

June 2025
Employee Benefits Compliance

State Individual Mandates (and other Group Health Plan Considerations)

Introduction

With the repeal of the Affordable Care Act's (ACA) individual mandate, several states enacted their own individual mandates that require residents to maintain health coverage, qualify for an exemption, or pay a tax penalty. Most include employer coverage reporting obligations, depending on employer size or plan funding, requiring the employer furnish statements of coverage to individuals and file them with the state tax authority (except Rhode Island). **These new state requirements to furnish individual statements are satisfied by the furnishing the same Internal Revenue Service (IRS) 1095C Forms (or B series forms if applicable), which are also used to complete the ACA's applicable large employer and minimum essential coverage reporting.** The IRS recently extended the deadline for furnishing forms to individuals on a permanent basis from January 31st to ~ March 2nd. Although the two states with January 31st deadlines to furnish individual statements (California and Rhode Island) have yet to follow IRS and permanently extend their deadline to furnish statements, each has confirmed that employers will not face penalties if they are meeting the March 2 federal deadline.

Importantly, Massachusetts was the first state to enact an individual mandate and did so well in advance of enactment of the ACA. It is, therefore, important for employers with employees in Massachusetts to understand those unique rules which do not incorporate ACA forms, or deadlines. As more states enact individual mandates and reporting requirements it will be important for employers to analyze each state's individual mandate requirements and reporting obligations based on their employee population. A summary of existing requirements is below.

State Individual Mandates and Reporting Requirements

CAUTION: Under the Paperwork Reduction Act of 2024, many employers will not need to furnish individual statements to meet ACA reporting requirements for either Minimum Essential Coverage or Applicable Large Employer reporting purposes. Specifically, individual statements do not need to be furnished unless affirmatively requested if employers have given individuals timely notice of their right to request a form in accordance with pending IRS requirements. Importantly, employers in states with their own individual mandates and independent reporting requirements will still need to satisfy those state reporting obligations. Historically, employers were generally able to defer to the federal deadline to furnish individual forms without penalty. However, that will no longer be the case if statements are not furnished for ACA reporting purposes. Employers subject to these state mandates should confirm with their ACA reporting vendor that they will continue distributing 1095-C Forms in a manner that satisfies state reporting requirements.

California

Effective January 1, 2020, California residents must have minimum essential health coverage or pay a [state tax penalty](#). California employers of any size sponsoring self-funded plans are also required to furnish state residents covered by their group health plan with 1095C statements by January 31. However, the [Franchise Tax Board](#) (FTB) has stated that they [will not impose penalties](#) if forms are furnished late (to accommodate the federal extension). Although employers that can meet the Jan. 31 deadline are encouraged to do so, this forbearance allow employers to meet the federal deadline of March 2 without risking state law penalties.

(See **CAUTION** above.) Covered employers are also required to file copies of their federal 1094 and 1095C Forms with the FTB by March 31, 2022. [Publication 3895C](#) contains additional details and detailed instructions on how to file are available [here](#).

Rhode Island

Effective January 1, 2020, Rhode Island residents must have minimum essential health coverage or pay a [state tax penalty](#). Rhode Island employers of any size sponsoring self-funded plans (or insured plans where the carrier is not filing and furnishing forms) are also required to furnish state residents covered by their group health plan with 1095C statements by January 31. For past reporting years [Division of Taxation](#) (DOT) has extended the deadline to furnish individual statements to match the federal extension. Although employers that can meet the Jan. 31 deadline are encouraged to do so, the RI DOT has confirmed that it will not assess penalties where employers furnish forms by the federal deadline of March 2. (See **CAUTION** above.) Covered employers are also required to file copies of their federal 1094 and 1095C Forms with the DOT by March 31, 2022. Details on how to file are available [here](#).

New Jersey

Effective January 1, 2019, New Jersey residents must have minimum essential health coverage or pay a [state tax penalty](#). New Jersey employers of any size sponsoring self-funded plans are also required to furnish state residents covered by their group health plan with 1095C statements by March 2. (See **CAUTION** above.) March 31, 2022 is the deadline to file copies of their federal 1094 and 1095C Forms with the NJ Department of the Treasury (DOT). Covered employers filing fewer than 100 forms can [register](#) to complete Form NJ-1095 online. Covered employers submitting 100 or more forms must file electronically using the existing [system](#) for W-2 filings. Additional guidance and details on how to file are available [here](#).

