

STATE INDIVIDUAL MANDATE REPORTING REQUIREMENTS

Employers with employees located in states with an individual mandate may have to comply with both state and federal reporting requirements.

Largely in response to Congress reducing the federal ACA individual mandate penalty to \$0 (effective beginning 2019), several states passed their own individual mandates. Specifically, California, the District of Columbia, Massachusetts, New Jersey, Rhode Island, and Vermont require their residents to maintain minimum essential healthcare coverage or pay a tax penalty. States that impose individual mandate penalties on taxpayers reserve the right to determine penalty amounts at their discretion. Penalties for employer non-compliance with the filing and distribution requirements are discussed in the state-specific sections below.

Beginning in 2025, changes to federal ACA reporting requirements permit employers and health insurance carriers to furnish Forms 1095-B and 1095-C to employees upon request (with adequate notice of the opportunity to request the applicable form) instead of automatically distributing these coverage statements. However, each state's individual mandate still generally requires employers to automatically distribute coverage statements to employees (regardless of any request) and to submit reports to state agencies by specific annual deadlines. Importantly, the state reporting requirements are generally based on an employee's home address for any portion of the reporting year, regardless of the location of the employer's headquarters or the situs state of the healthcare contract.

To help employers maintain compliance with applicable state reporting requirements, this publication provides a summary of the reporting requirements under each state's individual mandate. For further information about federal reporting requirements regarding employer group health plans and the payment of assessed penalties, see the PPI publications [ACA: Employer Mandate Reporting Requirements](#), [ACA: FAQs for Employer Reporting Under Sections 6055 and 6056](#), [ACA: FAQs on Form 1095-C](#), and [ACA: FAQs on IRS Letter 226-J](#).

OVERVIEW

State	Effective Date	State Filing Due Date*	Employee Distribution Due Date*
California	January 1, 2020	March 31**	January 31***
District of Columbia	January 1, 2019	April 30	March 2 [†]
Massachusetts	January 1, 2006	January 31	January 31
New Jersey	January 1, 2019	March 31	March 3
Rhode Island	January 1, 2020	March 31	March 2
Vermont	January 1, 2020	N/A	N/A

*Filing and distribution deadlines are the year following the reporting tax year. When the due date falls on a weekend or federal holiday, the due date is generally extended to the next business day. March 2 due dates shift to March 1 in leap years.

**While the due date is March 31, no penalty will apply if the return is filed by May 31.

***The California Franchise Tax Board does not impose a penalty for a failure to provide returns to individuals by this deadline.

[†]Prior to the change in federal law regarding distribution of employee statements, DC followed the IRS deadline of March 2 following the reporting year. To date, DC has not modified its guidance, so the assumption is the March 2 deadline will stand for reporting that occurs in 2025.

CALIFORNIA

Signed into law in June 2019, the California Individual Health Coverage Mandate establishes a state individual mandate effective for 2020 and thereafter. This mandate requires California residents to maintain minimum essential coverage (MEC) or pay a penalty. It also requires employers that provide MEC to California residents to distribute coverage statements to employees by January 31 and to submit annual reports to the state through the Franchise Tax Board (FTB) by March 31 following the reporting year for all California residents who had health coverage under the employer's plan during any portion of the calendar year. California accepts Forms 1095-B and 1095-C in satisfaction of the state's employer reporting requirement. (As noted in the footnotes to the chart on page 1, the FTB does not impose a penalty for failure to distribute coverage reports to employees by January 31 and does not impose a late filing penalty for reports filed through the FTB by May 31.)

Insurance carriers, third-party administrators, or service providers may report to the state on behalf of covered employers and will generally do so as a routine matter for fully insured plans. However, employers should verify directly with any parties acting on their behalf that such parties send to the state only the Forms 1095-B or 1095-C covering California residents. Transmitting coverage data for any non-residents would violate the federal Health Insurance Portability and Accountability Act (HIPAA) privacy and data security rules. Likewise, employers should verify with any parties acting on their behalf that such parties will distribute coverage statements to individual employees. Failure to distribute coverage statements to employees and to report to the state can result in a penalty of \$50 per person.

Employers are required to file returns electronically if they are filing 250 or more forms. The 250-form count applies to each type of form filed and applies separately for original and corrected returns.

Resources:

[Healthcare Mandate](#)

[Electronic Filing](#)

[California Instructions for Filing Federal Forms 1094-B and 1095-B](#)

[California Instructions for Filing Federal Forms 1094-C and 1095-C](#)

DISTRICT OF COLUMBIA

Effective beginning 2019, the District of Columbia requires DC residents to have MEC (or to confirm a coverage exemption) or pay a tax penalty. Similar to other state individual mandates, DC's Individual Taxpayer Health Insurance Responsibility Requirement Amendment Act of 2018 (the Act) is modeled on the federal individual shared responsibility requirement that was in effect prior to 2019.

