

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 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. States that impose individual mandate penalties on taxpayers reserve the right to determine penalty amounts at their discretion. Penalties for employer noncompliance with the filing and distribution requirements are discussed in the state-specific sections below.

In a manner similar to the ACA federal mandate reporting requirements, each state’s individual mandate generally requires employers to distribute statements to employees and submit reports to state agencies by specific annual deadlines. This means that employers with employees in states with an individual mandate may have to comply with both state and federal reporting requirements. 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, 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	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.

**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. Note that the March 2 due date shifts to March 1 in leap years, as the date corresponds to a permanent 30-day extension of the original January 31 deadline for furnishing ACA reporting forms to employees.



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 submit annual reports to the state. California accepts federal Forms 1095-B and 1095-C in satisfaction of the employer reporting requirement.

Effective for the 2020 tax year and thereafter, employers with self-insured (including level-funded) plans and insurance carriers (on behalf of employers with fully insured plans) must report annually on the California residents who had health coverage under the plan during any portion of the calendar year. This information must be provided to employees by January 31 and filed with California's Franchise Tax Board (FTB) by March 31 following 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 penalty of \$50 per person.

Electronic returns are required if filing 250 or more forms. Currently there is no clear guidance regarding whether the electronic filing requirement for California will be revised to mirror the updated electronic filing requirement for federal ACA reporting, which newly requires employers filing 10 or more forms to file electronically effective with reporting in 2024.

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.

All employers with at least one employee who resides in DC have responsibilities under the Act. Employers that sponsor self-insured (including level-funded) group health plans of any size, or that sponsor fully insured group health plans with 50 or more full-time employees, must file a copy of the federal Form 1095-B or 1095-C (as applicable) electronically through the MyTax.DC.gov website for all of their DC residents. The reporting deadline is 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 furnish a statement about the coverage to covered individuals. 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-B/C to primary enrollees generally follows the IRS deadline for ACA reporting. Thus, employers must provide primary enrollees with Form 1095-B/C by March 2 following the reporting year. (Note that the March 2 deadline shifts to March 1 in leap years, as the date corresponds to a permanent 30-day extension of the original January 31 deadline for furnishing ACA reporting forms to employees.)

There is currently no penalty 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 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 for purposes of NJ reporting. 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 generally follows the IRS deadline for ACA reporting. Thus, employers must send Forms 1095-B/C to primary enrollees by March 2 following the reporting year. (Note that the March 2 deadline shifts to March 1 in leap years, as the date corresponds to a permanent 30-day extension of the original January 31 deadline for furnishing ACA reporting forms to employees.) Importantly, New Jersey requires that a Form 1095-B be sent to each primary enrollee and does not follow IRS practices on Forms 1095-B (i.e., the IRS allows some filers to notify primary enrollees that a Form 1095-B is available if they request it in lieu of furnishing the form to enrollees).

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.

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. Employers must distribute Form 1095-C to employees by March 2 following the reporting year and must file Form 1095-C with the Rhode Island Division of Taxation by March 31. (Note that the March 2 deadline shifts to March 1 in leap years, as the date

corresponds to a permanent 30-day extension of the original January 31 deadline for furnishing ACA reporting forms to employees. Also note that the deadline for filing with the state was previously March 2. However, effective for reporting in 2023 and thereafter, the deadline for reporting to the Rhode Island Division of Taxation was permanently extended to March 31 to align with the federal deadline for electronic submission of ACA reports.) Importantly, for plan sponsors of fully insured plans, no further reporting is required if the insurer completes the reporting requirements described above.

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 regarding MEC at the federal level and must also satisfy state individual mandate reporting requirements if they employed tax filers in California, 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 deadlines are subject to extensions, either in connection with or independent of any extensions of federal filing deadlines (including the permanent 30-day extension of the January 31 deadline to furnish employees with ACA reporting forms effective for reporting in 2023 and thereafter). In addition, other states may enact similar individual mandate laws in the future.