Washington DC

Effective January 1, 2019, Washington DC residents must have minimum essential health coverage or pay a [state tax penalty](#). Washington DC applicable large employers sponsoring insured and self-funded plans are also required to furnish City residents covered by their group health plan with 1095C statements by March 2. (See **CAUTION** above.) An individual is deemed a D.C. resident if their employer withholds wages and pays taxes to D.C. for any period during the calendar year. Covered employers are also required to file copies of their federal 1094 and 1095C Forms with the [Office of Tax and Revenue](#) (OTR) by April 30, 2022. Files are uploaded through [MyTax DC](#).

Vermont

Effective January 1, 2019, Vermont residents must have minimum essential health coverage, however, there is no penalty if residents do not maintain coverage. Vermont applicable large employers should meet federal requirements to furnish state residents covered by their group health plan with Form 1095C to satisfy Vermont's requirement to furnish individual statements. (See **CAUTION** above.) No additional state filing is required.

In addition to the state's individual mandate, Vermont has a modified employer pay or play requirement that requires certain employers to report quarterly and pay a quarterly fee for "uncovered employees" who don't have qualifying health coverage. Employers must generally file through [myVTax.vermont.gov](#) and make any required payment on Form [WHT-436](#), Quarterly Withholding Reconciliation and Health Care Contribution. Additional details are available [here](#). See also our Alliant Insight - [Vermont's Employer Health Care Contribution and Required Reporting](#).

Massachusetts

Since 2006, Massachusetts has maintained an individual mandate requirement where residents must maintain [Minimum Creditable Coverage](#) (MCC) or pay a [state tax penalty](#). Massachusetts employers of any size sponsoring self-funded plans are required to furnish MA residents with a 1099-HC form by January 31. Employers must then submit Form 1099-HC information to the [Department of Revenue](#) by March 31 through

the [MassTaxConnect](#) system. Most employers with self-funded plans rely on TPAs to distribute forms and file the DOR report but it is important to confirm that TPAs will act on the employer's behalf. Importantly, the MA mandate does not use ACA forms or relate back to ACA requirements (deadlines are not extended and do not correlate to federal deadlines). Additional details are available [here](#).

In addition to the state's individual mandate reporting, Massachusetts collects specific information about employers' health coverage offerings to assist MassHealth in administering its Premium Assistance Program. It requires every employer with six or more employees in the state in any [Department of Unemployment Assistance](#) wage report to submit an annual Health Insurance Responsibility Disclosure ([HIRD Form](#)) by December 15 (available online November 15). See also our Alliant Insight - [Massachusetts Health Care Employer Obligations](#).

Other State Law Considerations for Group Health Plans

Employers with fully insured plans do not generally need to track state insurance code mandates because compliance rests with the carrier. Carriers are required to incorporate those mandates into their plans, which are then filed with the situs state to monitor compliance. A few states, however, have state insurance code mandates that they seek to apply extraterritorially (to insurance contracts not situated in their state). These include, but are not limited to, a California insurance code mandate that insured plans extend coverage to California Domestic Partners Registered with the [Secretary of State](#) and a Massachusetts insurance code mandate to allow [former spouses to remain benefits eligible](#) under certain circumstances. Carriers also generally track these extraterritorial provisions and have a strategy to ensure compliance. Because carriers are responsible for compliance employers do not generally need to track these requirements.

Certain other state laws can affect group health plans and do require action by employers or their TPAs. These include the following:

