

Operational considerations to comply with the New Jersey Health Insurance Market Preservation Act (“NJHIMPA”) e-filing requirements.

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Version 1.0 February 24, 2020

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Introduction: Are you ready New Jersey individual mandate filing?

First you should review the concise [guidelines prepared by New Jersey](#) for those providing coverage to New Jersey residents. **Next you should measure whether you are prepared for this task?**

- 1. Contact the group responsible for your federal IRS air ACA Reporting (In house or Vendor)**
 - Contact your ACA reporting vendor (or Broker or carrier if you offer fully-insured coverage) and verify if they plan to file 1095 statements with the State of New Jersey’s Division of Revenue and Enterprise, using the state’s Division of Revenue and Enterprise Services’ (DORES) MFT Secure Transport service.
 - **If the answer is yes, confirm that the vendor or carrier will be transmitting:**
 - Form 1095 B/C that ONLY include the data for NJ resident employees
 - NOT Including the Form 1094, this is not needed by NJ. Although New Jersey will accept this form there is no reason to provide all of the company confidential information that is contained on form 1094

- **If the answer is NO, they will not be filing:**
 - Determine if the business has the technical capability in-house to edit the XML files either produced by an internal payroll/HRIS system or from an external vendor.
 - Additionally, the company will need to obtain DORES MFT Secure Transport service credentials and submit the data to the state on or before March 31, 2020.
- 2. If the organization cannot obtain, edit, format, and transmit the appropriate data files to New Jersey on their own, then they need to find a vendor who can do it for them ASAP. Filings are due on or before March 31, 2020, so there is not much time left.¹
- **Who must file?** Employers and all other providers of Minimum Essential Coverage to New Jersey residents must send health-care coverage returns to the State for the 2019 Tax Year.
 - This includes Insurers, government agencies, multiemployer plans, and all others responsible for reporting Minimum Essential Coverage to New Jersey residents also must file the required information with the State.
- **What Forms must be filed?** The State requires that Employers must provide BOTH New Jersey taxpayers and the State with the same Forms 1094 and 1095 health-care coverage information they send to the IRS.
 - Depending on the coverage provided following forms can be filed 2019 Tax Year will accept 1095-A, 1094-B, 1094-C, 1095-B, and 1095-C.
 - Note: form 1094 is not required by New Jersey but it contains valuable information relative to the makeup i.e. all the ALE's in the associate group. It also contains contact information addresses employee counts etc.
 - the BenefitScape approach will be to retain the 1094 in with each 1095 lot to which it applies but only to send the 1095 documents to the state of New Jersey. In this way we can always recover the information from inside the 1094 but need not expose it to the state of New Jersey.

