

# CLIENT ALERT

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**UPDATE** to the reporting requirements under the NJ Health Insurance Market Preservation Act – Make sure you know your obligations...

Beginning January 1st, 2019, New Jersey enacted the “New Jersey Health Insurance Market Preservation Act” requiring New Jersey residents to maintain minimum essential health coverage unless the person qualified for an exemption. Failure to have health coverage or qualify for an exemption will result in a Shared Responsibility Payment to the state of NJ when the resident files their 2019 New Jersey Income Tax return. The amount of the SRP is generally based on income and family size and is capped at the statewide average annual premium for Bronze Health Plans in New Jersey. For individual taxpayers, the penalty could be as little as \$695 or as much as \$3012. The maximum payment for a family will range from \$4,500 to \$15,060 depending on income and family size.

**NJ requires third party reporting to verify health coverage information**

NJ has an official website devoted to third party filing and reporting requirements. (<https://nj.gov/treasury/njhealthinsurancemandate/employers.shtml>)

## **DETERMINING YOUR FILING OBLIGATION UNDER THIS LEGISLATION**

**FOR NJ EMPLOYERS WHO SPONSOR A FULLY INSURED MEDICAL PROGRAM:**

**Per 1/21/2020 Update to the State of NJ Treasury website**, insurers offering Fully Insured Plans to NJ employers are expected to file the 1095 B form to the state of NJ and to the employees. We have been told by CIGNA, Oxford, AmeriHealth and Horizon, that for their NJ employers, they will send the 1095 B forms to the state. If the insurer sends the 1095 B forms, this alleviates the employer from having to do so.

## FOR OUT OF STATE EMPLOYERS WITH NJ RESIDENTS WHO SPONSOR A FULLY INSURED MEDICAL PROGRAM:

At present, Independence Blue Cross and Aetna have indicated that they will NOT be providing the State of NJ with the 1095 Forms. This means that submitting this information electronically will be your responsibility regardless as to the size of your company. Please discuss this as soon as possible with us, your payroll vendor or accountant.

## FOR NJ AND NON-NJ EMPLOYERS WHO SPONSOR A SELF-INSURED MEDICAL PROGRAM:

- **Applicable Large Employers (ALEs).** The Employer files 1095-C for each person who was a full-time employee for at least one month of the calendar year and for any employee who was enrolled in the self-insured plan. New Jersey requires only Parts I and III of Form 1095-C be completed but will accept fully completed forms as well. ALE members that offer employer-sponsored, **self-insured health coverage to non-employees** may use Form 1095-B for these non-employees, or ALEs may file a 1095-C using Code 1G in Part II, to report for non-employees. For this purpose, a non-employee includes a non-employee director, an individual who was a retired employee during the entire year, or a non-employee COBRA beneficiary. This also applies to a former employee who terminated employment during a previous year.
- **Not an Applicable Large Employer (Non-ALE).** Non-ALEs generally are companies that employed an average of fewer than 50 full-time equivalent employees on business days during the preceding calendar year. Here, an employer files a 1095-B for each covered employee. Employers who are insured under the NJ Aetna AFA product will be relieved to know that Aetna has indicated that they will send the State and the Employee the applicable 1095 B Form.

Please discuss this as soon as possible with the entity that assists you with your federal 1095/1094 filing. This may be us, your payroll company or some other vendor to determine your next steps.

### FILING YOUR 1095 B or 1095 C FORMS

**PER CHB Group correspondence with the State of NJ Treasury**, the Division of Taxation is currently working on a free option that will allow employers or issuers of the 1094/1095 forms to submit the information if the employer is unable to provide the .xml file based on the IRS schemas and specifications. This new option will require submitters to enter the information for each covered individual by utilizing the Central Forms Repository. As we obtain more information on this, we will let you know.

Employers are expected to submit their information to the State of New Jersey using the Division of Revenue and Enterprise Services' (DORES) MFT SecureTransport service. Employers who do not have an MFT SecureTransport service account, or need technical specifications should contact

the state of NJ Treasury, <https://www.state.nj.us/treasury/assets/contact/egov/contact-egov.shtml>, Once DORES receives the request and authorizes the account, you will receive instructions on how to submit your health insurance coverage returns.

For Non-NJ employers, it is suggested due to privacy regulations that you only send the forms for NJ residents to the state of NJ. The State of New Jersey's website cautions, "Out-of-state filers who provide information on non-residents of New Jersey should consult privacy and other laws pertaining to residents of other States before sending any sensitive or personal data to New Jersey."

## FILING DUE DATES

**NJ FILING – MARCH 2, 2020 TO ENROLLEES** - This applies to both part-year and full-year New Jersey residents. For 1095 filing purposes, a part-year resident is a primary enrollee who lived in New Jersey for at least 15 days in any month.

You may want to encourage your employees who receive Form 1094/1095 to provide those forms to their dependents for completion of their own NJ state tax returns, if applicable.

**NJ FILING – MARCH 31, 2020 TO THE STATE** - This applies to both part-year and full-year New Jersey residents.

**THIS DOES NOT ALLEVIATE LARGE EMPLOYERS FROM THEIR FEDERAL FILING REQUIREMENT TO DETERMINE AFFORDABILITY.**

**FEDERAL FILING – EXTENSION GRANTED TO MARCH 2, 2020 TO EMPLOYEES**

**FEDERAL FILING – PAPER FORMS, FEBRUARY 28, 2020 TO IRS**

**FEDERAL FILING – ELECTRONIC FILING TO MARCH 31, 2020 TO IRS**

***Disclaimer:***

***This notification is provided as a highlight sheet and is not meant to advise you of your entire obligations under this law/act, nor to serve as legal advice. If you would like more complete information, please do not hesitate to contact our office, your accountant or your attorney.***