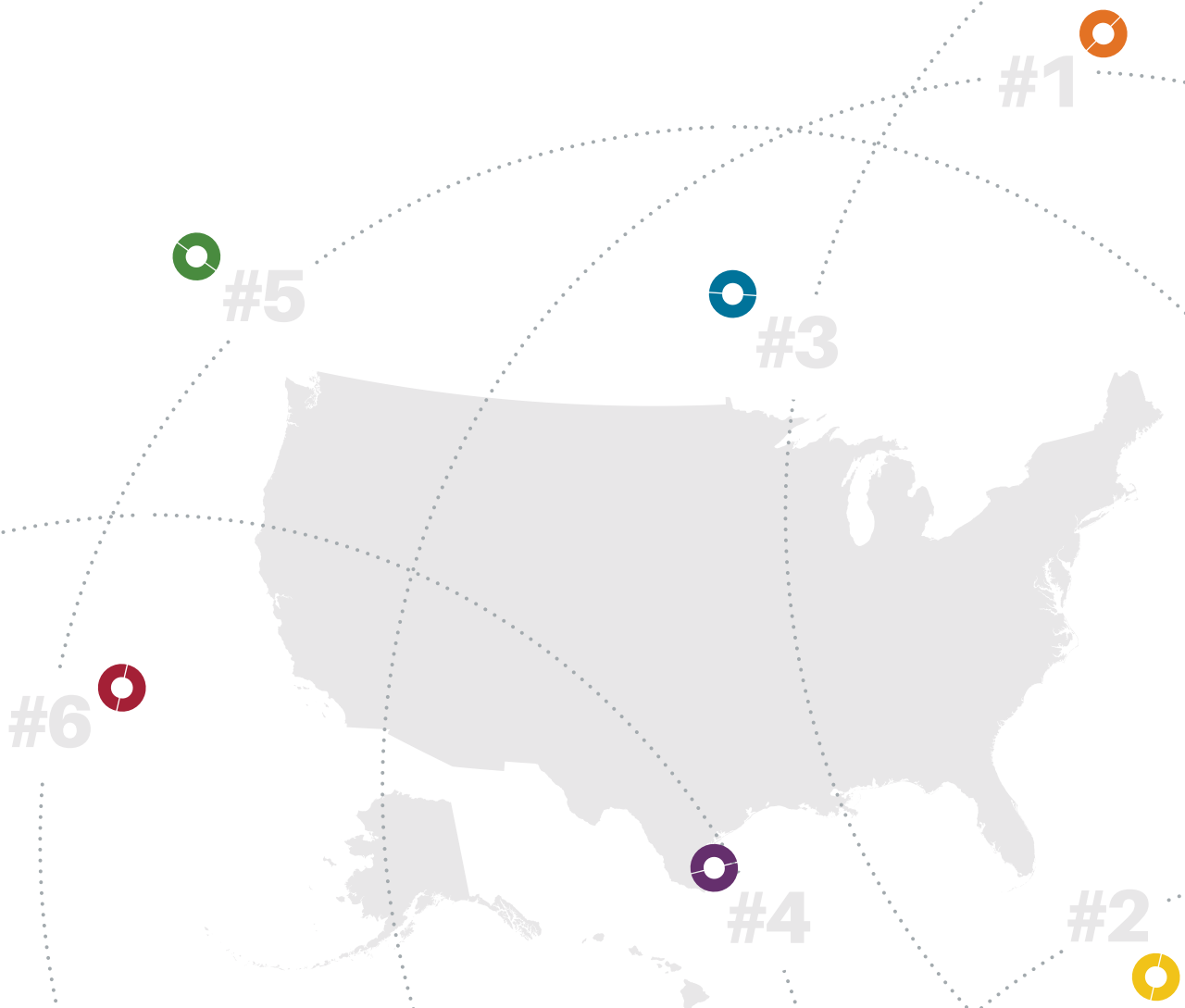


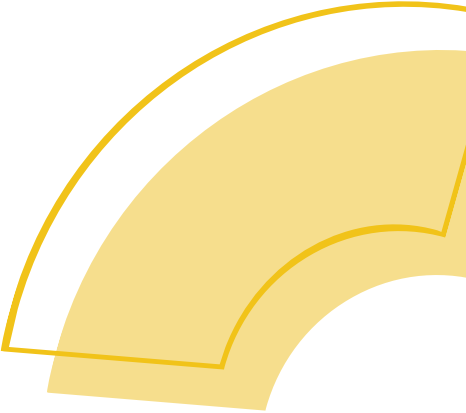


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Six Misconceptions Employers Have Around State-Based Reporting

