



Newly Passed Legislation Modifies ACA Reporting Requirements

On Dec. 23, 2024, President Joe Biden signed two bills into law designed to streamline the reporting requirements of the Affordable Care Act (ACA) under Internal Revenue Code Sections 6055 and 6056. These reporting rules require certain employers and health coverage providers (referred to as "reporting entities") to submit information to the IRS about the health coverage they offer—or do not offer—to their employees, and to provide related statements to individuals about their health plan coverage.

Individual Statements Now Only Required Upon Request

Under existing rules, reporting entities must provide annual statements to each individual who receives minimum essential coverage (under Section 6055) and each full-time employee of an applicable large employer (ALE) (under Section 6056). These statements are typically delivered via Forms 1095-B and 1095-C. However, the IRS currently allows reporting entities to provide Forms 1095-B only upon request, provided certain requirements are met.

The new legislation effectively codifies this provision under the Paperwork Reduction Act and extends this flexibility to Form 1095-C as well. **As a result, reporting entities are no longer required to proactively send Forms 1095-B and 1095-C to covered individuals, unless the individual requests the form.** Reporting entities must notify individuals about this option in accordance with IRS requirements. Requests must be fulfilled by January 31 of the year following the calendar year to which the return relates, or within 30 days of the request, whichever is later.

Electronic Consent for Statements

Under current IRS rules, reporting entities may offer Forms 1095-B and 1095-C to individuals electronically, provided the individual has affirmatively consented at any time (unless the individual has since revoked consent in writing). The new legislation codifies this flexibility, allowing reporting entities to continue providing statements electronically as long as prior consent is obtained.

Substituting Birth Dates for TINs

The legislation also formalizes the ability under Section 6055 to substitute a covered individual's birth date in place of their taxpayer identification number (TIN) without the need to make reasonable efforts to obtain the TIN.

Other ACA Pay-or-Play Provisions

Applicable large employers (ALEs)—typically those with 50 or more full-time employees—are subject to IRS penalties under the ACA's employer shared responsibility ("pay-or-play") provisions if they fail to offer affordable minimum essential coverage. The new legislation extends the time frame for ALEs to respond to IRS penalty assessment warning letters from 30 days to 90 days. Additionally, the IRS now has a six-year time limit for collecting assessments.