

December 31, 2024

ACA Reporting Relief for Employers Goes into Effect

New relief affects Form 1094/1095 reporting and employer mandate penalties

On December 17, 2024, Congress passed the “[Paperwork Burden Reduction Act](#)” (H.R. 3797) and the “[Employer Reporting Improvement Act](#)” (H.R. 3801). These bills ease the administrative burden for Affordable Care Act (ACA) reporting by amending the filing and distribution requirements for Forms 1094 and 1095 and placing enforcement limitations on the IRS’s employer mandate penalty assessments. President Biden signed both bills into law on December 23, 2024.

This Alert summarizes the new relief and is relevant for ACA applicable large employers (ALEs),¹ as well as smaller employers sponsoring self-insured medical plans (including level-funded coverage). The reporting relief is available for 2024 Form 1094 and 1095 reporting.

A brief overview of ACA reporting

The ACA’s employer shared responsibility requirements (“employer mandate”) generally requires ALEs to offer medical coverage to at least 95% of its full-time (FT) employees that meets certain requirements (e.g., minimum value and affordability)² or face potential penalties.

There are two versions of the IRS Forms (Forms) – 1094/1095-B and 1094/1095-C – that serve separate but related reporting functions. First, the Forms tell the IRS whether an ALE offered affordable, minimum value coverage to at least 95% of its FT employees. Second, “issuers of coverage” are required to report all individuals enrolled in their medical coverage. In addition to insurance carriers for fully insured plans, employers sponsoring self-insured plans are considered “issuers of coverage,” so there is an automatic reporting obligation for employers sponsoring self-insured plans, regardless of the employer’s size.

This means that the applicable reporting obligations depend upon whether: (i) the employer is an ALE or a non-ALE, and (ii) whether

¹ ALEs are employer(s) who average 50 or more full-time employees, including full-time equivalent employees, over the prior calendar year.

² This also includes the full-time employee’s natural and adopted children under age 26.

Highlights

Overview

New legislation aimed at easing employer ACA reporting and penalty response burdens goes into effect in 2025 and applies to 2024 Form 1094/1095 reporting.

This Alert is relevant for employers subject to Form 1094/1095 reporting and ALEs subject to the ACA’s employer shared responsibility penalties.

Key provisions

Paperwork Burden Reduction Act

Beginning with the 2024 Forms 1095, employers do not have to automatically provide the forms to individuals if they adequately notify individuals of their right to request a copy. This relief still requires additional guidance from the U.S. Department of the Treasury.

Employer Reporting Improvement Act

- Electronic delivery consents for Form 1095 remain in effect until revoked,
- Relaxed use of name and DOB in lieu of SSN on Form 1095-C, Part III for 2024 Form 1095 reporting,
- IRS Letter 226-J response due date extended to 90 days beginning in 2025, and
- Employer mandate penalties are subject to a six-year statute of limitations.

Employer action items

Employers should review this relief with their applicable advisors and vendors and take any necessary steps to implement it, if applicable.

coverage is fully insured or self-insured. The following is a summary of the required forms based on employer size and plan type:

Plan Type	Form 1095-C Parts I and II	Form 1095-C Part III	Form 1095-B Employer	Form 1095-B Carrier
Non-ALE Fully Insured	No	No	No	Yes
Non-ALE Self-Insured	No	No	Yes	No
ALE Fully Insured	Yes	No	No	Yes
ALE Self-Insured	Yes	Yes	No	No

The ACA requires the distribution of these forms to applicable individuals and filing with the IRS by certain deadlines. An “applicable individual” is an individual required to receive a Form 1095.

The IRS may assess penalties against employers for failing to offer adequate coverage under the employer mandate, failing to file Forms 1094/1095 with the IRS, and failing to timely distribute copies of the applicable Forms 1095 to required individuals.

