

Minimum Essential Coverage Reporting Sales/Brokers/Employers FAQs 2015

As a component of the Affordable Care Act, IRS Sections 6055 and 6056 require Blue Shield of California as an insurer and as an employer to report the minimum essential coverage (MEC) of its covered members, starting with the 2015 tax year. The mandates require that we make three efforts to solicit from our subscribers the missing Tax Identification Numbers (TINs). Blue Shield must also gather missing Employer Identification Numbers (EINs) from employers for accurate mandated tax reporting.

1. What is Minimum Essential Coverage (MEC)?

Minimum essential coverage is the type of coverage an individual needs to meet the individual responsibility requirement under the Affordable Care Act (ACA). This includes:

- Individual market policies, individual and family plans
- Job-based coverage
- Medicare and Medicaid
- Medicaid's Children's Health Insurance Program (CHIP)
- TRICARE (healthcare program for service members and families)
- Other certain types of coverage

You can read more about plan types that count as coverage on the IRS website discussing [MEC](#) or the Centers for Medicare & Medicaid Services' [Healthcare.gov](#).

2. Do the Blue Shield plans an employer provides to employees through Blue Shield meet the minimum essential coverage mandate?

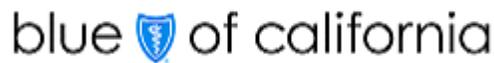
All Blue Shield medical health plans meet MEC requirements, except for plans such as the dental-only, vision-only, life insurance-only, or other plans that do not also cover hospital services. For more information from the IRS on what types of plans meet the individual mandate, visit [Individual Share Responsibility Provision – Minimum Essential Coverage](#).

3. Do employers with Blue Shield of California health coverage plans have to report this information?

Blue Shield as a health insurer will be required to report MEC coverage for the following lines of business:

1. Small Business Markets (SBM)/SHOP/Core Accounts
2. Large Group
3. Premier Accounts
4. CalPERS (California Public Employee Retirement System (flex-funded)
5. Individual Family Plan (IFP) **Off** Exchange, including Catastrophic plans (effective for 2015 tax year), and IFP **On**-Exchange Catastrophic plans (effective for 2016 tax year)
6. FEHBP HMO Plan (fully insured)

Blue Shield will not be required to report MEC coverage for the following lines of business. These entities will be required to report their own coverage:



1. Self-funded ASO (Administrative Services Only) is out of scope for collecting TINs
2. Shared Advantage
3. Government subsidized/managed programs
 - a. Individual Family Plan (IFP) **On-Exchange**
 - b. Medicare Advantage, Medicare Supplement
4. Any coverage offerings that do not meet MEC, such as dental-only, vision-only, or life insurance-only

Blue Shield as self-insured employer will be required to report to the IRS and its employees the MEC-qualifying health insurance it offered to its full-time (and some qualifying part-time) employees.

4. Is reporting MEC a one-time event?

Annual reporting is mandatory for individuals starting with the 2014 tax year and mandatory for employers and applicable large self-insured employers beginning with the 2015 tax year.

5. Will Blue Shield send member letters, broker alerts, or employer notifications every year around the same time?

Blue Shield provided communications in December 2014 and several instances in 2015 to brokers and subscribers. Currently, Blue Shield is not planning to send out general member letters, broker alerts, or employer notifications every year.

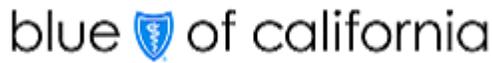
6. How is Blue Shield collecting EINs and TINs and what team(s) will be responsible for collecting this information?

Blue Shield has a dedicated project team working to develop the business processes and IT infrastructure to gather the in-scope member and employer data needed to report the MEC coverage of its members. We are also sending out TIN Solicitation letters to all subscribers with missing TINs and/or with covered dependents that have missing TINs, starting in November 2015. Blue Shield is required to solicit missing TIN numbers of subscribers with covered members three times within the lifecycle of the covered member's membership. We are also sending out EIN Solicitation letters to employers who having missing EIN numbers.

