

STATE INDIVIDUAL MANDATE REPORTING REQUIREMENTS

Employers with employees located in the states with an individual mandate may have to comply with state individual mandate reporting requirements in addition to complying with federal reporting requirements.

Largely in response to Congress reducing the federal ACA individual mandate penalty to \$0 (effective beginning 2019), several states have passed their own individual mandates. Specifically, California, District of Columbia, Massachusetts, New Jersey, Rhode Island and Vermont require their residents to maintain minimum essential healthcare coverage or pay a tax penalty. For most states with an individual coverage mandate, the penalty mirrors the federal individual mandate penalty that was in effect for 2018.

Similar to the ACA's federal mandate reporting requirements, each state's individual mandate, as applicable, generally requires employers to submit employee coverage reports and distribute statements to covered employees. Meaning, employers with employees located in the states with an individual mandate may have to comply with state individual mandate reporting requirements in addition to complying with federal reporting requirements. Importantly, the state reporting mandates for each state are based on the physical location of the employee, regardless of the location of the employer's headquarters or the situs state of the insurance 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, see the PPI publication [ACA: Employer Mandate Reporting Requirements](#).

OVERVIEW

State	Effective Date	Filing Due Date*	Distribution to Ind. 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 2***
Rhode Island	January 1, 2020	March 31****	January 31
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.

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

***Compliance with the federal requirement to furnish an annual statement to individuals via Form 1095-B or 1095-C is sufficient. For 2021 calendar year reporting, the deadline has been extended by 30 days from January 31 to March 2, 2022.

****Generally, the filing to the Division of Taxation is due by January 31 of the year following the calendar year for which reporting is required. However, for 2021 reporting, the deadline is extended by two months to March 31, 2022.



CALIFORNIA

Signed into law in June 2019, the California Individual Health Coverage Mandate establishes a state individual mandate effective for 2020 and thereafter. More specifically, beginning January 1, 2020, this mandate requires California residents to maintain minimum essential coverage (MEC) or pay a penalty. In conjunction with this mandate, there is an employer reporting requirement for employers that provide MEC to California residents. To that end, the state will accept federal Forms 1095-B and 1095-C.

Effective for the 2020 tax year and thereafter, self-insured employers and insurance carriers must report annually on the California residents that had health coverage under the plan during any portion of the calendar year. The information must be provided to employees by January 31 and filed with California's Franchise Tax Board (FTB) by March 31 following the end of the reporting year. While March 31 is the deadline to file with the FTB, no penalty will apply for returns filed on or before May 31. Note that employers are only subject to these requirements if their insurance carrier does not perform these obligations. Failure to report can result in a \$50 per person penalty.

Similar to federal filing, electronic returns are required if filing 250 or more forms.

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 enacted legislation that requires DC residents to have MEC (or have a coverage exemption), or pay a tax penalty. Similar to other state-based 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. As part of the Act, all employers (with at least one employee who resides in DC) who sponsor self-insured group health plans, or sponsor fully insured group health plans with 50 or more full-time employees, must file the Form 1095-B or 1095-C (as applicable) of DC residents electronically through the MyTax.DC.gov website. For tax years beginning after December 31, 2019, the reporting deadline is 30 days following the IRS submission deadline (including any extensions granted by the IRS), which is April 30 unless any extensions apply.

There is no paper filing option available for the DC individual mandate reporting requirement. Employers are able to file the same information returns that they file with the IRS (Form 1095-B or Form 1095-C) to meet DC's reporting requirement. In addition, employers must furnish a statement about the coverage to the covered individual. Compliance with the federal requirement to furnish an annual statement to individuals via Form 1095-B or 1095-C meets this requirement. The deadline for sending Forms 1095 to primary enrollees is generally January 31, but has been extended by 30 days to March 2, 2022, for calendar year 2021 reporting.

Currently, no penalty is imposed for failure to file the informational returns.

Resources:

- [OTR Notice 2020-04](#)
- [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. That said, Massachusetts continues to require its residents (over the age of 18) to carry 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 reporting electronically to the Department of Revenue (DOR) by January 31 following the end of the medical plan year.

