

New Jersey Updates 2019 Individual Mandate Employer Reporting

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The state of New Jersey has posted information related to employer reporting under New Jersey's individual health insurance mandate that went into effect January 1, 2019. Initially, starting in early 2020 and relating back to 2019, certain employers with New Jersey employees must remit to the state the same Forms 1095-C and 1094-C provided to the Internal Revenue Service (IRS) for 2019.

■ Background

The New Jersey Health Insurance Market Preservation Act (the "NJ Act") requires most New Jersey residents to maintain health insurance, starting January 1, 2019. Failure to do so, absent an exemption, will result in an individual penalty imposed by the state when a person files his or her 2019 New Jersey Income Tax return. This New Jersey individual insurance mandate essentially replaces the individual mandate imposed under the Affordable Care Act (ACA), which was effectively eliminated starting in 2019 under the Tax Cuts and Jobs Act.

As with the ACA, the NJ Act requires certain employers and insurance carriers to report to covered individuals and to the state in affirming that such individuals had actual health coverage in a calendar year.

■ What's New

Recently, the state of New Jersey updated its "Information for Employers" website with respect to the New Jersey Health Insurance Mandate. Notably, beginning with CY 2019, employers must provide the same Forms 1094-C and 1095-C to the state of New Jersey as they provide to employees (and perhaps other individuals otherwise covered under an employer-sponsored plan) and to the Internal Revenue Service (IRS) under the ACA. The Forms are to be sent to the New Jersey Division of Taxation by February 15, 2020. This deadline actually precedes the general deadline by which such Forms need to be filed with the IRS under the ACA.

Employer reporting under the NJ Act applies to all employers that withhold and remit New Jersey Gross Income Tax for New Jersey residents, including employers located outside of the state. However, the NJ Act employer reporting is optional for employers who are not required to submit IRS Forms 1095-C or 1095-B to employees. That would generally consist of any employer under 50 employees. However, pending further guidance, a small employer with a self-insured plan for any portion of the year may still be subject to reporting under the NJ Act.

Even though the ACA has not required employers with insured plans to report on actual coverage of individuals (a responsibility that falls on insurance carriers), the state still requires such employers to submit any Forms 1095-C they generate for individuals who are NJ residents.

■ Employer Action

All employers with employees who are New Jersey residents should evaluate whether they will be subject to these new reporting requirements beginning in 2019. In many cases, such employers will already be generating the Forms required to be filed with the state.

Employers should be aware of the February 15, 2020 reporting deadline (as it is earlier than what is required under federal law).

Further, all such employers should watch for updates on the New Jersey website, particularly if the IRS changes the current Forms for 2019 reporting, and if NJ deploys its own separate forms.

