

# **1095A Forms: Marketplaces' Requirements & Considerations**

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**Robert Wood Johnson Foundation  
State Network  
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# Agenda

- **Why 1095A Forms Matter to State-Based Marketplaces**
- **Overview of 1095A Form and Requirements**
- **State-Based Marketplaces' Challenges & Strategies**
- **State Approaches to Reporting & 1095A Forms**
- **Update on FFM 1095A Reporting**
- **Discussion**

# **Why 1095A Forms Matter to State-Based Marketplaces**

# Why 1095A Forms Matter

## Consumers



- Advance Premium Tax Credit recipients are likely to experience significant delays in receiving tax refunds without 1095A forms
- QHP enrollees who may be eligible for tax credits at the end of the year are unlikely to receive tax credits without 1095A forms
- Low-income filers in particular depend on tax refunds

*The average return for families with income between \$15,000 - \$50,000 is greater than **\$2,800** and represents the largest “paycheck” of the year\**



The 1095A Form allows the IRS to administer the individual shared responsibility payment and calculate tax credits

## Reporting and Systems



**Marketplaces must report information monthly and annually to the IRS via the Federal Data Hub**

**States are taking different strategies to comply with these reporting requirements**

# SBM Reporting Strategies



## IN-HOUSE

Some SBMs will produce reports and send them to the IRS with current in-house technology (or with modifications to in-house technology)



## PRIMARY VENDOR

Some SBMs will work with their long-standing vendor to comply with reporting requirements



## OTHER VENDOR

Some SBMs will work with newer vendors who will use both SBM data and issuer data to comply with reporting requirements (some tax household and benchmark plan will only be available from SBM)



# Likely Need for SBM Customer Service

Marketplaces are likely to be asked for customer service in two key ways:

## 1 Fix Problems with 1095As

- Errors may hold up all or part of a tax refund
- States may want to have a specialized service for people coming through the call center (or elsewhere) with problems on their 1095A forms



## 2 Answer Questions

- States will need to know which questions they can answer versus which questions should go to the IRS
- States will also need to know the answers to the questions appropriate for SBMs and communicate that information through their web sites and training of Navigators and other community partners



# Anticipated Challenges



## **States will not have final information for all consumers by January 2015**

- For example, an APTC recipient in their “grace period” at the end of 2014 may appear covered at the time the 1095A form is generated, though they may retroactively lose coverage if they fail to pay by the end of the grace period.

**Changes in information that occur after a 1095A form has been sent will require correction and if the person has already filed their tax return, may require an amended return**



# Overview of 1095A Form and Requirements

# Draft 1095A Form

Form **1095-A** **Health Insurance Marketplace Statement** 070115  
OMB No. 1545-2232

Department of the Treasury Internal Revenue Service ▶ Information about Form 1095-A and its separate instructions is at [www.irs.gov/form1095a](http://www.irs.gov/form1095a).  CORRECTED **2014**

**Part I Recipient Information**

1 Marketplace identifier	2 Marketplace-assigned policy number	3 Policy issuer's name	
4 Recipient's name	5 Recipient's SSN	6 Recipient's date of birth	
7 Recipient's spouse's name	8 Recipient's spouse's SSN	9 Recipient's spouse's date of birth	
10 Policy start date	11 Policy termination date	12 Street address (including apartment no.)	
13 City or town	14 State or province	15 Country and ZIP or foreign postal code	

**Part II Coverage Household**

A. Covered Individual Name	B. Covered Individual SSN	C. Covered Individual Date of Birth	D. Covered Individual Start Date	E. Covered Individual Termination Date
16				
17				
18				
19				
20				

