. This provision is referred to as the **individual mandate**.
- ▶ To track compliance with this requirement, the ACA added **Section 6055** to the Internal Revenue Code. It requires issuers of minimum essential coverage to annually:
  - provide a 1095-B form to covered subscribers to use as proof that they've had minimum essential coverage
  - transmit 1094-B and 1095-B data to the IRS to use to reconcile with individual tax filings and to confirm taxpayers have met the individual mandate

### Section 6056:

- ▶ Under the ACA, applicable large employers (those with 50 or more full-time employees and/or full-time-equivalent employees) are required to offer health coverage to full-time employees that is both affordable and provides minimum value. This provision is referred to as **employer shared responsibility**.
- ▶ To track compliance with this requirement, the ACA added **Section 6056** to the Internal Revenue Code. It requires applicable large employers to annually:
  - provide a 1095-C form to full-time employees to use to prove that they're eligible for a premium tax credit
  - transmit 1094-C and 1095-C data to the IRS to use to confirm employers have met their requirements to offer affordable health coverage that meets the minimum value standard under employer shared responsibility

### What does my company/organization need to do to comply with ACA annual reporting requirements?

- ▶ Please visit [account.kp.org](https://account.kp.org) for information on what groups need to do.

### Information about SSN/TIN collection

#### As Kaiser Permanente collects the missing TINs, how will the data be used?

SSNs (and other TINs) collected via member outreach won't be used to populate any of our membership systems. We'll use SSNs to:

- report to the IRS that members have health coverage with Kaiser Permanente
- send members a Health Coverage statement (Form 1095-B), which they'll need for filing their federal income tax return in 2016

We may also use their SSNs to report information about their coverage to the federal government – such as reporting for Medicare secondary coverage purposes if they're 44 or older and enrolled in fully insured group coverage. We may also use this information for any other purpose required or permitted by applicable law.

### Can you send me the list of the names of all my employees who have missing or invalid SSNs?

We're not planning to share this data with employer groups because we've committed to members that SSNs (and other TINs) will only be communicated to third parties when Kaiser Permanente has a legal obligation to report such information.

### How many of my employees have missing or invalid SSNs?

We're not planning to share this data with employer groups.

### Can you help me clean up any duplicate or invalid SSNs that are in my systems? Can you share the data with me so I can update my systems?

We're not planning to share this data with employer groups because we've communicated to members that SSNs (and other TINs) will only be communicated to third parties when Kaiser Permanente has a legal obligation to report such information.

### What happens if an employee doesn't have an SSN or other TIN, or doesn't want to provide it to Kaiser Permanente?

We must comply with the Internal Revenue Code regulations and make subsequent inquiries to get this information.

### I don't want Kaiser Permanente to mail a letter to my employees asking for their SSNs. Can you honor my request? And if you place a hold on the letter, what's the next step you'll take to collect SSN information from my employees who have missing or invalid SSNs?

We must comply with the requirements regarding the collection of TINs and make the good-faith attempts mandated by the Internal Revenue Code regulations. To stay in compliance with the Internal Revenue Code

guidelines, we can't accept any offers to have another party collect in our stead unless such party is acting as an agent of Kaiser Permanente.

We're conducting monthly outreaches to groups of subscribers with missing and invalid SSNs. If we realize there are still remaining subscribers with missing or invalid SSNs, we'll reach out to them.

### **My company has multiple legal entities or EINs. I understand that Kaiser Permanente needs my EIN to report it to the IRS. Which one should I provide?**

Employers should provide to Kaiser Permanente **the EIN of the legal entity employing the employee**, regardless of how the counting of employees is done for determining compliance with the employer shared responsibility provision of the ACA.

**Please note:** Kaiser Permanente will also accept the EINs of companies **within** a legal entity because that information helps us identify the EIN of the legal entity employing the employee.

### **Do you have a schedule for when you'll conduct the outreach?**

Yes. It's posted on [account.kp.org](https://account.kp.org).