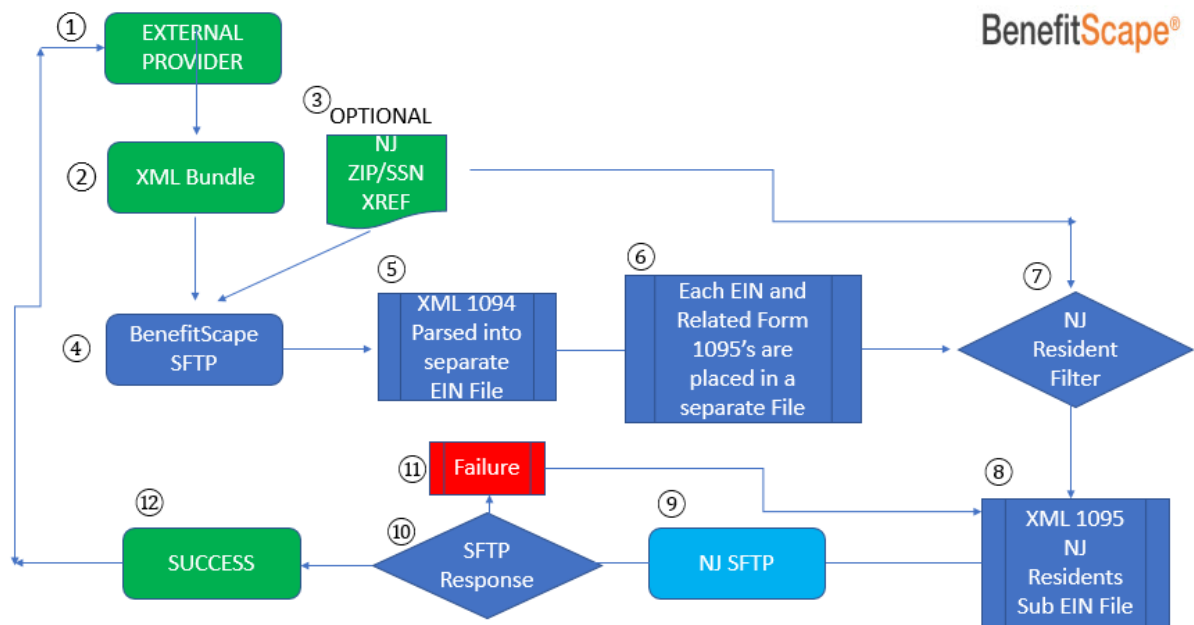
1. ¹ BenefitScape has been providing state specific filing since 2005 under the precursor to the ACA established in Massachusetts. We have both the technical platform and the required credentials to handle all state-mandated filings, including New Jersey. We are filing for many payroll vendors HRIS systems and other ACA vendors. Our system is agnostic and flexible so that we can take XML, paper forms, XLS data etc. we are pleased to handle New Jersey filing for the employer using any vendor for their federal ACA filing.

To discuss your specific needs and the capacity of our New Jersey standalone reporting contact Kim Phillips at 508-655-3307 or Kim.Phillips@BenefitScape.com

- **How must the Forms be filed?** Insurers or Employers can provide confidential or sensitive data to the State of New Jersey using the Division of Revenue and Enterprise Services' (DORES) MFT Secure Transport service. (NJ system for filing of W-2 forms.) BenefitScape will receive a submission receipt upon successful transmission which will serve as the acknowledgement.
 - **Filing TIP:** There is NO PAPER Method available, all filings must be electronic. BenefitScape can file your forms electronically as required.
- **When must the Forms be filed?** The Filing Deadline for the 2019 Tax Year is March 31, 2020. This deadline tracks the IRS deadline to file Forms 1094 and 1095 electronically with the IRS.
- **What's required after the forms are filed?**

If you are required to submit a correction file to the IRS, New Jersey will also require you to submit the correction file.

- **Operational flow New Jersey DORES facility via AXWAY SFTP**



Legend

1. External Provider supplies the IRS AIR XML, preferably one file for each EIN, but compound XML files will be accepted.
2. The XML bundle will be provided along with the manifest and the file name as presented to IRS AIR.
3. Optionally, since there may be employees who are not currently at the New Jersey address on the XML who lived in New Jersey for part of tax year 2019, they will need to be identified separately from the XML. This cross-reference table of SSN/ZIP will be used to extract New Jersey residents with a different address on the XML.
4. The BenefitScape SFTP server will receive the transmission securely. The SFTP folder will be watched for continued processing. A robust LOG process is in place.
5. The 1094 XML will be parsed into a separate EIN, along with its associated form 1095s. In this way we will be aware of those employees submitted for each company, should questions arise in the future. This process will also spawn a unique file name there will be used to identify the 1095's in this company
6. The associated 1094 be removed from the bundle or package that will be transmitted to New Jersey. The file name will be configured to indicate there is no 1094 data in the payload.
7. This 1095 only file will be processed for only New Jersey residents by querying the XML. If a file (ZIP Code element) has been provided that identifies those without a current New Jersey ZIP Code but with a prior New Jersey address these will be included in the filter and process to be sent to New Jersey.
8. The file with the combined New Jersey residents will be created and stored to provide to the client. This will be the final package that will be sent to New Jersey.
9. BenefitScape will initiate the SFTP process with New Jersey and transmit the file, upon success the resulting email will be parsed for filename timestamp etc. as part of the documentation product for the specific EIN.
10. BenefitScape will respond to the SFTP result, noting Success or Failure.
11. If a transmission failure occurs the file will be remediated and resubmitted. This process will continue until it is accepted.
12. Upon success transmission receipt, which is an email from the NJ DORES system will be parsed and submitted with timestamp, filename etc. as proof of the transmission. This receipt along with the files that were transmitted will be archived for client use.