 EBOOK






Maintaining an accurate understanding and comprehensive control over the myriad state-based individual healthcare mandate requirements can be difficult, even for the most vigilant of human resource teams. And as your team tries to juggle these requirements, it's important you're doing so with the right information.

Unfortunately for some companies, big decisions are made based on information that includes misconceptions. There are several falsehoods surrounding your state reporting requirements, but some of the most common misconceptions are outlined in this eBook.

Follow this guide to see if you or your company are operating under any of these misconceptions so you can determine what actions might be needed to help you avoid potential penalties.





TIP:

Employers should consider both where an employee lives and where they work, in addition to the physical address of the company.

MISCONCEPTION:
Individual mandate requirements don't apply to companies if they don't operate in that state.



FACTS:

This is a very common misconception because many other laws and regulations only apply if your company is currently located in the state. State-based individual mandates are different.

Individual mandates are tied to individuals, and because of that, companies are required to report on employees who reside in a state with an individual mandate, regardless of the organization's physical address. In addition, employers who operate in the District of Columbia must consider employees who live or work in the District.

Thus, if your company borders a state with an individual mandate, you're responsible to report on all employees who cross the border to come to work each morning. At the same time, if you have remote employees, you are also required to report on any staff operating — and living — in states with individual mandates. You'll also be expected to follow each state's unique mandate guidelines.

However, it isn't as easy as simply following the guidelines based on your employees' home addresses. Different states define "resident" in different ways. Some states classify a qualified resident as a person who lives in the state, even for as few as 15 days in any month.

States may also define residency for individual reporting purposes under different parameters than for domicile or marriage matters, so it's important to understand exactly what is expected in the employee's state. This will require examining state legislation, including applicable regulations and sub-regulatory guidelines provided by the associated state agency responsible for overseeing employer reporting requirements.



TIP:

Employers should be mindful of all the residences your employees claim throughout the year.

MISCONCEPTION:
Compliance isn't required if you are a government entity.



FACTS:

This simply isn't true. In fact, many of the same complications that apply to the first misconception can appear here too, including employees crossing the border to work. State requirements do not necessarily exempt government employers, especially when employees live part-time or full-time in another state. Schools face a unique challenge here, as they can sometimes face noncompliance instances surrounding teachers that live elsewhere during summer break. Depending on the state, this could trigger the requirement of state reporting for those individuals.

Once again, it is essential you are mindful of all the residences your employees claim throughout the year.



TIP:

Employers must be especially mindful that the information they submit is applicable to that state and only that state's residents.

MISCONCEPTION:
**I can send my entire
ACA filing to states
upon completion.**

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FACTS:

States have data privacy laws that restrict the sharing of personal information regarding their residents, though the specifics of those laws can vary by jurisdiction. You should be mindful that forwarding your IRS files to applicable states could expose you to consumer privacy law violations.

Some states with employer reporting requirements may indicate they will accept an entire ACA file. However, it is the privacy laws of all other states that could apply here. For example, California's privacy rules do not allow an employer to send information on its residents to New Jersey unless specifically required. So even if New Jersey indicates they will accept an entire federal ACA file for their state reporting purposes, an employer could be out of compliance with California privacy laws if they send the state of New Jersey information on a California resident.

Risks of sharing employee data with states for employees that do not have a residency in that state can include:

- Data breach reporting to regulators
- Data breach regulator fines
- Required notification to the employee that their data has been breached
- And more

This means employers typically should not send their entire ACA filing to a state unless it only includes information on employees who meet that state's residency requirements.



TIP:

Employers must furnish a Form 1095-B within 30 days to any responsible individual who requests one.

MISCONCEPTION:
1095-B Forms are a thing of the past.

