



# ACA State Reporting Requirements



## What is ACA State Reporting?

Organizations are required to prepare their 1094-C and 1095-C files with the IRS each year. The annual reporting obligations are made more complicated by the fact that some organizations must also file their ACA paperwork with each state agency separately. In the sections that follow, we list the states with additional ACA reporting requirements, and explain how these filing requirements originated.

## History of ACA State Reporting

In addition to many other things, the ACA promotes health insurance for Americans and requires companies to offer it. When it was initially enacted, the law had two primary sections:

- The Employer Mandate requires applicable large employers (ALEs), or companies with 50 or more full-time workers, to provide Minimum Essential Coverage (MEC) to at least 95% of their full-time personnel and their dependents.
- The Individual Mandate required that everyone get health insurance or pay a fine.

How the ACA functions has altered as a result of 2017 legislation. Congress passed The Tax Cuts and Jobs Act that year, effectively repealing the federal individual mandate by zeroing it out. In 2019, the penalties for not having acceptable insurance were formally phased out. Since then, several states and the District of Columbia have responded by putting their own unique mandates into place.



## State ACA Reporting Requirements and the Impact on Clients

What does this require for businesses that employ people from states with specific regulations? It implies that in addition to submitting the yearly 1094-C and 1095-C reports to the IRS, companies must also submit a report to the state government detailing the health coverage provided to their employees. A copy of the 1095-C form must also be given to employees by Applicable Large Employers (ALEs) due to these extra state requirements.

It should be noted that a company's location has no bearing on whether it must adhere to a state individual mandate and the ensuing state reporting requirements. The location of the employees' homes is crucial. Therefore, this adds another level of complexity for organizations who employ remote workers located in many states.

The obligations apply even if your business just has one tax-filing employee in a state that enforces ACA state reporting. In line with the legislation of that state, you must submit a report.

Based on our research, the list of all states with passed individual mandates, as well as those with upcoming obligations are provided.

**IMPORTANT:** States are making changes so please double-check your individual state mandate for the most current updates.

# California

Residents of California are required to have Minimum Essential Coverage (MEC) for at least nine months out of the year under the state's individual mandate statute. Unless they are exempt, those who don't comply with this rule must pay a fine. The penalty is at least \$850 per adult and \$425 per dependent for the 2022 tax year.

California ACA reporting obligations for companies are also included in the mandate. To demonstrate that their employees (and their dependents) have MEC for at least nine months of the year, organizations are required to produce an annual report.

## California reporting requirements for clients

The goal of California ACA reporting is to make sure that residents of the state fulfill their duty to acquire MEC. The California Franchise Tax Board (FTB) can use it to ascertain whether an employer provided the minimum level of coverage needed by law.

Clients of California residents need to know the following:

- Clients who employ California residents must file, regardless of whether the company is based in California or elsewhere.



# California

- The California FTB requires employers to disclose employee insurance information once a year.
- Employers must use federal Forms 1094-C, 1095-C, and 1095-B to submit this information to the state. Copies must be sent out to staff members by organizations as well.
- For workers who were provided insurance but did not enroll, forms should not be submitted on their behalf.
- When a full insurance plan is offered by your organization, the insurance provider may provide the state with information on each person who has signed up for it. Employers may be responsible and subject to fines if the insurer doesn't do this.
- There are two filing options: mail and electronic. Digital filing is encouraged by the FTB. You must submit electronically if you are submitting more than 250 of a particular type of form. For example, you do not have to electronically file Forms 1095-B if you have 75 Forms 1095-B and 500 Forms 1095-C.



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# California

## California ACA reporting deadlines for 2023

Keep in mind that your company must submit an ACA report to the state of California by the following deadlines:

**JANUARY 31, 2023:** Employers are required to provide current employees and past employees who were covered in the previous year with health insurance information (Form 1095-B/C).

**MARCH 31, 2023:** The California ACA state filing deadline is today. You must provide all forms to the FTB before this date, whether you file electronically or by mail.

## Penalties for non-compliance

A \$50 fee per unreported individual may be imposed on employers who don't comply with the California ACA reporting requirements.