Employers of all sizes with self-insured (including level-funded) group health plans, and employers with 50 or more full-time employees (including full-time equivalents) with fully insured plans, must file Form 1095-B or 1095-C (as applicable) for DC residents with the DC Office of Tax and Revenue if they have at least one employee who resides in DC. The reporting deadline is defined as 30 days following the March 31 IRS deadline for ACA reporting, which is April 30 unless any extensions apply. There is no paper filing option available for the DC individual mandate reporting requirement.

In addition, employers must provide covered individuals with an annual statement regarding their coverage. Prior to the change in federal law affecting the requirement to distribute Forms 1095-B or 1095-C to individuals for the 2024 reporting year and thereafter, DC followed the IRS distribution deadline of March 2 following the reporting year (or March 1 in leap years). To date, DC has not modified its guidance, so the assumption is that the March 2 deadline will stand for 2024 reporting that occurs in 2025 and thereafter.

There is currently no penalty for failure to file the informational returns.

Resources:

[DC Office of Tax and Revenue website](#)

MASSACHUSETTS

Unlike other states, Massachusetts enacted an individual mandate before the federal individual mandate penalty was reduced to zero dollars. That said, Massachusetts continues to require its residents (over the age of 18) to have minimum creditable coverage (MCC) or pay a penalty. Employers that provide MCC to Massachusetts residents are required to distribute Form MA 1099-HC to those residents and submit reports electronically to the Department of Revenue (DOR) by January 31 following the reporting year.

Generally, insurance carriers in Massachusetts provide Form MA 1099-HC to state residents and report to the DOR on behalf of employers; employers that sponsor fully insured group health plans should confirm with their carriers accordingly. Employers with self-insured (including level-funded) plans and non-Massachusetts employers are required to complete the distribution and filing requirements themselves. Note that Form MA 1099-HC only needs to be sent to primary enrollees and does not also need to be sent to dependents. Failure to distribute and file Form MA 1099-HC may result in a penalty of \$50 per individual, up to a maximum of \$50,000.

In addition to the individual mandate, Massachusetts requires every employer with six or more employees in Massachusetts to submit a Health Insurance Responsibility Disclosure (HIRD) form annually by December 15 to the DOR through the MassTaxConnect web portal. The HIRD form collects employer-level information – such as eligibility requirements, the coverage levels and tiers offered, total contributions (employer and employee), whether the plan meets the Massachusetts creditable coverage requirements, and plan cost-sharing amounts – to assist MassHealth in identifying its members who may be eligible for the MassHealth Premium Assistance Program. For further information about the HIRD form and related filing obligations, see the PPI publication [Massachusetts HIRD](#).

Resources:

[Healthcare FAQs](#)

[HIRD FAQs](#)

NEW JERSEY

New Jersey enacted the New Jersey Health Insurance Market Preservation Act, which requires New Jersey residents to maintain MEC as of January 1, 2019, and also requires third-party reporting to verify the coverage information for individual taxpayers who are New Jersey residents. This third-party verification requires employers with employees who live in New Jersey to provide New Jersey taxpayers and the state with the same Forms 1094 and 1095 healthcare coverage information that they file with the IRS in connection with their ACA reporting obligations.

Reporting is required for each primary enrollee who was a New Jersey resident and to whom the employer provided MEC during any portion of the prior calendar year. The employer filing requirements vary depending upon employer size and whether the employer sponsors a fully insured plan, a self-insured (including level-funded) plan, or participates in a multi-employer plan. Generally, employers that filed Forms 1094/1095-B or 1094/1095-C may use those forms to satisfy NJ reporting requirements.

Insurance carriers, third-party administrators, or service providers may report to the state on behalf of covered employers and will generally do so as a routine matter for fully insured plans. However, employers should verify directly with any parties acting on their behalf that such parties send to the state only the Forms 1095-B or 1095-C covering New Jersey residents. Transmitting coverage data for any non-residents would violate the federal Health Insurance Portability and Accountability Act (HIPAA) privacy and data security rules. Likewise, employers should verify with any parties acting on their behalf that such parties will distribute coverage statements to individual employees.

Specifically, employers must file the following:

- Small self-insured employers file Form 1095-B
- Fully insured employers (small or large) file either Form 1095-B/C or NJ-1095, if the carrier does not file on behalf of the plan
- Large self-insured employers file Form 1095-C

As with the ACA, NJ individual mandate reporting defines small employers as those with under 50 full-time equivalent employees in the preceding calendar year, while large employers are those with 50 or more full-time equivalents.

Employers must verify health coverage for New Jersey employees through the Division of Revenue and Enterprise Services' MFT SecureTransport service (the same electronic system used for filing Forms W-2) by March 31 following the reporting year. There is no paper filing option available for the NJ individual mandate reporting requirement. However, as an alternative to filing via the MFT SecureTransport service, coverage providers with under 100 forms can use the Fillable Form NJ-1095 to file one form at a time.