**Part III Household Information**

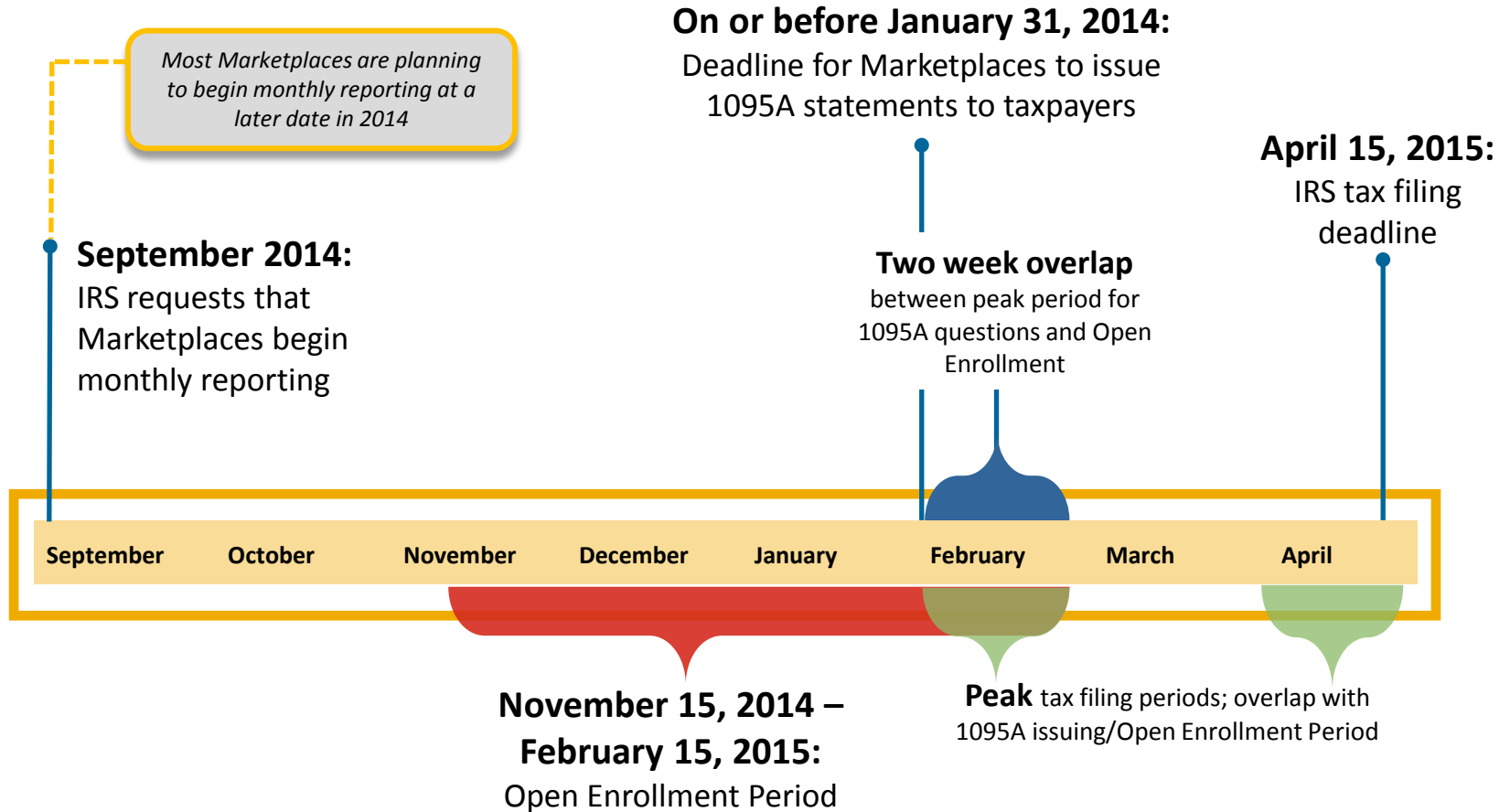
Month	A. Monthly Premium Amount	B. Monthly Premium Amount of Second Lowest Cost Silver Plan (SLCSP)	C. Monthly Advance Payment of Premium Tax Credit
21 January			
22 February			
23 March			
24 April			

A family of five may receive up to **79 data points** on the 1095A form to populate their tax return

# Key Data Elements of 1095A Form

- Tax filer name, address, taxpayer identification number (TIN) or date of birth (DOB)
- Name and TIN or DOB of tax filer's spouse
- If applicable, amount of monthly APTC paid and benchmark plan premium used to calculate APTC payments
- For plans with no APTC paid, the benchmark plan premium that would apply to all QHP enrollees who are APTC-eligible
- Name, TIN or DOB, and coverage dates for each QHP enrollee
- QHP coverage start and end dates
- QHP monthly premium
- QHP issuer name
- Marketplace-assigned policy identification number
- Marketplace unique identifier
- Other data elements specified in forms/instructions

# Timeline of Reporting Requirements



*If information must be corrected after January 31, 2015, corrections must be submitted by the 15<sup>th</sup> of the month following the receipt of updated information. The final deadline for submitting corrected information is April 15, 2015.*

# **State-Based Marketplaces' Challenges & Strategies**

# State-Based Marketplaces' Challenges & Strategies

SBMs face several challenges in complying with the reporting and form requirements, but are considering and employing various strategies to address these challenges.

