DATE: December 6, 2016

OPERATIONS MEMORANDUM #16-12-01

SUBJECT: Minimum Essential Coverage (MEC) Reporting to the Internal Revenue Service (IRS) and Individuals

TO: Executive Directors

FROM: Inez Titus
Director
Bureau of Operations

PURPOSE

To inform County Assistance Offices (CAOs) about the annual requirement for state agencies administering Medical Assistance (MA) and the Children's Health Insurance Program (CHIP) to furnish an IRS 1095-B statement to individuals enrolled in MEC and for the agencies to report the same information to the IRS.

BACKGROUND

With the implementation of the Affordable Care Act (ACA), individuals who do not meet certain exemptions are required to have health insurance that provides MEC or pay a penalty. The ACA also requires state agencies administering MA and CHIP to send an IRS 1095-B Form to the individuals enrolled in MEC and report the same information to the IRS. This document explains the details of MEC reporting and the procedure the CAO will follow if an individual contacts the CAO regarding the IRS 1095-B Form.

DISCUSSION

In accordance with the federal law, the Department of Human Services (DHS) will mail 1095-B Forms to individuals enrolled in MEC in the 2016 coverage year by January 31, 2017, and will file the 1095-B information with the IRS electronically by March 31, 2017.

The 1095-B Form will be systematically generated for each case that includes MEC, with the head of household indicated as the responsible individual. The 1095-B Form will include information about all individuals in the household receiving MEC. Refer to Attachment 1 for the 1095-B Form template.

MEC Category Identification

DHS will report the months for which the individual was enrolled in MEC. The individual is considered to have received MEC coverage for a month if the individual was covered in an MEC category for at least one day in the month.

The 1095-B Form will be generated for all recipients that are open in an MA or Cash category that provides MEC with eligibility status codes beginning with E (eligible) or D (disqualified from Cash).

The IRS 1095-B Form will not be issued for the following categories as they are not considered to be MEC:

- all HCSIS categories (MRX, ACX, EIX, MHX);
- PSF (all program status codes);
- PS17;
- TJ65, TJ67, TJ68;
- TA65, TA67,TA68;
- PG00;
- PA86, PM86, PJ86;
- C47, C48, C49;
- U47, U48, U49;
- Any category opened for a Medical Emergency (with a Medical Emergency indicator on the Alien/Refugee screen);
- All spend down categories (program status codes 21 and 22).

Original Form Generation

If an individual was open in multiple cases throughout the year with the same household composition or if there are any additional people on the latest case, the system will generate the 1095-B Form for the latest case only and will show the individual's full coverage for the year.

Example: A family moved from one county to another. After the case was opened in a new county a baby was born and added to the case. The system will generate a 1095-B Form only for the latest case showing combined coverage for two cases.

If an individual leaves a case and is open in a new case and the household composition has changed, a 1095-B Form will be issued for each case and will show full coverage for the year on each form.

Example: A mother, father, and child are open in one case from January to June. The mother and child move out in July and are open in a new case until December. The father stays open in the first case. The system will generate 1095-B Forms for both cases.

- The first form will show coverage for the mother, father, and child from January to December.

- The second form will show coverage for the mother and child from January to December.

Domestic Violence (DV)

MA coverage for cases with a DV indicator will not be included on the forms of cases where DV victims and members of their household were open previously.

Example: A mother, father, and child are open in one case from January to June. The mother and child move out in July and are open in a new case with a DV indicator until December. The father stays open in the first case. The system will generate 1095-B Forms for both cases.

The first form will show coverage for:

- The father from January to December.
- The mother and child from January to June.

The second form will show coverage for:

- The mother and child from January to December.

The 1095-B Forms will be mailed to the mailing address for the case. For individuals participating in the Address Confidentiality Program (ACP), the 1095-B Form will be mailed to the ACP address.

CAO Actions

Reprinting/Electronic Retrieval of 1095-B Form

If the individual contacts the CAO for a copy of the IRS 1095-B Form, the CAO can either reprint the form through the new "1095-B Form View History/Reprint" screen in the Case Management module or direct the individual to the COMPASS website at www.compass.state.pa.us .

My COMPASS Account (MCA) users will access previously mailed IRS 1095-B Forms through their MCA account. Non-MCA users will access previously mailed IRS 1095-B Forms through a hyperlink on the COMPASS homepage. Both MCA and non-MCA individuals will have to be authenticated prior to accessing their electronic IRS1095-B Form.

Note: In shared custody situations, if a parent who is not known to the child's case requests a 1095-B Form for the child, the CAO will not share this information and will advise the parent to seek the information from other sources.

Updates/Corrections to 1095-B Form

When the individual's coverage for the prior year changes due to a retroactive eligibility determination after the original form distribution, after the eligibility is run an **updated** 1095-B Form will be generated systematically and sent to both the individual and the IRS. A "Corrected" checkbox will be checked on the updated form.

If the individual requests a **correction** to the address or demographic information, the CAO is required to make a change in eCIS (CIS for closed cases) and regenerate a form. The corrected form must be regenerated on the new "1095-B Form Correction" screen in the Case Management module of eCIS. The caseworker will choose a year for which a corrected form needs to be generated. A "Corrected" checkbox will be checked on the corrected form.

If the individual requests a correction to the address only, a corrected form will be sent to the individual only. A corrected form will not be filed with the IRS when the only correction made to the form is an address change.

Note: The CAO must NOT generate a corrected form for a change in address or demographic information if the individual did not request a corrected 1095-B Form.

Updates and corrections will be generated on a weekly basis. If the CAO makes a correction to the case several times during the same week, one corrected form reflecting the latest changes will be generated and sent to the individual and the IRS.

Note: Updates and corrections generated between the date an original 1095-B Form is mailed to the household and the date the 1095-B information is filed with the IRS will not be sent to the IRS. An original submission to the IRS will contain the most recent information.

Example: An original 2016 1095-B Form showing coverage from March to September is generated and mailed to the individual on January 15, 2017. On February 2, 2017, the CAO authorizes MA retroactively starting on October 1, 2016. An updated form showing coverage from March to December is generated and mailed to the individual only. On March 31, 2017, DHS reports MEC for 2016 to the IRS showing coverage from March to December.

Once a corrected form is generated, an automatic comment will be entered in case comments.

NEXT STEPS

1. Share and review this information with appropriate staff members.

2. Please contact your area manager if you have questions regarding this Operations Memorandum.

3. This Operations Memorandum will become obsolete upon release of revised Handbook changes.

4. Operations Memorandum 15-12-07 will become obsolete upon posting of this Operations Memorandum.