

Commonsense Reporting Act of 2017

Led by Senators Warner (D-VA), Portman (R-OH)

Background

The Affordable Care Act (ACA) created new information reporting provisions under Code sections 6055 and 6056 that require employers and insurance carriers to collect data on a monthly basis and report them annually to the Internal Revenue Service (IRS) and individuals. The information reporting is intended to verify compliance with the individual and employer mandates, and administer premium tax credits and cost sharing subsidies under the state and federally-facilitated insurance Exchanges. Section 6055 requires employers who offer self-funded plans and insurers to file a return with the IRS and provide a statement to each individual who is covered by plans that constitute minimum essential coverage. Section 6056 requires large employers subject to the ACA's employer mandate to file a return with the IRS and provide a statement to each full-time employee with information regarding the offer of employer-sponsored health care coverage.

Current 6055 and 6056 reporting requirements do not create an effective way to:

- Administer advanced premium tax credit (APTC) determinations accurately;
- Minimize the prospects of employees being subjected by the IRS to repayment of premium tax credits or cost sharing subsidies in cases in which Exchanges made an incorrect eligibility determination; and
- Ensure individual privacy is protected as IRS regulations unnecessarily require employers and insurers to collect, retain and remit dependents' and spouses' Social Security numbers

Summary

This legislation would address elements of the inefficiencies outlined above. Specifically, the legislation would:

- **Create a voluntary prospective reporting system:** Permits employers to voluntarily report general information to the IRS prospectively about their health plan for the current plan year to help increase the accuracy of eligibility determinations for Exchange tax credits; state and federally-facilitated Exchanges will access information securely through the Data Services Hub.
- **Streamline the reporting process:** Eases reporting burdens for employers who use the voluntary prospective reporting system by requiring 6056 reporting statements only for those employees for whom the employer has received notification that the employee or their dependents purchased coverage through an Exchange rather than issuing reporting statements for the entire workforce.
- **Protect privacy:** Provides clarification that the IRS can accept full names and dates of birth in lieu of dependents' and spouses' Social Security numbers and requires the Social Security Administration assist in the data-matching process.
- **Modernize transmission of information to individuals:** Allows for electronic transmission of employee and enrollee statements rather than requiring this information be provided only by paper statement sent through the mail.
- **Establish oversight of reporting verification:** Requires the Government Accountability Office (GAO) to study the functionality of the prospective reporting system, including the accuracy of information collected, the number of employers electing to report under such system, and any changes that have arisen.

Supporters: U.S. Chamber of Commerce, America's Health Insurance Plans, Retail Industry Leaders Association, American Hotel and Lodging Association, American Rental Association, American Staffing Association, National Association of Convenience Stores, National Association of Health Underwriters, National Association of Home Builders, National Association of Wholesaler-Distributors, National Business Group on Health, National Federation of Independent Business, National Grocers Association, National Restaurant Association, National Retail Federation, NATSO for America's Truck and Travel Stops