



New Jersey Issues 2020 Individual Mandate Reporting Requirements

Issued date: 01/27/21

The State of New Jersey has provided information for employer reporting for the 2020 calendar year under New Jersey's individual health insurance mandate that went into effect January 1, 2019. All employers (including out-of-state employers) who provided health coverage to New Jersey residents should review their obligations to issue participant statements and file health coverage information with the state. Reporting obligations differ depending on whether the coverage is provided under an insured or self-funded arrangement.

Employers, insurers and other coverage providers must:

- Transmit 1095 health coverage forms (1095-B, 1095-C or NJ-1095) to the New Jersey Division of Taxation no later than March 31, 2020.
- Issue a 1095 health coverage form no later than March 2, 2020 to each primary enrollee who was a New Jersey resident and to whom minimum essential coverage was provided during 2020.

■ Background

Beginning January 1, 2019, the New Jersey Health Insurance Market Preservation Act (the "NJ Act") requires most New Jersey residents to maintain health insurance. Failure to do so, absent an exemption, will result in an individual penalty imposed by the state when a person files his or her 2020 New Jersey Income Tax return. This New Jersey individual insurance mandate essentially replaces the individual mandate imposed under ACA, which was effectively eliminated beginning January 1, 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 affirming such individuals maintained health coverage during the calendar year.

■ Required Forms

Forms are required to be issued to all primary enrollees no later than March 2, 2021 and filed with the state no later than March 31, 2021 on behalf of all part-year and full-year New Jersey residents for 2020. A part-year resident is an individual who lives in the state for at least 15 days in any month in 2020.

Certain employers and other providers of minimum essential health insurance coverage such as insurance carriers, multiemployer plans, government entities, etc. must electronically file the forms with the New Jersey Division of Taxation no later than March 31, 2021 as paper forms will not be accepted. Insurers or employers can file 1095 forms in two ways:

- Registered filers can use the Division of Revenue and Enterprise Services' (DORES) MFT SecureTransport (Axway) service. MFT (Axway) is the required system for filers of 100 or more forms. Taxpayers who have MFT SecureTransport (Axway) service user credentials use them to submit the required health insurance coverage returns. Those without a current account should request account setup.
- As an alternative to MFT SecureTransport (Axway), coverage providers with under 100 forms can use Form NJ-1095 to file one form at a time. New Jersey will post a link to the NJ-1095 form for 2020 before the 1095 filing deadline. The NJ-1095 form is valid for federal filers of either 1095-B or 1095-C forms.

Employers should only send Forms 1095-C to the state for individuals subject to New Jersey's individual mandate. While the state will accept 1095 data files containing records for individuals who are not New Jersey residents, employers should be cognizant that privacy and other laws may limit or prohibit

Employers with Fully Insured Coverage

The insurance carrier will generally be required to file form 1095-B with the state for each covered member of the plan and furnish Form 1095-B to NJ residents. However; an employer must file if its insurer or multi-employer plan does not file the required 1095 forms on time.

Employers with Self-Insured Coverage

The employer files with the state a fully completed 1095-C, 1095-B or NJ-1095 form for each primary enrollee (employee, COBRA participant, retiree, non-employee member) covered under the plan for at least one month of the calendar year and furnishes a form to NJ residents.

Employers Participating in a Multiemployer Arrangement

The plan sponsor should file Form 1095-B (or 1095-C) for each primary enrolled although an employer must file if the multi-employer plan does not file and furnish the required 1095 forms on time.

Separate 1095 forms to spouses, dependents, or adult children of primary enrollees are not required.

■ Employer Action

Employers with fully insured plans (especially employers with insured coverage issued outside of New Jersey) should confirm that the insurer will issue Forms 1095-B to New Jersey primary enrollees by March 2, 2021. It's important to note that the IRS again has issued guidance relaxing the ACA reporting rules for insurance carriers who are no longer required to automatically issue Forms 1095-B to plan participants, although carriers must still file Forms 1095-B with the IRS.

Employers with fully insured plans (especially employers with insured coverage issued outside of New Jersey) should confirm that the insurer will file the Forms 1095-B with the state no later than March 31, 2021.

Employers with self-insured plans should discuss with their payroll vendor or forms provider to determine if they will file the forms with the state and issue participant statements on the employer's behalf.

As New Jersey will not require that separate forms be prepared for adult children who were covered under their parents' group health plan, the state suggests that employees provide a copy of Form 1095-B or 1095-C to their adult children who reside in New Jersey.