Paperwork Burden Reduction Act (PBRA)

Beginning with the 2024 Forms 1095, employers that meet certain conditions are only required to provide Forms 1095-B or -C to individuals upon request instead of automatically providing forms within 30 days after January 31st of the following year (i.e., March 2nd; March 1st for Leap Years). The conditions are:

1. The employer provides a clear, conspicuous, and accessible notice to all applicable individuals of their right to request a copy of the Form 1095; and
2. The employer provides the form by the later to occur of: (i) January 31st of the year following the Form 1095 reporting year; or (ii) 30 days after receiving the request.

Example

An employee requests a copy of their 2024 Form 1095-C on January 25, 2025. The employer must provide the form no later than February 24, 2025.

Open Issues

The PBRA directs the Secretary of the Treasury (Treasury) to provide specifics on the timing and manner of the notice, but these details have not been released as of this Alert’s publication date. The missing final details and other welcome guidance includes:

- how and in what form employers can provide the notice, including electronic delivery,
- a model notice or statement,
- whether Treasury intends to use the PBRA’s January 31st date or allow employers to provide copies by the later of Treasury’s existing relaxed deadline (e.g. March 2, 2025 for the 2024 reporting year) or 30 days following the request, and
- whether weekends affect the delivery date (we assume no).

Employer Reporting Improvement Act (ERIA)

Electronic consent

Beginning with the 2024 Forms 1095, employers can rely upon a consent to electronic delivery for 2024 and subsequent years without having to obtain a new consent each year. The consent remains effective unless and until revoked in writing.

Employers seeking to utilize this relief may need to update their consent forms. As a precaution, we recommend obtaining a consent for 2024 delivery rather than relying upon a prior consent applicable to 2023 reporting.

Plan participant identification

Form 1095-B and Part III of the 1095-C require employers to include the names and social security numbers (SSNs) or taxpayer identification numbers (TIN)³ for plan participants.

Beginning with the 2024 Forms 1095, employers can use an individual's name and date of birth in place of their SSN/TIN if the employee does not provide it. This also appears to relieve employers from having to request the SSNs/TINs at least three times.

Letter 226-J deadline extension and statute of limitations

The IRS uses Letter 226-J to notify employers of proposed IRC §4980H(a) and/or (b) employer mandate penalties. Letter 226-J gives employers 30 days to respond and either agree or dispute the proposed penalties. Historically, the IRS granted extensions of 30 to 60 days if timely requested before the initial 30-day response date.

For Letters 226-J issued in 2025 and thereafter, the ERIA provides employers at least 90 days from the date on the Letter 226-J to agree or dispute the assessment. If timely requested, it seems reasonable to assume the IRS will allow 60-day extensions for Letters 226-J issued in December 2024 to align with the new requirement in the ERIA.

In 2020, the IRS Office of the Chief Counsel confirmed that there was no statute of limitations for employer mandate penalties.⁴ The ERIA imposes a six-year statute of limitations for ACA employer mandate penalty assessments by the IRS beginning with the 2024 Forms 1094/1095 due in 2025.

³ The [individual tax identification number](#) (also known as the "TIN" or "ITIN") is available to U.S. taxpayers who are not eligible for an SSN.

⁴ [IRS Chief Counsel Memorandum 20200801F \(Dec. 26, 2019\)](#).

About the author



Andreena Norfleet, J.D. is an Employee Health & Benefits Compliance Consultant for Marsh McLennan Agency's Compliance Center of Excellence.

The information contained herein is for general informational purposes only and does not constitute legal or tax advice regarding any specific situation. Any statements made are based solely on our experience as consultants. Marsh McLennan Agency LLC shall have no obligation to update this publication and shall have no liability to you or any other party arising out of this publication or any matter contained herein. The information provided in this alert is not intended to be, and shall not be construed to be, either the provision of legal advice or an offer to provide legal services, nor does it necessarily reflect the opinions of the agency, our lawyers or our clients. This is not legal advice. No client-lawyer relationship between you and our lawyers is or may be created by your use of this information. Rather, the content is intended as a general overview of the subject matter covered. This agency is not obligated to provide updates on the information presented herein. Those reading this alert are encouraged to seek direct counsel on legal questions. © 2024 Marsh McLennan Agency LLC. All Rights Reserved.