The deadline for furnishing Forms 1095-B/C to primary enrollees is March 3. Despite changes to federal law regarding the distribution of Forms 1095-B and 1095-C to covered individuals, New Jersey's requirement to notify primary enrollees of their coverage status remains unchanged.

Resources:

[New Jersey Employer Reporting Requirement](#)

RHODE ISLAND

As of January 1, 2020, Rhode Island residents are required to have qualifying healthcare coverage or pay a penalty unless a hardship, religious, or other exemption applies. As part of this requirement, employers that provide MEC to Rhode Island residents must file a return to the Division of Taxation and must furnish a statement to each individual. Rhode Island's requirement to distribute statements to employees remains unchanged, even though federal requirements regarding the automatic distribution of Forms 1095-B and 1095-C to covered individuals were amended.

The law provides that Forms 1095-B and 1095-C issued by the employer for federal ACA reporting purposes will satisfy the Rhode Island reporting requirement; it also provides an option to report to the state via a flat file containing the same information.

The deadline to distribute coverage statements to each individual is March 2 following the reporting year. In any given year, if March 2 falls on a weekend or a holiday, the deadline will be the next business day after March 2. Coverage data forms must be filed with the Rhode Island Division of Taxation by March 31 following the reporting year.

Insurance carriers, third-party administrators, or service providers may report to the state on behalf of covered employers and will generally do so as a routine matter for fully insured plans. However, employers should verify directly with any parties acting on their behalf that such parties send to the state only the Forms 1095-B or 1095-C covering Rhode Island residents. Transmitting coverage data for any non-residents would violate the federal Health Insurance Portability and Accountability Act (HIPAA) privacy and data security rules. Likewise, employers should verify with any parties acting on their behalf that such parties will distribute coverage statements to individual employees.

Resources:

[Rhode Island Health Coverage Mandate](#)

[Rhode Island Health Insurance Mandate Reporting Requirements FAQ](#)

[Rhode Island Individual Mandate Reporting Deadline Advisory](#)

[State Resource \(Employer Reporting, Page 26\)](#)

VERMONT

In 2018, Vermont enacted an individual mandate requiring Vermont residents to have MEC effective January 1, 2020. Currently, there is no enforcement of the state individual mandate (i.e., no taxpayer penalty for noncompliance), which also means there is no related employer reporting obligation. Rather, the law requires individuals filing Vermont income tax returns to indicate whether they maintained MEC or are exempt from the coverage requirements.

However, there is a separate employer reporting requirement in Vermont in connection with the Health Care Fund Contribution Assessment (HCFCA), which applies to employers with five or more full-time equivalent employees working in Vermont. For HCFCA purposes, "employee" refers to an individual for whom an employer must comply with Vermont unemployment compensation requirements. "Full-time equivalent" is expressed as the number of employee hours worked during a calendar quarter divided by 520. Seasonal employees working 20 weeks or fewer and employees working fewer than 30 hours per week (or 390 hours per quarter) are excluded from the count.

An employer must pay an assessment if five or more Vermont full-time equivalent employees are uncovered. The first four full-time equivalent employees are exempt from the assessment. An employee is uncovered if the employer does not offer them health coverage (i.e., the employee is not eligible for the employer's group health plan). An employee who is offered coverage and waives in favor of individual coverage on the Exchange or Medicaid is also considered uncovered. Anyone who waives coverage for Medicare or other group coverage is not counted as uncovered, provided they complete a Form HC-2 documenting the reason for the waiver. If they do not complete a Form HC-2, they are counted as uncovered.

If the employer has fewer than five full-time equivalent employees working in Vermont, then there is no need to pay the HCFCA. However, employers with at least one Vermont employee must complete Part III of Form WHT-436 each quarter and submit the form to the Vermont Department of Taxes. Employers must mark zero on Form WHT-436 if they have fewer than five full-time equivalent employees (indicating no payment is due for that quarter). The HC-1 Worksheet is designed to help employers determine if a quarterly contribution is due. Employers must retain this form for three years but they do not submit it to the state.

Resources:

[Health Care Fund Contribution Assessment](#)

[Guide to the Health Care Fund Contribution Assessment](#)

[For Employers: Health Care Fund Contribution Assessment](#)

SUMMARY

Employers that sponsor group healthcare plans must satisfy ACA reporting obligations at the federal level and must also satisfy state individual mandate reporting requirements if they employed tax filers in California, the District of Columbia, Massachusetts, New Jersey, Rhode Island, or Vermont for any portion of the reporting year. Employers should be aware that the state individual mandate distribution and filing requirements are independent of any federal requirements (which, beginning in 2025, permit an alternative manner of furnishing statements upon request). Specifically, each state's individual mandate still generally requires employers to both submit reports to state agencies and distribute coverage statements to employees. In addition, other states may enact similar individual mandate laws in the future.