Generally, insurance carriers in Massachusetts will provide Form 1099-HC to state residents, and will report to the DOR on behalf of employers; it is recommended that employers that sponsor fully insured group health plans confirm with their carriers accordingly. For self-insured plans and non-Massachusetts employers, such employers are required to complete the distribution

and filing requirements. Employers can obtain draft copies of the Form 1099-HC on the DOR website. Note that Form 1099-HC only needs to be sent to primary enrollees (and is not required to be sent to dependents). Failure to distribute and file Form 1099-HC may result in a penalty of \$50 per individual, up to a maximum of \$50,000.

In addition (and separate from the individual mandate), Massachusetts law requires every employer with six or more employees in Massachusetts to annually submit a Health Insurance Responsibility Disclosure (HIRD) form 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, see the PPI publication [Massachusetts HIRD](#).

Resources:

- [Healthcare FAQs](#)
- [HIRD FAQs](#)

NEW JERSEY

Effective for 2019, 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 that 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 1094 and 1095 healthcare coverage information that they send to the IRS.

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 is fully insured, self-insured or a participating employer in a multi-employer plan. Generally, employers that filed Form 1094-C/Form 1095-C may use those forms for purposes of NJ reporting. Similarly, filers of Form 1094-B/Form 1095-B should use those forms. Specifically, employers must file the following:

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

As with the ACA, small employers are defined 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 W-2 forms) by the IRS deadlines. 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.

In addition, the deadline for sending Forms 1095 to primary enrollees is generally January 31, but has been extended by 30 days to March 2, 2022, for calendar year 2021 reporting. Important to note, New Jersey requires that a 1095-B be sent to each primary enrollee and is not following IRS practices on 1095-B forms (i.e., the IRS is allowing some filers to notify primary enrollees that a 1095-B form is available if they request it in lieu of disbursing to enrollees).

The guidance clarifies that should the federal government discontinue or substantially alter Form 1094-B, 1094-C, 1095-B or 1095-C, New Jersey will issue similar forms to continue the third-party verification requirements.

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 (a "shared responsibility payment") – 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 a return to each individual).

The law provides that Forms 1095-B and 1095-C issued by the employer for federal reporting purposes will satisfy the Rhode Island reporting requirement (and also provides an option to report via a flat file containing the same information). As such, employers must distribute Form 1095-C to employees and the IRS (as required under the ACA's employer mandate) and then must also distribute Form 1095-C to the Rhode Island Division of Taxation by January 31 of the year following the calendar year for which the return was required. Note that for 2021 calendar year reporting, the deadline to file with the Division of Taxation is extended to March 31, 2022 (aligned with the federal deadline for electronic submission). Importantly, for plan sponsors of fully insured plans, if the insurer completes the reporting requirements described above, then no further reporting is required.

If the federal reporting requirement changes and is no longer in effect, employers will need to file a return that includes the name, address, and taxpayer ID number of the primary insured and the name and TIN of each other individual obtaining coverage under the policy; the dates during which the individual was covered under MEC during the calendar year; and other information that the division may require.

Resources:

- [Rhode Island Health Coverage Mandate](#)
- [Rhode Island Health Insurance Mandate Reporting Requirements FAQ](#)
- [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 penalty or enforcement of the individual mandate, which also means there is not a 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 reporting requirement in Vermont, The Health Care Fund Contribution Assessment (HCFCFA), which applies to employers with five or more employees. An employer must pay an assessment on every full-time equivalent employee who is "uncovered." 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, they are counted as uncovered.)

Employers use Part III of Form WHT-436, Quarterly Withholding Reconciliation & HC-1, Health Care Contributions Worksheet, to report and pay (if applicable) the HCFCFA. Employers subject to the assessment must pay it quarterly, on or before the 25th day of the calendar month after the close of each quarter (e.g., April 25 for January – March).

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 regarding MEC at the federal level and must also satisfy state-specific reporting requirements if they employ tax filers in any of the states that have state individual mandates. Employers should be aware that the established distribution and filing deadlines for state individual mandates are subject to extensions, either in connection with or independent of any extensions of federal filing deadlines. In addition, other states may consider enacting individual mandate laws in the future.