## Connecticut

In Connecticut, legislation establishing individual mandates is now being considered. For the 2022 tax year, there weren't any state ACA reporting obligations reported.

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# District of Columbia

On June 26, 2018, the District of Columbia (D.C.) enacted a law requiring personal insurance coverage. Locals are required by the D.C. mandate to purchase and maintain qualifying coverage all year long.

The regulation became effective on January 1, 2019. On August 9, 2019, the D.C. ACA reporting requirements became law.

## Reporting requirements for D.C. clients

Employer reporting obligations are part of the individual mandate statute in D.C. The details of D.C.'s ACA reporting requirements are provided below:

- Any business that offers MEC to at least one D.C. resident (and their dependents) is required to report this information to the state government.
- Businesses must submit all forms to the D.C. Office of Tax and Revenue (OTR) once a year.
- Employers are also required to provide copies of Form 1095-B/C to insured employees.
- Reports must only be filed by ALEs. Regardless if they withhold D.C. payroll taxes.
- ACA reporting requirements apply to fully insured businesses.
- Businesses must electronically submit Forms 1094 and 1095-B / 1095-C to the D.C. OTR. No paper filing is permitted.





# District of Columbia

## D.C. Reporting deadlines

MARCH 02, 2023: By this date, employers must provide copies of Form 1095-B/C to employees who reside in Washington, D.C.

APRIL 30, 2023: Although April 30<sup>th</sup> was the deadline, employers had until May 1st to file as April 30<sup>th</sup> was a Sunday.

## Penalties for non-compliance

The D.C. OTR did not publish information about penalties for non-compliant employers yet. However, there is a known penalty in force for individual taxpayers. A punishment of 2.5% of the offender's salary, or \$700, may be imposed for failing to get qualifying insurance.

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# Hawaii

Employer reporting obligations under the ACA for Hawaii are approaching. The state is actively drafting legislation on individual mandates.

It's crucial to regularly check for updates if your company hires people from Hawaii.

**Annual Deadlines:** Not yet published

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# Maryland

Maryland is now discussing whether to implement an individual mandate at the state level. Employers are not currently required to provide health insurance information to the state government on behalf of employees who are residents of Maryland.

**Annual Deadlines:** Not yet published

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# Massachusetts

Massachusetts residents over the age of 18 have been required to obtain Minimum Creditable Coverage (MCC) under the Massachusetts Health Reform Law since 2006. A minimal standard of coverage is referred to as MCC. Failure to purchase insurance could result in penalties for taxpayers.

The bill, also referred to as "Romneycare," promises to guarantee appropriate healthcare coverage for all Massachusetts citizens. It predates the ACA, therefore when the federal individual mandate under the ACA was dropped, it was unaffected.

## Massachusetts employer reporting requirements

The Massachusetts Health Reform Law reporting requirements, sometimes known as the ACA reporting requirements, differ slightly from those in other states. What Massachusetts employers should know is as follows:

- Unlike other states, Massachusetts requires businesses to submit a Form MA 1099-HC that is unique to the state. This form shows whether a person satisfies the state's MCC requirements.
- Employers must submit Form MA 1099-HC electronically via the MassTaxConnect website. Employees who reside in Massachusetts must be given copies.



# Massachusetts

- Forms MA 1099-HC will often be submitted on behalf of employers by insurance companies that offer complete insurance plans. The government will hold employers accountable and may impose fines for non-compliance if a carrier fails to submit.
- Employers must submit Form MA 1099-HC electronically via the MassTaxConnect website. Employees who reside in Massachusetts must be given copies.
- Businesses with six or more employees are required to electronically submit the Health Insurance Responsibility Disclosure (HIRD) Form once a year via the MassTaxConnect website.
- This includes non-resident firms with at least six workers in Massachusetts.

## Massachusetts ACA reporting deadlines for 2023

Keep in mind that your company must submit an ACA report to the state of Massachusetts by the following deadlines:

**JANUARY 31, 2023:** By this date, employers must furnish copies of MA 1099-HC to employees

**MARCH 31, 2023:** This is the deadline by which employers should file Form MA 1099-HC electronically through the [MassTaxConnect](#) portal.