## Challenges:



**Systems Requirements to Report Monthly and Annually to the IRS**



**Access to Benchmark (Second Lowest Cost Silver Plan) Information**



**Potential for Errors & the Correction Process**



**Consumer Assistance for 1095A Questions**



**Mailing 1095A Forms**

## System Requirements

To report to the IRS, SBMs' IT systems must:



- Contain the required data elements, including:
  - Months in which household members are covered
  - APTC amounts received by covered family members
  - Benchmark plan information for covered family members
- Aggregate the required data elements and send to IRS based on technical specifications

Most SBMs will begin reporting monthly to the IRS in late 2014

# Access to Benchmark (SLCSP) Information



Benchmark plan information is needed for reconciling premium tax credits received with those owed at the end of the year

In addition to reporting this information to the IRS, Marketplaces must also provide it to:



APTC recipients

On the 1095A tax form



Full-pay QHP enrollees (who may be eligible for tax credits)

On the 1095A tax form **or** via a “reasonable method” through which individuals can access the information

*Recommended strategy for assisting full-pay QHP enrollees and individuals with questions on their forms*



**Create a software tool/calculator to ensure individuals may look up their benchmark plan information for 3+ years**

*Look-up tables with benchmark plan information may not be a feasible alternative to software tools that permit data entry given the complexity of household configurations*



# Potential for Errors & the Correction Process



Errors in 1095A forms may occur due to:

- IT errors
- Changes in information that occur after a form has been generated or sent

## For Example: Grace Periods\*



### Carrier

The carrier sends information to the SBM indicating that an individual was covered during every month of 2014



### SBM

SBM generates and sends 1095A by January 31, 2015



### 1095A



### Carrier/SBM

SBM learns individual was in a grace period at the end of 2014, did not subsequently pay, and therefore, was not actually covered for November or December

### What Happens Next?

The SBM is responsible for sending corrected information to the IRS and the individual by the 15<sup>th</sup> of the month following the receipt of updated information

Individuals who receive a corrected 1095A form after filing their taxes may need to submit an amended tax return

\*Under the ACA, QHP enrollees receiving tax credits have a period of 90 days to pay late health insurance premiums while retaining coverage. If at the end of the 90 days the individual has not paid, the coverage is retroactively terminated to 60 days prior.

# Consumer Assistance for 1095A Questions



Consumers will have questions after they begin receiving 1095A forms



The 1095A form will be issued during the final month of OEP

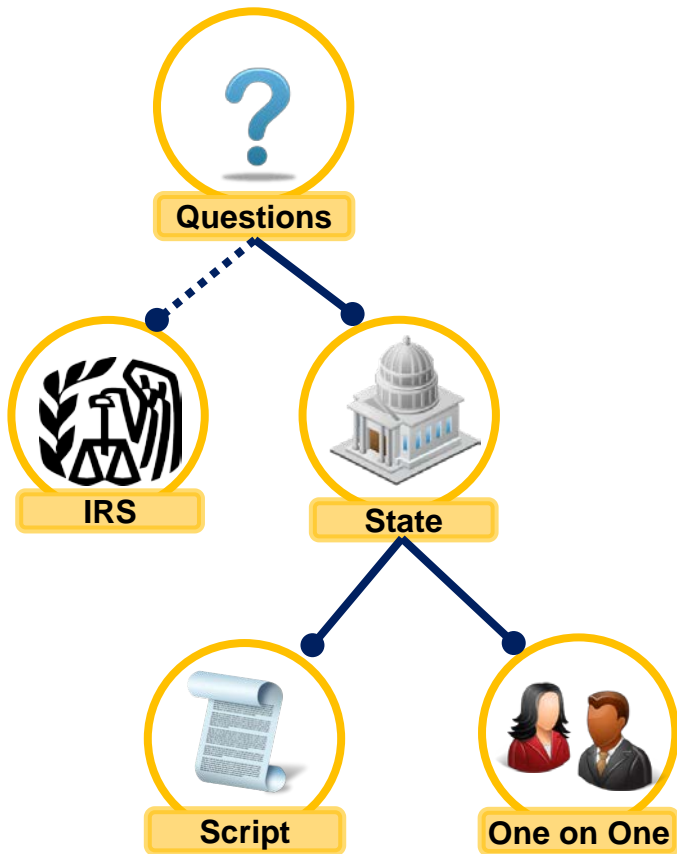
Capacity will be stretched to address the ensuing high volume of queries