7. If an employer's full-time employee has health coverage through a Blue Shield plan for part of the year and health coverage from another health plan for the remainder of the year, did the employee meet the MEC mandate?

Beginning with the 2015 calendar year, if all individuals on that employer's health coverage plan(s) were covered for a combined total of twelve months by both plans, and the other non-Blue Shield health plan met the MEC mandate, all individuals would have also met the requirement for a full year of health coverage. The employee should verify the status of other plan(s) with the insurer providing coverage.

If subscribers and/or their covered dependents had any month(s) without health insurance, they may need to apply for an exemption and speak to a tax professional. To learn more about the IRS requirements on this subject, please visit [Individual Shared Responsibility Provision - Exemptions: Claiming or Reporting](#).



8. How does the MEC mandate affect employers that have employees who qualify for health coverage one month, but not another month?

If all individuals on a subscriber's health plan(s) received health coverage for all 12 months of 2015 from Blue Shield via the subscriber's employer, a spouse's employer, Covered California, or an individual purchased plan directly from Blue Shield, then all individuals on the subscriber's plan have satisfied the requirement.

9. What MEC information can an employer provide to the employee?

Benefit administrators at each employer using Blue Shield as an insurer should be able to provide the subscriber with MEC status for all qualifying months in a given plan year. Tax professionals can provide the best information about the documents needed to demonstrate coverage.

10. How will Blue Shield assist members in providing this information to the IRS going forward?

Starting in January 2016 and annually going forward, subscribers will receive a 1095B by Jan. 31 from their health insurer, their employer, or a government agency, depending on the subscriber's plan. If Blue Shield is the subscriber's health insurer, they will receive the form directly from Blue Shield. Some insurers, such as government-managed programs, may have sent out these forms in 2014, and members may have received one.

We will provide 1095C forms only to our employees that we offered coverage to as a self-insured employer.

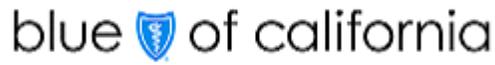
11. Is a third-party vendor assisting Blue Shield with the TIN Solicitations and 1095 distribution and reporting?

Blue Shield has contracted with a third-party vendor to assist in soliciting and gathering the TIN information, and the 1095 distribution and tax reporting processes.

12. How can employers and members verify the authenticity of the solicitation to prevent phishing?

For this project, Blue Shield is NOT calling its subscribers. One way to verify the authenticity of Blue Shield's TIN and EIN Solicitations is by comparing the various return addresses on the document. Below is a table outlining the various addresses used for the effort.

Addresses Used By Blue Shield and the Third-Party Vendor For the EOC MEC Reporting Project				
Form/Mailing	Return Response Envelope		Address on Form and Footer	Outside of Envelope
EIN Solicitation	<p><u>Large Group/Premier</u> PO Box 629014 EL Dorado Hills CA 95762 Attn: LG Processing</p> <p>Electronic Returns: LargeGroup.GroupRequests@blueshieldca.com</p>	<p><u>Small Group/Core</u> PO Box 3008 Lodi CA 95241 Attn: SG GM Processing</p> <p>Electronic Returns: Small.Group@blueshieldca.com</p>	50 Beale Street San Francisco, CA 94105	PO Box 3008 Lodi CA 95241



TIN Solicitation	Blue Shield of California ATTN: Thomson Reuters Project P.O. Box 29176 Hot Springs AR 71903		
1095B 1095C	N/A	50 Beale Street San Francisco, CA 94105	PO Box 3008 Lodi CA 95241

For more general tax information on this project, visit:

[ACA Tax Provisions for Employers](#)

[Understanding Form 1095C, Employer-Provided Health Insurance Offer and Coverage](#)

[Understanding Your 1095B](#)

[Affordable Care Act Tax Provisions Individual and Families](#)

Related sites:

[Large Groups Employer Responsibilities](#)

[External ESR FAQs 53013](#)