

The basics: taxes, fees and filing.

Taxes and fees under the health reform law impact both fully insured and self-funded plans. But, they impact funding types differently.

Overview.

Employers with self-funded health plans submit applicable health reform fees directly to the government. Here is what you need to know about these fees and how they will impact your business.

Reporting requirements—6055.

Reporting requirements – 6055 | Snapshot

Background

On March 10, 2014, the U.S. Department of the Treasury and IRS published final rules to implement the information reporting provisions for insurers and certain employers under the Affordable Care Act (ACA) that took effect in 2015. Employers and issuers that provide minimum essential coverage (MEC) during a calendar year are required to report to the IRS certain information about individuals covered by MEC and to provide a statement to those individuals. The information will be used to support administration of the individual responsibility (individual mandate) and employer shared responsibility (employer mandate) provisions.

Forms

To report coverage information to the IRS and the taxpayers, the below forms will be used. The forms are fairly similar in that they contain identifying information about the employee or policy holder. In the case of employer-provided coverage, both forms will include the coverage. Both forms also include identifying information about the health insurance issuer or other entity that provides the coverage. The coverage information will be used by employees to report on their tax returns that they had MEC for some or all months of the year.

IRS 1095-B

Self-funded employers with fewer than 50 full-time employees will use this form to report information to the IRS and to taxpayers about individuals who are covered by MEC and therefore are not liable for the individual shared responsibility payment. The IRS requires submission of this form manually by Feb. 28, 2020, or electronically by March 31, 2020, for the 2019 tax year.

IRS 1095-C

Self-funded employers with 50 or more covered full-time employees that are subject to the employer responsibility provisions will use IRS Form 1095-C. The form contains information about the offer of health insurance coverage made to the employee, the employee's share of the lowest cost premium and other information related to the employer responsibility provisions. The IRS requires filing of this form manually by Feb. 28, 2020, or electronically by March 31, 2020. Filing more than 250 forms required electronic submission by March 31, 2020, for the 2019 tax year.

Under the federal health reform law and certain state laws, health plan sponsors must report which individuals had a plan with minimum essential coverage. The IRS penalties have been reduced to zero; however, certain states have enacted their own health care laws that require minimum essential coverage and may impose a penalty. For more information, contact your tax advisor or state tax agency.



How All Savers will assist.

It will be up to each self-funded group to ensure that the information provided on their IRS 1095-B or 1095-C form is correct before filing with the IRS. All Savers, in early January, will provide the most up-to-date membership information we have. The membership report will be made available on myallsaversconnect.com.

In addition, All Savers will provide eligible small groups* with populated Forms 1095-B an employer can distribute to their employees and use to complete their filing with the IRS.

ERISA Form 5500 filing requirements: small plan exemption.

Group health plans sponsored by private sector employers are required by ERISA to file an annual report with the federal government. The report, called a Form 5500, is used to report basic plan information to the federal government. Group health plans must file a Form 5500 by the last day of the seventh month following the last day of the plan year. While this is generally a required filing—there is an exemption available for employer-sponsored self-insured small group health plans that meet certain requirements.

Below are some considerations that should help you determine if your plan is eligible for the exemption.

Did you have fewer than 100 participants (e.g., employees) covered under the plan as of the beginning of the plan year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Did your employees elect to make their contributions to the plan pursuant to Internal Revenue Code Section 125 (i.e., sometimes called a "Section 125" or "cafeteria" plan)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If you collect funds from your employees under a Section 125 plan, are you reimbursing yourself for already paid invoices? Or are you using those funds toward your monthly invoice as soon as possible, and in no event greater than 90 days from the time you collected them?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you submit your monthly payment for your plan directly to All Savers/UnitedHealthcare?	<input type="checkbox"/> Yes <input type="checkbox"/> No

If you answered YES to ALL of the above questions, your plan may be eligible for the small plan exemption available under ERISA. Eligibility for the exemption, however, is based on your plan's particular facts and circumstances. For this reason, if you have questions about the Form 5500 filing requirements, we recommend that you speak with your attorney, tax or benefits advisor.

If you determine that your plan is required to file the Form 5500, you may request the data you will need relevant to your plan from us at the following email address: uhoallsaversreporting@uhc.com. Please include your All Savers group number and the plan year you will be reporting on the form and we will mail you the requested information.

This information is provided for informational purposes only and does not constitute legal advice.

Patient-Centered Outcomes Research Institute Fee.

The **Patient-Centered Outcomes Research Institute (PCORI) Fee** affects fully insured and self-funded plans. The fee funds research that evaluates and compares health outcomes, clinical effectiveness, and risks and benefits of medical treatments.

- The fee applies to plan years ending on or after Oct. 1, 2012, and before Oct. 1, 2029.
- Effective 2012–2029, health insurance issuers and employers sponsoring self-funded group health plans are subject to the per-member-per-year fee. In its second year, the fee increased from \$1 to \$2 per member per year. In the third year, the fee rose to \$2.08 per member per year. The PCORI Fee is indexed to medical inflation thereafter and is currently \$2.45 per member per year.
- The fee is assessed on all members. That means all covered lives—employees, retirees, spouses and dependents.
- In the case of fully insured coverage, UnitedHealthcare is responsible for the PCORI Fee. The nominal fee is rolled into the premium.
- It's important to note that if a fully insured customer also has a Health Reimbursement Account (HRA), the customer (or other plan sponsor) is responsible for paying the PCORI Fee and filing the **Form 720** with the Internal Revenue Service (IRS) on behalf of the HRA. This is because the HRA is funded by the employer. The PCORI Fee is paid twice in this situation: once by the health insurance issuer and once by the self-funded plan sponsor ("double counting").
- As the plan sponsor, self-funded customers must file Form 720 and pay the PCORI Fee directly to the IRS. If a customer has a self-funded medical plan and an HRA, the IRS provides relief from double counting and the same member is counted only once. Third parties may not pay the fee or file the Form 720 on behalf of self-funded plans.
- The IRS provides several **counting methods** to determine membership. While self-funded customers are in a better position than UnitedHealthcare to determine their membership counts, All Savers groups will receive a membership by month report calculating covered lives using the Snapshot and Snapshot Factor method. It is in the self-funded customer's interest to count and compare its membership counts using the multiple methods.
- The fee is due by July 31 of the calendar year immediately following the last day of the plan year.

*Eligible small groups include those reported to have less than 50 medical lives currently enrolled.

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