

Reporting Requirements - Social Security Number (SSN) Solicitation Process for Self-funded Clients

Summary

On March 10, 2014, the U.S. Department of the Treasury and Internal Revenue Service (IRS) published final rules to implement the information reporting provisions for certain employers under the Affordable Care Act (ACA) that take effect in 2015.

- Section 6055 reporting is the required reporting to the IRS of information relating to covered individuals that have been provided minimum essential coverage (MEC) by health insurance issuers (issuers), certain employers, and other entities that provide MEC. A statement disclosing MEC information must be furnished to responsible individuals (i.e., subscribers).
- Section 6056 reporting is the required reporting by Applicable Large Employers (ALEs) to the IRS of information relating to offers of health insurance coverage by employers that sponsor group health plans. A statement disclosing information about the offer of coverage must be furnished to full-time employees.

Following are some common questions and answers about the SSN solicitation process. Please understand that UnitedHealthcare cannot provide you with legal advice. The SSN solicitation process is governed by IRS regulations that set standards for Form 1099 Taxpayer Identification Number (TIN) solicitation. We recommend that you consult an attorney or tax advisor familiar with the 1099 process to make sure you are compliant with the IRS requirements.

General

Why is the SSN needed for reporting?

SSNs are needed for all the members covered under a health plan to be able to prepare form 1095 under sections 6055 and 6056. The IRS matches the information sent by reporting entities with the information individuals put on their federal income tax return.

Who is responsible to solicit SSNs?

Self-funded employers are responsible to obtain any missing SSNs for employees and dependents covered under a health plan. The best time to obtain SSNs is during enrollment.

What if employees are hesitant to provide the SSN for themselves and any covered dependents?

Available from the [United for Reform Resource Center](#) is a frequently asked questions flier titled, "Important Tax Information about Providing Your Social Security Number – 6055." This flier can be distributed during enrollment to answer questions employees may have as well as to help emphasize the importance of providing SSNs due to IRS reporting requirements. Ask your sales account manager if you want to order a large quantity.

Penalties

Are there penalties for missing or incorrect SSNs?

There are potential penalties for individuals and employer groups:

- If subscribers and members do not provide the missing SSNs, they may have to pay a penalty to the IRS.
- The IRS may impose a penalty on employer groups per return for each missing or incorrect SSN.

Because the same rules for 1099 reporting requirements apply to 6055 reporting requirements, it is important to have complete and accurate SSNs to avoid IRS penalties.

SSN Solicitation Process

Has the IRS supplied model language for SSN solicitation?

The IRS has not supplied model language; however, UnitedHealthcare can provide, upon request, sample language that self-funded clients may use. It will include an SSN solicitation letter, an SSN request form and frequently asked questions to include when distributing form 1095.

What methods of contact may be used to obtain an SSN?

Section 6055 reporting is subject to the same rules as other information reporting such as the Form 1099. The reporting entity may generally make an SSN solicitation using the same methods that were used for enrollment purposes. These may include:

- orally (by phone or in person)
- in writing (including using an application)
- by electronic means such as email

How often must a solicitation be made to obtain a SSN and fulfill reasonable efforts?

The self-funded employer must make an initial solicitation at the time the relationship with the individual is established. In the case of a self-funded plan, this may be when the individual is first hired or when enrollment takes place. However, the self-funded employer is not required to make this initial solicitation if it already has the individual's SSN and uses that SSN for all relationships with the individual.

If the self-funded employer does not receive the SSN, the first annual solicitation is generally required by December 31 of the year in which the relationship with the individual begins (January 31 of the following year if the relationship begins in December). Generally, if the SSN is still not provided, a second solicitation is required by December 31 of the following year. If an SSN is still not provided, the self-funded employer has acted in a responsible manner and need not continue to solicit an SSN.

For example, a self-funded employer that makes an unsuccessful initial solicitation for an SSN in October, 2015 must make an additional solicitation by December 31, 2015. Assuming that request is also unsuccessful, the self-funded employer would not be penalized if its section 6055 reporting submitted in early 2016 reported a date of birth in place of the SSN for the individual in question. One additional solicitation must be made by December 31, 2016, to have acted in a responsible manner.

Inclusion of the name of the covered individual and the SSN means that the IRS will be able to compare information disclosed on the section 6055 report with the individual's tax return (Form 1040).

The IRS has indicated that it will provide guidance to foreign employers without Employer Identification Numbers (EINs) as part of future rulemaking.

Individuals Who Do Not Have an SSN

What if an individual does not have an SSN?

If information is provided in writing that an individual does not have an SSN, no further solicitation is required. In those circumstances, self-funded employers are permitted to report the coverage with a date of birth (in lieu of an SSN).



Are there other circumstances in which an individual would not have an SSN?

Yes. Some members who are not eligible to work may have an Individual Taxpayer Identification Number (ITIN), not an SSN.

Can new members be enrolled who do not have an SSN?

Federal law requires that solicitation of SSNs be made from members at the time of enrollment. Covered members should have a strong incentive to provide an SSN so they can establish that they have health insurance and avoid the individual shared responsibility payment.

Can coverage be terminated if an individual does not provide an SSN?

No. The rule prohibits the termination of coverage if an SSN is not provided.

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