- **Hawaii** requires employers to provide health care coverage to employees who work at least twenty hours per week and earn 86.67 times the current Hawaii minimum wage a month after four consecutive weeks of employment. Employers must pay at least 50% of the premium cost, but the employees' share cannot exceed the lesser of 50% of the premium cost or 1.5% of the employees' monthly gross earnings. Additional details are available [here](#) or see our Alliant Insight - [Hawaii's Prepaid Healthcare Act](#). Compliance will generally rest with employers.
- **San Francisco** requires Employers with at least 20 employees nationwide (nonprofits 50 employees) that for any quarter employ one or more workers within the geographic boundaries of the City to make a quarterly required expenditure for any employee who has been employed for more than 90 days and who regularly works at least 8 hours per week in San Francisco. Covered employers must also submit an Annual Reporting Form to the Office of Labor Standards Enforcement by April 30th of the following year. Employers with self-funded plans may also need to make additional top-off payments by February 28. Additional details are available [here](#) or see our Alliant Insight - [San Francisco Executive Summary](#). Employers should be aware that numerous other [City Wide Laws](#) may also apply. Compliance will generally rest with employers.
- **California** requires dental carriers offering insured plans situated in CA to furnish, and then employers to provide, dental plan Summaries of Benefits and Coverage (SBCs) on hire, at open enrollment and with any special enrollments. This does not apply to self-funded plans or insured plans situated outside of CA. Compliance will generally rest with employers. Note that other state specific SBC requirements generally are satisfied by carriers.
- **Illinois** requires employers who offer self-insured and fully insured group health plans to employees located in Illinois to provide a [model disclosure form/checklist](#) comparing state Essential Health Benefits to the group health plan's coverage on hire, at open enrollment and on request. Compliance will generally rest with employers.

- **Washington** state requires both self-insured and fully-insured health plans, including plans sponsored by out of state employers that cover Washington residents, pay a Provider Access Lines (PAL) assessment that is calculated quarterly and due 45 days after the close of each quarter. For details see the [Online Assessment Tool](#) or refer to the [HCA PAL Assessment website](#). For insured plans this is generally managed through their carriers. Self-funded plans should ask TPAs to confirm that they will ensure compliance on the employer's behalf.
- **Rhode Island** requires both self-insured and fully-insured health plans, including plans sponsored by out of state employers that cover Rhode Island residents pay a [Vaccine Assessment](#) annually by July 30 to support universal access to state-distributed vaccines. For insured plans this is generally managed by carriers. Self-funded plans should ask TPAs to confirm that they will ensure compliance on the employer's behalf.
- **Massachusetts** has a specific [Employer Medical Assistance Contribution](#) (EMAC) payroll tax to fund health benefits for uninsured state residents. Employers with more than five employees in Massachusetts are automatically subject to an EMAC assessment in the form of a percentage (~34%) of the Massachusetts wage base for unemployment taxation purposes (approximately \$51 per employee per year). This contribution is paid quarterly to the [Department of Unemployment Assistance](#) along with other state unemployment and payroll taxes. This requirement applies whether or not the employer offers health benefits to employees. Compliance will generally rest with employers.
- **New York** has two separate surcharges on health claim payors, including insurers (regardless of the situs of the contract) and self-funded employer plans to pay for indigent care, graduate medical education, and other health services (the [Public Goods Pool](#)). Surcharges are based on whether payers "elect" to pay surcharges directly to the state at a far lower rate or do not "elect" and are then required to pay higher surcharges directly to hospitals and providers. Making the affirmative election is key to paying lower rates. This is done by carriers for insured plans and routinely done by TPAs for self-funded plans although compliance should be confirmed. Elections remain in effect unless revoked or rescinded (confirm on changing TPAs). Electing payors must complete filings (even if there is no activity to report) and make any required payments annually by January 30. Monthly filings/payments to the [pool administrator](#) may be required if there are covered charges. Self-funded health plan sponsors commonly rely on TPAs to make the required election and file monthly or annual reports.
- **New Mexico** requires employers, even those located outside of New Mexico, with group health plans covering New Mexico resident children under age 19 to report the number of covered children to the state as required by the [Vaccine Purchasing Act](#). Even if no children are covered, a "zero lives" report is required. This requirement applies to both fully insured and self-funded plans that cover New Mexico residents.
- **Transit Plan Requirements** are not considered part of an employer's group health plan but employers should be aware that transit plan mandates exist in the Bay Area, San Francisco, Richmond, Berkeley, New York City, Washington DC, Seattle, Chicago, and New Jersey. See our Alliant Insight - [Transit Plan Mandates](#). Compliance will generally rest with employers.
- **Short term Disability Plan Requirements** exist in California, Hawaii, New Jersey, New York, Rhode Island, and Puerto Rico. These are either funded by a state payroll tax and administered by the state (e.g., CA) or funded and administered through private plans (e.g., NY). Compliance will generally rest with employers.

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