GBS Health Benefits Compliance

State-Specific Individual Mandate Rules and Annual Information Reporting Requirements

California, Massachusetts, New Jersey, Rhode Island, Vermont, and the District of Columbia (DC) have state-specific Individual Mandate requirements and associated annual reporting requirements that largely mirror the Affordable Care Act (ACA) 6055 provisions. Some of these state requirements are in response to the ACA Individual Mandate penalty adjustment to zero (effective January 2019) per the *Tax Cuts and Jobs Act*. Employers with employees residing in these states (and in DC) need to be aware they have state reporting obligations in addition to ACA reporting obligations. In most cases, but not all, the federal ACA 1094/1095 reporting forms can be used to satisfy these state requirements.

Background

ACA Section 6055 information reporting requires providers of minimum essential coverage (MEC) to report coverage information to the IRS and to furnish statements to the covered individual that show which months during the year the individual satisfied the Individual Mandate. Section 6055 reporting is typically through the IRS B-series forms (1094-B transmittal form and 1095-B health coverage form). To satisfy this ACA requirement, small employers who sponsor self/level funded plans use the B-series forms and applicable large employers (ALEs) who sponsor self/level funded plans have the option to use either the B-series forms or Part III of the 1095-C form.

The following information is not intended to be exhaustive, nor should any information be construed as tax or legal advice. Readers should contact a tax professional or attorney if legal advice is needed. Although we have made every effort to provide complete, up-to-date, and accurate information in this document, such information is meant to be used for reference only. If there is any inconsistency between the information contained in this document and any applicable law, then such law will control.

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State Individual Mandate Rules, Deadlines, and Penalties

California

- **Important Dates**
  Mandate effective starting in 2020 with annual reporting due to the state by each March 31 and disclosures due to employees by each January 31.
- **State Guidance**
  The individual mandate was signed into law July 2, 2019. See the CA FTB information reporting page.
- **Individual Mandate Penalties**
  CA residents must have MEC or will owe a penalty that is the greater of a flat dollar amount ($900) or 2.5% of income. Families pay half the penalty amount for children, up to a family cap of three times the annual flat dollar amount.
- **Employer Reporting Obligations**
  Employers with CA resident employees are obligated to provide the same data as required under ACA Section 6055.

  Fully-insured plans may rely on their insurer to report to the state, but the employer is still responsible should insurer fail to report.

  Self-insured plans are required to report their own data to the state.

  $50 penalty per individual for reporting failures.
- **Reporting Deadline to the State**
  By March 31 each year (although no penalties will apply if filed by May 31).
- **Disclosure Deadline to Employees**
  By January 31 each year. No extensions are available, but the CA FTB will not impose a penalty for failure to provide returns to individuals by this deadline.
- **Process for Filing**
  Self-insured plans must report using federal Form 1094-C and 1095-C for each individual enrolled. Fully-insured plans can rely on insurer to report information about each enrollee. Employers with greater than 250 informational returns must file electronically through the CA FTB file exchange. See the CA FTB information reporting page for more information and instructions.

Massachusetts

- **Important Dates**
  Mandate effective starting in 2006 (prior to the ACA) with annual reporting to the state and disclosure to employees due by each January 31.
- **State Guidance**
  See Mass.gov Health Care Reform page for information on the mandate and reporting using Form MA 1099-HC.
- **Individual Mandate Penalties**
  MA residents over 18 must have coverage as long as it is considered affordable under the schedule set by the Massachusetts Health Connector.

  Penalties vary depending on income, age, and family size – but can be no more than half the lowest priced individual plan available through the state exchange. .
- **Employer Reporting Obligations**
  Form 1099-HC must be distributed to covered MA residents and report this information to the MA Department of Revenue (DOR). See the Mass.gov FAQs for Employers.

  Most insurance companies and TPAs prepare, distribute, and file with the DOR on behalf of employers. If a carrier/TPA will not handle the reporting, the responsibility falls to the employer.

  Employers who fail to distribute the forms to employees or fail to file forms with the state could be subject to a penalty of $50 per individual, up to a maximum of $50,000.
- **Reporting Deadline**
  By January 31 each year.
- **Disclosure Deadline to Employees**
  By January 31 each year.
- **Process for Filing**
  Most carriers and TPAs will prepare, distribute to MA employees, and file with the DOR on behalf of plan sponsors. Employers should verify their carrier is handling the reporting if the plan is insured and inquire if their TPA will handle reporting if self-insured. If the TPA will not handle the reporting, this responsibility will fall to the employer. See the Mass.gov FAQs for Employers for more information.