### **Where can subscribers get more Health Coverage Information Request Forms to send Kaiser Permanente their SSNs?**

The Health Coverage Information Request Form is available to download on [kp.org/proofofcoverage](https://kp.org/proofofcoverage).

### **How does Kaiser Permanente manage the process when members bring forms for SSN updates in to our local Member Services departments instead of sending them?**

Local Member Services departments collect the completed SSN forms and mail them to the Kaiser Permanente minimal essential coverage team via U.S. mail.

### **Information about 1095-B statements from Kaiser Permanente**

#### **Can you confirm that Kaiser Permanente will be submitting 1095-B reporting and mailing forms to employees and dependents enrolled in Kaiser Permanente coverage?**

Kaiser Permanente sent the 1095-B forms to our subscribers via U.S. mail between January 1 and March 31, 2016. Currently, we're exploring the ability to have employees opt in to receive 1095-B forms electronically.

Subscribers have the ability to access their 1095-B form from Kaiser Permanente through [kp.org](https://kp.org). They must be a registered member to access this secured feature.

### Who will answer questions from subscribers about the 1095-B form?

If members received their 1095-B form from Kaiser Permanente, they can visit [kp.org/proofofcoverage](https://kp.org/proofofcoverage) or call Member Services at **844-477-0450**.

### In 2016, will Kaiser Permanente provide 1095-B forms to members who were covered for a partial year?

Yes. Even if the member was only covered for a day, it's considered a full month of coverage.

### Why is the information on my employee's 1095-B form incorrect? How do they correct it?

The information on your employee's 1095-B form is a reflection of the data Kaiser Permanente currently has on record for your employee and their dependents. If the information is wrong, we need to update their information in order to send an updated form.

Employees who receive coverage through their employer should update their information with their employer. Once we receive this updated information, we'll create an updated 1095-B form within 30 days.

Employees who have a non-Marketplace individual and family plan should call us at **844-477-0450** and we'll help them update their information. Once their information is updated, we'll create an updated 1095-B form within 30 days.

However, employees may not need to wait to receive their 1095-B forms to complete their tax filings. They can visit the [IRS page](#) covering health care information forms for more information.

### Once a group sends a data update to Kaiser Permanente, how long will it take for my employees to get corrected forms?

Once Kaiser Permanente receives the updated information from the employer group, it should take no more than 30 days for the corrected form to be sent to the employee.

## Why do employer groups need to send the corrected data to Kaiser Permanente? Can Kaiser Permanente just make updates to their systems on the employer's behalf?

The group is the source for employee data and coverage periods. Therefore, any data change requests must be facilitated by the group.

## We have not finished our third-quarter reconciliation with Kaiser Permanente. How will that impact the validity of Form 1095-B statements?

There will be ongoing retroactive changes throughout the year. When retroactive changes are made to 2015 coverage, Kaiser Permanente will make the corrections and Form 1095-B statements will be updated and sent to members.

## Information about how Kaiser Permanente will support 1095-C questions

### I understand that I, as the employer, possess the data for Form 1095-C. Still, I'd like to know if Kaiser Permanente can provide me with the data to complete the forms.

Kaiser Permanente will not be able to support data requests from groups to support the generation of Form 1095-C.

### What will Kaiser Permanente tell my employees if they call Kaiser Permanente to say that their Form 1095-C has inaccurate information?

All correction requests for Form 1095-C will be directed back to the employer.

### The information on my employee's Form 1095-B and Form 1095-C is conflicting. What should I do?

You would then either correct the data on your employee's Form 1095-C or send updated information to Kaiser Permanente in order to issue a corrected Form 1095-B (this will only be done for a subset of data elements on Form 1095-B, including SSN, EIN, and Origin of Policy).

This document is designed to provide a general overview of portions of the Affordable Care Act and should not be relied upon as legal or tax advice. Federal and state laws and regulations are subject to change. Seek professional advice regarding how the new requirements will affect your particular circumstances from an independent tax advisor or legal counsel.

Information may have changed since publication.

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