***Recommended strategy:***

States should start considering their capacity to meet the unusually enhanced volume of calls during the overlap period

# Consumer Assistance for 1095A Questions (cont.)

Community partners will require guidance on how to advise consumers, with protocol indicating when it is appropriate to answer questions (versus when to send to tax preparers/IRS)



## Potential role for Carriers and Tax Preparers

Carriers and tax preparers may assist states by anticipating consumer questions and helping to develop answers

## Recommended strategy:

States should begin developing scripts and other materials that define what assisters may discuss and provide them with contact information for more appropriate options for certain types of assistance

# Consumer Assistance for 1095A Questions (cont.)



## Examples of IRS versus State Questions



### ❖ Tax related questions

- *My husband and I got divorced in July. Which of us is responsible for paying back tax credits that we received?*
- *Will the 1095A form tell me how much less I owe in federal taxes?*
- *Do I owe a tax penalty if I had insurance for part of the year?*



### ❖ Household composition questions

- *I adopted a child in the middle of this year. Is she a part of my coverage family?*

### ❖ Benchmark plan questions

- *What is a benchmark plan and what is my benchmark?*

# Mailing 1095A Forms



## Transmission of 1095A Form Challenges



States are required to mail 1095A forms

If states have secured consumer consent in accordance with IRS rules, states may send the 1095A electronically instead of mailing it

***Recommended strategy:***

States may provide an extra PDF copy of the 1095A data in Marketplace accounts



States must consider the logistics of a large mailing initiative



How to mail the form

Staffing/resources capacity

# **State Approaches to Reporting & 1095A Forms**



New York

- **Using own IT system for monthly reporting to IRS**
  - Plan to start reporting in December
  - IRS granted exception for NY to use NY group identifier as the IRS Group Identifier
- **Reporting based on enrollment data**
  - Will be lag on 834s for termination for nonpayment for consumers in a grace period at the end of the year
- **Exploring options for SLCSP for full pay enrollees**
- **Started work with mail house**
- **Working to provide appropriate customer service on 1095s**
  - Role of assistors, customer service center, other partners

# Rhode Island & Maryland



Rhode Island

- **Working closely with primary vendor to begin IRS reporting as early as November**
  - Built on notice functionality
- **1095A will be mailed and posted to enrollee's account for easy access**
- **Staffing up for 1095 calls during peak enrollment period**
  - Would like dedicated help line at IRS for SBM enrollees
- **Struggling with what help, if any, they can provide to person who has tax reconciliation issues beyond accuracy of 1095**



Maryland

- **Vendor-based solution for year one**
  - Using effectuated 834 files for financial information
  - Reconciling with carrier data
  - Exchange is data source on household composition and benchmark



# **Update on FFM 1095A Reporting**

# Update on FFM 1095A Reporting

## Reporting to IRS

- CCIIO has indicated that the FFM is on schedule to meet monthly and annual 1095A reporting requirements



## Generating/Sending 1095A Forms

- CCIIO has indicated that the FFM intends to provide 1095A forms to consumers by mail and to provide a PDF of the form in their healthcare.gov accounts



## Consumer Education and Outreach

- IRS and CMS have formed a workgroup to address consumer education challenges



# Discussion

# Discussion

1

How are states managing IT challenges and issues?

Potential Questions:

- How are states preparing to report monthly to the IRS?
- How are states planning to make available benchmark plan information for full-pay QHP enrollees?
- How will states generate corrected 1095A forms?

2

What strategies are states utilizing to educate consumers?

Potential Strategies:

- Triaging questions for the IRS versus the state
- Training community partners
- Staffing to handle overlap of tax filings with open enrollment
- Building alliances with stakeholders

3

What other challenges are states facing?

4

How can RWJF's State Network assist states in addressing these challenges?

# Thank You!

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