State Individual Mandate Rules, Deadlines, and Penalties

New Jersey

› Important Dates

Mandate effective in 2019 with annual reporting due to the state by each March 31 and disclosures due to employees by each March 1. (Disclosures to employees are due by March 2, 2026, since March 1 falls on a weekend in 2026.)

› State Guidance

See NJ Health Insurance Mandate webpage.

› Individual Mandate Penalties

NJ residents must have MEC or will owe a penalty that is generally based on household income and family size and is capped at the statewide average annual premium for Bronze Health Plans in NJ.

› Employer Reporting Obligations

Employers with NJ resident employees are obligated to provide the same data as required under ACA Section 6055.

Fully-insured plans may rely on their insurer to report to the state, but the employer is still responsible should insurer fail to report.

Self-insured plans are required to report their own data to the state.

› Reporting Deadline

By March 31 each year.

› Disclosure Deadline to Employees

By March 1 each year. (Disclosures to employees are due by March 2, 2026, since March 1 falls on a weekend in 2026.)

› Process for Filing

Self-insured plans must report using NJ-1095 forms or federal 1095-B/C forms. Fully insured plans can rely on insurer to report information about each NJ resident enrollee. Submit forms using the NJ e-file system.

Vermont

› Important Dates

Mandate effective starting in 2020.

Currently no state specific reporting or disclosure obligations.

› State Guidance

VT Individual Mandate law was signed on May 28, 2018. See the VT Health Insurance Requirements page.

› Individual Mandate Penalties

VT residents are required to have MEC.

Currently there is no penalty for failing to have coverage.

› Employer Reporting Obligations

No employer reporting obligations.

VT law provides the state will impose employer reporting obligations, similar to ACA Section 6055, in the event the federal 6055 reporting obligations are suspended or eliminated.

› Reporting Deadline

No employer reporting required.

› Disclosure Deadline to Employees

Disclosures to employees not required.

› Process for Filing

No employer reporting required.

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State Individual Mandate Rules, Deadlines, and Penalties

Rhode Island

› Important Dates

Mandate effective starting in 2020 with reporting due to the state by each March 31 and disclosures due to employees by each March 2.

› State Guidance

See RI Health Insurance Mandate webpage.

› Individual Mandate Penalties

RI residents must have MEC or will owe a penalty that is the greater of a flat dollar amount ($695) or 2.5% of income. Families pay half the penalty amount for children, up to a family cap of three times the annual flat dollar amount. Also, the penalty is capped at the RI statewide average premium for bronze-level plans offered through the RI Exchange.

Penalty will not be assessed for any tax year in which the ACA's premium tax credits become unavailable or if the federal individual mandate goes back into effect.

› Employer Reporting Obligations

Employers are required to provide the same data and may use the same federal forms as required under ACA Section 6055.

› Reporting Deadline

By March 31 each year.

› Disclosure Deadline to Employees

By March 2 each year.

› Process for Filing

Submit forms using portal link on RI Division of Taxation webpage. May use same federal Forms 1095-B or 1095-C that are submitted to the IRS (or other forms or file formats that provide the same information) for each individual enrolled. FAQs provide with more information on the reporting requirements.

District of Columbia

› Important Dates

Mandate effective starting in 2019 with annual reporting generally due by April 30 each year (i.e., 30 days after IRS March 31 deadline for submitting 1095-B or 1095-C) and disclosures due to employees by each March 2.

› State Guidance

The Individual Taxpayer Health Insurance Responsibility Requirement was signed into law June 26, 2018. See DC Health Link and OTR Notice 2020-04 for annual reporting information and guidance.

› Individual Mandate Penalties

DC residents must have minimum essential coverage (MEC) or will owe a penalty that is the greater of a flat dollar amount ($795) or 2.5% of income. Families pay half the penalty amount for children, up to a family cap of three times the annual flat dollar amount.

› Employer Reporting Obligations

Employers that provide MEC to DC residents must sign up and file returns with the Office of Tax and Revenue (OTR) to upload files through MyTax DC using the same ACA Section 6055 forms filed with the IRS.

Currently there are no employer penalties for failing to report to DC.

› Reporting Deadline

Report annually within 30 days after IRS deadline for submitting 1095-Bs or 1095-Cs, including any extensions granted by the IRS (i.e., by April 30).

› Disclosure Deadline to Employees

By March 2 each year.

› Process for Filing

1094/5-B and 1094/5-C forms must be uploaded through MyTax.DC.gov. For more information, see DC's FAQs on employer reporting requirements.

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