- **Guidance on Forms Sent to New Jersey:**

Requirements for New Jersey filings will vary depending two factors:

1. Company Size (Are they an ALE for ACA reporting Purposes?)
2. Health Plan Design
 - fully insured,
 - self-insured, or a
 - participant in a multi-employer plan

The following tables will assist employers in determining what Forms need to be sent to New Jersey to substantiate health insurance coverage that the employers have provided.

Broadly speaking if an employer is an:

Applicable Large Employer (ALE), in all cases they should plan on sending the same forms sent to the IRS (Form 1095-C, Form 1095-B) to New Jersey.

Not an Applicable Large Employer (ALE) in many cases, the employer will not have to send any forms to New Jersey, because either an insurance carrier or other provider of coverage such as a multiemployer plan will send the required Form 1095-B to New Jersey.

An exception to this rule may be a small self-insured plan where the employer would need to send the form 1095-B to the IRS, if their service provider did not fulfill this Federal filing requirement. In this case the employer would need to send form 1095-B to New Jersey.

Filing Tip: Non-ALE Employers should exercise caution and inquire and confirm that any service providers or insurers or multiemployer plans are sending the proper filings to New Jersey. Employers may share liability if any of these parties do not file the required 1095 forms on time.

Applicable Large Employer (ALE)

<p>ALEs generally are companies that employed <u>an average of at least 50</u> full-time equivalent employees on business days during the preceding calendar year.</p>		
Plan Type	Reporting Provided to Federal IRS	Employer provides to New Jersey
Fully Insured:	<ol style="list-style-type: none"> 1. Health coverage provider (the insurer) files 1095-B for each covered member of the plan. 2. Employer files 1095-C (Parts I and II) for each person who was a full-time employee of the employer for at least one month of the calendar year. 	Same Form 1095-C as sent to the Federal IRS²
Self-Insured:	<ol style="list-style-type: none"> 1. 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. 	Same Form 1095-C as sent to the Federal IRS³
Fully Insured: Employer Participating in a Multiemployer Plan.	<ol style="list-style-type: none"> 1. Plan sponsor (generally a board of trustees) files 1095-B for enrolled individuals. 2. Applicable Large Employers also file 1095-C (Parts I and II) for each person who was a full-time employee for at least one month of the calendar year. 	Same Form 1095-C as sent to the Federal IRS

² Note: If insurer confirms they will send Form 1095B to NJ, this will satisfy the requirement and Employer does not need to send Form 1095C. Caution, the employer is liable if Insurance carrier fails to perform, the employer will be liable. **TIP Best Practice: Send Form 1095C to New Jersey**

³ NOTE: ALE members that offer employer-sponsored, self-insured health coverage to non-employees may use Forms 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 (ALE)

<p>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.</p>		
	Reporting Provided to Federal IRS	Employer provides to New Jersey
Fully Insured:	<ol style="list-style-type: none"> 1. Health coverage provider (the insurer) files 1095-B for each covered member of the plan. 2. Employer does not file a 1095-C. 	<p>No Employer Filing to NJ Unless Insurer will not file?</p> <p><i>Confirm that the insurer will file the required forms and meet the applicable deadlines. Employer is liable if no filing!</i></p>
Self-Insured:	<ol style="list-style-type: none"> 1. Employer files a 1095-B for each covered employee. 2. Employer does not file a 1095-C. 	<p>Same Form 1095-B as sent to the Federal IRS</p>
Self-Insured: Employer Participating in a Multi-employer Plan.	<ol style="list-style-type: none"> 1. A plan sponsor (generally a board of trustees) files 1095-B for each covered employee. 2. Employer does not file a 1095-C 	<p>No Employer Filing to NJ Unless multi-employer plan will not file?</p> <p><i>Confirm that the multi-employer plan will file the required forms and meet the applicable deadlines. Employer is liable if no filing!</i></p>

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