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FACTS:

While the federal government declared late in 2020 that employers did not have to print and deliver Forms 1095-B to their employees for the 2020 tax year, those forms still had to be filed with the IRS.

Some companies have mistakenly taken this instance to be an indication of policy going forward. This is not true. Employers may still be required by the IRS to print and deliver Forms 1095-B in future years. And if such a policy does change permanently, it's important to remember that individual states, such as California and New Jersey, still continue to require that such forms are sent to resident employees.

In addition, employers must also continue to meet several other requirements, including prominently posting a notice on their website notifying individuals that they can receive a copy of their Form 1095-B upon request. This notice must also include an email address and physical address where the request may be sent. Employers must also post a telephone number of individuals that employees can use to contact the reporting entity with questions.

Finally, employers must also furnish a Form 1095-B within 30 days to any responsible individual who makes such a request. The 30-day requirement begins on the date of the request receipt.



TIP:

Increasing complexity is leading to a rise in misunderstandings, so it's important that employers know the facts.

MISCONCEPTION:
Requirements are the same in every state.

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FACTS:

States may utilize the IRS federal data schema or their own schema requirements and may have state specific filing and submission requirements.

Washington D.C. and New Jersey requirements may look like the federal mandate, but they have state specific filing and submission requirements.

For example, an employer providing health coverage to residents in D.C. are required to submit forms in a .txt format.¹ While in New Jersey, only employers with self-insured plans are required to submit Forms 1095-C and 1094-C to the New Jersey Division of Taxation in an XML format.²

California and New Jersey have published that they may fine employers \$50 for each unreported individual, with no maximum.

New Jersey and Rhode Island are following the federal Form 1095 guidance and their deadline to report to the state is also March 31.

Vermont does have an Individual Mandate, but employer reporting is not expected at this time.

¹2022 Specifications for Bulk Filing Sales and Use (FR-800M/Q/A) Tax Returns Electronically and Account Lookup, Government of the District of Columbia, Office of the Chief Financial Officer, Office of Tax and Revenue, https://otr.cfo.dc.gov/sites/default/files/dc/sites/otr/publication/attachments/2022%20BulkFile%20FR800MQA%20specs_landscape%20layout%20110921.pdf

²2022 Guidance for Health Coverage Providers Under the Health Insurance Market Preservation Act, State of New Jersey, Department of the Treasury, <https://nj.gov/treasury/njhealthinsurancemandate/employers.shtml#:~:text=Insurers%20or%20Employers%20can%20file,of%2050%20or%20more%20forms>



TIP:

Employers should leverage a reputable service provider to help track the different state requirements and keep them up to date on new and changing requirements.

MISCONCEPTION: Health reform reporting will get easier.

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FACTS:

By now it should be obvious that this is a misconception. In fact, the truth may be just the opposite. As more and more states continue to adopt their own individual mandate, the number of rules and regulations companies must abide by could grow exponentially.

Instead of counting on government legislation to simplify healthcare reporting expectations, companies are better suited to find a vendor that can help manage the process from start to finish - including helping to ensure only information on applicable residents are sent to the state.

As a leader in ACA Management Solutions, Equifax stands ready to help support companies in managing their coverage expectations and understanding challenging state-based guidelines.

We offer solutions to employers and partners for New Jersey, Rhode Island, California and Washington D.C. reporting, that includes help with corrections processing and helping employers meet their state reporting requirements.



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We offer a state stand alone reporting solution

Employers: You can build a state individual mandate reporting package to fit the needs of your organization. You can choose Equifax for state reporting even if you are using a different solution for filing your federal ACA forms. Contact us to learn more.

PEOs, Payroll, Tax, Benefit Administrators: You can offer your clients our state individual mandate solutions so you don't have to invest in continuous technology updates to support state reporting. You can choose Equifax for state reporting even if you are using a different solution for filing federal ACA forms. You can also private label your own California, Rhode Island, New Jersey and/or Washington D.C. solution from Equifax. Contact us to learn more.

[Learn more](#) about ACA HQ™ and how Equifax can simplify your state mandate goals and eliminate the misconceptions that are hindering your objectives.

[See Plans & Pricing](#)

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