

LAW & POLICY GROUP

GRIST

NEW JERSEY POSTS UPDATE ON HEALTH-COVERAGE REPORTS DUE IN 2020

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April 16, 2019*

Starting next year, New Jersey will require employers to report 2019 health-coverage information for covered employees and their dependents residing in the state. The reports for New Jersey tax regulators and residents will mirror the health-coverage information currently required by IRS Forms 1094 and 1095, according to the state's [website](#).

NEW JERSEY HEALTH-COVERAGE MANDATE AND REPORTING

Employers will file health-coverage forms through New Jersey's Form W-2 [filing system](#). Employers must electronically file 2019 coverage information by Feb. 15, 2020. The same filing requirements apply to all employers — in-state and out-of-state — that withhold and remit New Jersey income taxes for its residents. Regulators [anticipate](#) posting filing instructions in mid-2019.

New Jersey enacted its statewide individual-coverage mandate ([2018 Ch. 31](#)) after Congress reduced any Affordable Care Act (ACA) tax penalty for individuals lacking minimum essential coverage (MEC) to \$0. The New Jersey law will impose state tax penalties on residents that don't maintain MEC meeting [federal standards](#). New Jersey will rely on employer reports of coverage to enforce the state mandate.

POTENTIAL IMPACT OF ACA LITIGATION

After Congress zeroed out the ACA penalty for individuals, Texas and 19 other Republican-led states sued. They argued that the lack of any tax penalty invalidates the individual mandate since the US Supreme Court originally found the requirement constitutional as type of tax ([Nat'l Fed'n of Indep. Bus. v. Sebelius](#), 567 US 519 (2012)). They also contended that the individual mandate is so integral to the ACA, the entire law must fall if this mandate is unconstitutional.

A Texas federal judge sided with the GOP states, ruling that the lack of any tax penalty for not having coverage invalidates the individual mandate and the entire ACA ([Texas v. United States](#) (N.D. Tex. Dec. 30, 2018)). The case is now before the 5th US Circuit Court of Appeals and may eventually end up at the Supreme Court.

NJ Reporting Implications

If the entire ACA is invalidated, that would eliminate the employer shared-responsibility requirements for health-coverage reporting, along with many other provisions. However, even if the federal government discontinues or substantially alters related ACA reporting forms — IRS Forms [1094-B](#), [1094-C](#), [1095-B](#) or [1095-C](#) — New Jersey will develop similar forms to file with the state and send to New Jersey taxpayers.

EMPLOYER PREPARATION

Employers with New Jersey employees should plan to take these steps:

- Monitor information posted by the state.
- Work with vendors to set up state reporting processes.
- Track ongoing ACA litigation and its impact on the state law.

RELATED RESOURCES

Non-Mercer Resources

- [NJ Health Insurance Mandate — Information for Employers](#) (NJ Treasury, updated March 19, 2019)
- [Individual Shared-Responsibility Provision — Minimum Essential Coverage](#) (IRS, updated March 29, 2019)
- [Stay and Partial Final Judgment in *Texas v. United States*](#) (N.D. Texas, Dec. 30, 2018)
- [Partial Summary Judgment in *Texas v. United States*](#) (N.D. Texas, Dec. 14, 2018)
- [2018 Ch. 31](#), Health Insurance Market Preservation Act (NJ Legislature, May 30, 2018)
- [Decision in *Nat'l Fed'n of Indep. Bus. v. Sebelius*](#), 567 US 519 (2012)

Mercer Law & Policy Resources

- [Trump Administration Adjusts Course on ACA Case](#) (March 27, 2019)
- [Texas Judge Declares ACA Invalid; Appeals Planned](#) (Dec. 17, 2018)

Other Mercer Resources

- [Grab Some Ibuprofen: State Mandates May Create Reporting Headaches](#) (June 20, 2018)

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