

Reporting Requirements for 1095 Tax Forms

Important: The following information is intended to be a high-level summary of one of the provisions of the Affordable Care Act (ACA). Optima Health is providing this to consumers and employers for informational purposes only. The information in this document is not intended to provide compliance, tax, or legal advice, or to be relied upon for these purposes. Consumers and employers should be advised to consult with legal and tax experts to understand how the law will affect their individual or business circumstances.

Why do we have to report insurance information to the IRS?

The employer mandate imposes penalties on companies or businesses with 51 or more employees who either do not provide employee health insurance coverage at all, or provide health insurance that is deemed unaffordable or does not provide adequate coverage, under ACA regulations. In addition, the individual mandate can impose a penalty on an individual person who meets certain criteria and does not have health insurance coverage.

The 1095 A, B, and C forms provide the IRS proof of affordable insurance coverage for the individual and the employer, as applicable. This form is filed annually with individuals' tax returns and serves as their attestation of coverage in order to avoid a penalty. Health insurance carriers and certain employers are required to file these forms, along with a 1094 transmittal, to the IRS as well.

When do the forms have to be filed?

The forms must be postmarked and mailed to individuals by January 31. Filing deadline to the IRS is February 28 if submitting paper files, or April 2 if submitting electronic files. Health insurance issuers or carriers filing more than 250 forms must file electronically. For information on how to file electronic forms with the IRS, please visit https://www.irs.gov/for-tax-pros/software-developers/information-returns/affordable-care-act-information-return-air-program?_ga=1.9093877.1969280177.1478189997.

Where can I find the forms and instructions?

The IRS has all the forms and instructions available on their website at <http://www.irs.gov>.

I have an Individual & Family plan with Optima Health. What can I expect?

If you are the subscriber or primary member of your health insurance plan, you will receive a 1095 form that contains insurance information for every person covered under your plan, postmarked by January 31 for the previous tax year.

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If you purchased coverage through the Health Insurance Marketplace, the Marketplace will send you a 1095-A form. If you purchased your coverage directly through Optima Health, then Optima Health will send you a 1095-B form. You will need this form to answer certain questions when you file your taxes, to prove that you have health insurance coverage.

I have a small business with less than 50 employees and have Optima Health fully insured group insurance. Is there anything I need to provide the IRS or my employees?

No. As a fully insured small group, you are not subject to the employer mandate. Therefore, you are not required to submit information about the kind of health insurance coverage you offer on behalf of your business.

However, your employees are required to abide by the individual mandate and must submit the 1095-B form when they file their taxes. Since you are a fully insured group, Optima Health is responsible for sending your employees their 1095-B form by the postmark deadline of January 31 for the previous tax year.

My business has less than 50 employees but we are on a self-funded group insurance plan. Is there anything I need to provide the IRS or my employees?

Yes. As a self-funded group, you are the issuer of your health plan and are responsible for submitting the forms to the IRS and to your employees. Since you are also a small group and are not subject to the employer mandate, you have to give your employees the 1095-B form. The IRS requires you send the 1094-B transmittal along with the 1095-B form for every employee.

As your third-party administrator, Optima Health will provide a data file that will contain all the fields in the 1095-B and relevant information for each of your employees and dependents covered by the group health plan for at least one day during the tax year. We will supply a comma delimited text file format that can easily be imported into Excel, Access, SQL, or various other tools.

The final file will be available the end of January, once the information for the entire year is finalized. In the meantime, Optima Health will prepare test files with your specific company's employee information for programming purposes. The test files will be available generally around November-December. Please note that the test files will contain limited member data. You will still need the final file in January to fully complete forms 1094-B and 1095-B.

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My company has more than 50 employees and we are on a fully insured group plan. Is there anything I need to provide the IRS or my employees?

Since you are fully insured, Optima Health is required to produce, print, and mail the 1095-B form directly to your employees and also submit the forms to the IRS by the deadline dates.

However, according to ACA guidelines, groups with 50 or more employees are subject to the employer mandate. This means that you will have to submit the 1095-C form to provide proof of affordable coverage or be subject to penalty. Fully insured groups are required to fill out Sections I and II of 1095-C only, and submit to both the employee and the IRS by the filing deadline. Large group employers must include the 1094-C transmittal form when submitting their 1095-C forms to the IRS.

Will Optima Health provide fully insured employers copies of the 1095-B form it is sending to their employees?

No. The IRS does not require insurers to provide copies of the 1095-B form to its employer groups. In addition, the form contains personal information about spouses and dependents who are not employees of the company; as the carrier, we are obligated to protect the privacy of all our members.

If any employees have questions about the 1095-B form or believe there is an error in the information, please ask them to contact Optima Health Member Services at the number on the back of their member ID card.

We are a self-funded group with more than 50 employees. What do I need to provide to the IRS and our employees?

Self-funded groups with 50 or more employees must provide their employees with form 1095-C for the previous tax year by the January 31 deadline. In addition, the 1095-B transmittal and the copies of each 1095-C form must be submitted to the IRS by the filing deadline. If your group has more than 250 forms, they must be submitted electronically.

To help self-funded large employers prepare the forms for their employees and the IRS, Optima Health will provide the member data to help complete Section III of form 1095-C. We will supply a comma delimited text file format that can easily be imported into Excel, Access, SQL, or various other tools.

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What happens if the information Optima Health submits on any of the forms or provides in the data files is wrong or incomplete?

Individual members should contact Member Services at the number on the back of their member ID card if there are any discrepancies in the information on the 1095-B form or if they have any questions.

If any of the information the data files to self-funded groups is incorrect, incomplete, or missing, please report this immediately to your Optima Health representative.