

Newly Passed Legislation Modifies ACA Reporting Requirements

On Dec. 23, 2024, President Joe Biden signed two bills into law that will streamline the Affordable Care Act's (ACA) reporting requirements under Internal Revenue Code Sections 6055 or 6056. Under these reporting rules, certain employers and health coverage providers (reporting entities) must provide information to the IRS about the health plan coverage they offer (or do not offer) to their employees. They must also provide related statements to individuals regarding their health plan coverage.

Individual Statements Only Required Upon Request

Under existing rules, reporting entities must provide annual statements to each individual who is provided minimum essential coverage (under Section 6055) and each full-time employee of an applicable large employer (under Section 6056). These statements are provided using Forms 1095-B and 1095-C; however, the IRS currently allows Forms 1095-B to be provided to individuals upon request if certain requirements are satisfied.

The [Paperwork Burden Reduction Act](#) essentially codifies this alternative manner of furnishing Forms 1095-B and extends this flexibility to furnishing Forms 1095-C. Accordingly, reporting entities are **no longer required to send Forms 1095-B and 1095-C to covered individuals unless a form is requested**. Reporting entities must give individuals timely notice of this option in accordance with any requirements set by the IRS. Requests must be fulfilled by Jan. 31 of the year following the calendar year to which the return relates or 30 days after the date of the request, whichever is later. Note that states with individual mandates, like California, Massachusetts, New Jersey, Rhode Island, Vermont, and Washington D.C still require employers to distribute paper copies of these residents.

Electronic Consent for Individual Statements

The IRS currently allows reporting entities to offer Forms 1095-B and 1095-C to individuals electronically. The [Employer Reporting Improvement Act](#) codifies this flexibility and provides that **statements can be provided electronically to individuals if they have affirmatively consented "at any prior time"** (unless they have revoked such consent in writing).

Substituting Birth Dates for TINs

The new legislation codifies the ability under Section 6055 to substitute a covered individual's birth date in lieu of their taxpayer identification number (TIN), without the requirement to first make reasonable efforts to obtain the TIN.

Other ACA Pay-or-Play Provisions

Applicable large employers, or ALEs (generally those with 50 or more full-time employees), are subject to IRS penalties if they do not offer affordable minimum essential coverage under the ACA's employer shared responsibility ("pay-or-play") rules. The new legislation **increases the time ALEs have to respond to IRS penalty assessment warning letters from 30 days to 90 days**. The legislation also imposes a six-year time limit on when the IRS can try to collect assessments.

States That Will Continue to Require Individual Statements

Additionally, employers with employees residing in California, Massachusetts, New Jersey, Rhode Island and Washington D.C. will also need to report medical coverage to the states, on behalf of these employees. These states have Individual Mandates, which requires their residents to be insured by a Medical Plan or pay penalties. Vermont also has an individual mandate but does not require employers to file reports to the state of Vermont.

	Reporting to State Requirements			Individual Form Requirements	
State	Entities required to Report	State Reporting requirement	Due Date	Individual Form requirement	Due Date
California	Employers with any California Employees (Employer must report if Carrier does not report)	Transmit 1094 and 1095 forms to California Franchise Tax Board \$50 penalty per individual provided health coverage if returns not submitted by May 31 st	March 31 st	ACA 1095 form	January 31 st
Massachusetts	HRID: 6 or more Employees in Massachusetts Form 1099-HC: Any Employees in Massachusetts	Health Insurance Responsibility Disclosure (HRID)	December 15 th Through MassTaxConnect web portal	From 1099-HC <i>(Fully Insured Carriers often can produce)</i>	January 31 st
New Jersey	Any Employees in New Jersey	Transmit 1095 forms to New Jersey Division of Taxation	ACA Electronic filing Deadline (March 31 st)	ACA 1095 form	January 31 st
Rhode Island	Any Employees in Rhode Island	Transmit 1095 forms to Rhode Island Division of Taxation	ACA Electronic filing Deadline (March 31 st)	Written statement to the insured	March 2 nd
Vermont	None			ACA 1095 form	January 31 st
Washington D.C.	Self insured Employers with any Employees in D.C. and Fully Insured Employers with 50 or more covered full time Employees in D.C.	File 1095 forms through MyTax.DC.gov	30 days after the ACA deadline for submitting forms 1095 including any extensions granted by the IRS	ACA 1095 form	January 31 st