# Massachusetts

## Penalties for non-compliance

A \$50 fee per unreported individual may be imposed on employers who don't comply with the Massachusetts ACA reporting requirements. The maximum penalty is \$50,000.00.

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# Minnesota

There are no official ACA reporting requirements for Minnesota as of today.

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# New Jersey

New Jersey has enacted an individual mandate law that includes employer requirements. This mandate, which was signed into law on May 30, 2018, went into effect on January 1, 2019.

Employers in New Jersey must comply with state ACA reporting requirements in addition to the federal ACA mandate to provide Forms 1095-C to employees and file with the IRS.

If your organization employs New Jersey residents, please review the New Jersey ACA reporting requirements outlined below.

## **New Jersey employer reporting requirements**

Employers of New Jersey residents are required to comply with New Jersey's ACA reporting requirements, regardless of the number of employees.

- Employers who offer full insurance are exempt from submitting a state-level report if the insurance provider has already submitted on their behalf.
- Employers who participate in a multi-employer plan are exempt from New Jersey ACA reporting requirements as long as the plan sponsor submits the required report.





# New Jersey

- The requirements apply to all businesses that employ New Jersey residents, regardless of their location within or outside the state.
- The reporting requirement applies regardless of whether the employer withholds New Jersey payroll taxes.
- The government of New Jersey accepts the following forms: NJ-1095 forms, fully completed federal 1095-A, 1095-B, and 1095-C forms, and/or 1095-C forms with parts I and III completed.
- Employers are required to submit all forms via the MFT SecureTransport (Axway) service.

## **New Jersey ACA reporting deadlines for 2023**

MARCH 2, 2023: Each employee who lives in New Jersey and who had minimum essential coverage in all or some of 2022 must receive a 1095 form from their employer.

MARCH 31, 2023” The New Jersey Division of Taxation must receive 1095 health coverage papers from employers by this date.

## **Penalties for non-compliance**

The state of New Jersey has not yet specified what penalties it may impose on noncompliant employers.



# Rhode Island

The ACA individual mandate was repealed in 2017, and penalties were eliminated in 2019. On July 5, 2019, the state of Rhode Island passed its own individual mandate in response. The law became effective on January 1, 2020.

In addition to requiring individuals to have "qualifying health coverage", Rhode Island's mandate includes reporting requirements for employers. They are required to inform the state government of the coverage they offer staff who reside in Rhode Island. This enables the state to monitor adherence to its healthcare requirements.

## **Rhode Island employer reporting requirements ACA**

State reporting requirements for Rhode Island are:

- Every employer who offered insurance to Rhode Island residents for any months in 2022 is required to submit a state-level report.
- All Rhode Island ACA reporting forms must be submitted online through the state's Division of Taxation website.
- Forms 1094-C and 1095-C are permissible for submission to the Division of Taxation.
- Employers must also provide employees with Form 1095-B. These requirements are in addition to federal ACA reporting requirements.



# Rhode Island

- If the insurance company has already submitted state reporting, employers who offer comprehensive insurance coverage are not required to do the same.

## Rhode Island ACA reporting deadlines for 2023

Recently, the Rhode Island ACA reporting deadlines were extended. The filing deadline for submitting 1095-C forms to the Rhode Island Department of Taxation was January 31, 2023.

The new deadlines are:

**MARCH 2, 2023:** Employers must provide Form 1095-B/C to all current and former employees who had health insurance coverage in 2022 by this date.

**MARCH 31, 2023:** Rhode Island employers are required to submit federal forms 1095-B and 1095-C to the Rhode Island government by this date.

These dates are set in stone. Employers can anticipate the dates to remain constant annually. The Rhode Island Department of Taxation has stated that the filing deadlines have been altered to coincide with the IRS's permanent ACA filing deadline.

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# Vermont

On May 28, 2018, Vermont signed individual mandates into law. The law came into existence on January 1, 2020. Residents are required to have qualifying health insurance and disclose it on their tax returns.

Vermont does not require businesses to report health insurance information for their employees to the state government. Vermont could, however, require state-level reporting if federal ACA reporting requirements are eliminated.

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# Washington

Washington is debating whether to impose requirements at the state level. As of 2022, it has yet to publish its ACA state reporting requirements.

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