

EMPLOYER GUIDE:

ACA Reporting





ACA Reporting: New Changes for 2025

On December 23, 2024, President Biden signed two important bills into law—the **Paperwork Burden Reduction Act (H.R. 3797)** and the **Employer Reporting Improvement Act (H.R. 3801)**—designed to simplify certain Affordable Care Act (ACA) requirements. These changes apply to the 2024 calendar year reporting, meaning employers may need to adjust their processes for submissions and employee communications in early 2025.

Compliance Snapshot

- **Form Distribution:**

Employers and insurance carriers are no longer required to automatically distribute Forms 1095-B/1095-C to covered individuals. Instead, these forms may be provided upon request. Employers must clearly inform individuals of their right to request a form, which can also be delivered electronically once consent is obtained.

- **Alternative Identification:**

You may use an individual's full name and date of birth when the individual's tax identification number (TIN) is not available.

- **IRS Response Period:**

Employers now have at least 90 days to respond to an IRS 226-J letter—this notice is sent to an Applicable Large Employer (ALE) regarding a potential Employer Shared Responsibility Payment (ESRP).

- **Extended Collection Period:**

The IRS now has a six-year statute of limitations to collect ACA employer mandate penalties.

- **Key Deadlines for 2025:**

- **IRS Submission:** The deadline to submit the required forms to the IRS remains unchanged (typically March 31 following the close of the calendar year).

- **Employee Request Fulfillment:** If an individual requests a copy of their Form 1095-B or 1095-C, it must be provided by **January 31** or within **30 days of the request**—whichever is later.

Introduction

The Affordable Care Act (ACA) requires applicable large employers (ALEs) to report each year on whether they did or did not offer health coverage to each of their full-time employees. To meet this reporting requirement, the ALE uses two forms designed by the IRS:

- **Form 1095-C, Employer-Provided Health Insurance Offer and Coverage** is the personalized statement that the ALE furnishes to each full-time employee. If the ALE provided minimum essential coverage through a self-funded (self-insured) or level-funded health plan, the employer also uses Form 1095-C to report enrollment information.
- **Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns** is the summary form that the ALE files, along with copies of all Forms 1095-Cs, with the IRS.



Similarly, small self-funded plans sponsored by non-applicable large employers (non-ALEs) must furnish forms and report to the IRS. To meet this reporting requirement, the non-ALE uses two forms designed by the IRS:

- **Form 1095-B, Health Coverage**, is the personalized statement that the plan furnishes to each covered employee. Non-ALEs will use Form 1095-B for covered employees and non-employees (e.g., COBRA participants) through a self-funded (self-insured) or level-funded health plan.
- **Form 1094-B, Transmittal of Health Coverage Information Returns**, is the summary form that the non-ALE files, along with copies of all Forms 1095-B, with the IRS.

Key Definitions

An **applicable large employer (ALE)** is an employer that employed an average of 50 or more full-time employees, including full-time-equivalent employees, in the prior calendar year.

A **non-applicable large employer (non-ALE)** is an employer that employed an average of fewer than 50 full-time employees, including full-time equivalent employees (FTEs), in the prior calendar year.

Full-time employee generally means a common-law employee who averages 30 or more hours of service per week, (or 130 hours per month), as determined under one of two specific measurement methods. An hour of service is each hour for which payment is made or due (e.g., performance of duties, vacation, holidays, paid absence, or leave).

Minimum essential coverage means any employer-sponsored group health plan, other than “excepted benefits.” Most flexible spending accounts (FSAs) or stand-alone dental or vision plans are excepted benefits; that is, they are not minimum essential coverage.

Minimum value coverage means the minimum essential coverage plan’s share of the total allowed cost of benefits is at least 60% of such costs, and it provides substantial coverage of inpatient hospitalization services and physician services. For 2024, the minimum value coverage was affordable if the employee’s required contribution for self-only coverage did not exceed 8.39% of the employee’s income from the employer. For 2025, the percentage changes to 9.02%, due to inflation adjustments.

Frequently Asked Questions 1095C/1094C

What is the purpose of the employer reporting requirements?

The reporting requirements are intended to help the IRS administer several provisions under the ACA. Specifically, the IRS uses information reported by employers to determine:

- Employees that are (or are not) eligible for subsidies if they purchase health insurance in the individual Health Insurance Exchange (Marketplace); and
- ALEs that fail to offer affordable minimum value coverage to full-time employees and whether the employer may be subject to potential penalties.



What is Form 1095-C?

Form 1095-C is a form designed by the IRS to collect information about ALEs and the group health coverage, if any, they offer to their full-time employees. Employers provide Form 1095-C (employee statement) to employees and file copies, along with Form 1094-C (transmittal form), to the IRS.

Form 1095-C is comprised of three parts:

- Part I: Identifying information about the employee and the employer.
- Part II: Information about the employer's offer of group health coverage.
- Part III: Information about the employer's self-funded or level-funded health coverage (if any), including names and Social Security numbers of the primary enrollee (e.g., employee) and their covered dependents.

What are the due dates for completing the reporting requirements?

The 2024 forms (i.e., forms reporting calendar year 2024 information) are due as follows:

- **2024 Form 1095-C** (employee statement): March 3, 2025
Alternative Option: Starting with the 2024 calendar year, instead of mailing Forms 1095-C to employees, the Paperwork Reduction Act allows employers to furnish Forms 1095-C only upon the request of employees. Employers must provide notification of the availability of the form in a "clear, conspicuous, and accessible location" on the employer's website making it readily visible and accessible to all employees who would be eligible to receive the form; this means it should be easily found on the company's main website pages. If requested it must be provided by **January 31** or within **30 days of the request**—whichever is later.
- **2024 Form 1094-C** (transmittal form with copies of Forms 1095-C): Due March 31, 2025, if filing electronically (or February 28, 2025, if filing on paper).

Note: The [final rule](#), published on December 12, 2022, provides a permanent 30-day extension of the January 31 deadline to furnish annual Forms 1095-C to individuals for calendar years beginning after December 31, 2021. If the due date falls on a weekend or legal holiday, the employer may file by the next business day.

If the employer is part of a controlled group, which entity has to provide Form 1095-C?

Entities that belong to the same controlled group, e.g., parent/subsidiary companies or sister companies under common control, are counted together and their combined employee size determines if they are an ALE. If so, each entity in the controlled group is deemed an ALE and is subject to the reporting requirements. Each of the entities will report under its Employer Identification Number (EIN).

Frequently Asked Questions 1095C/1094C (cont.)



What type of information is required to complete Form 1095-C?

Employers should work with their payroll administrators and human resources information system administrators to identify the data elements needed to complete Forms 1095-C and 1094-C. The level of detail will vary depending on the employer's health coverage offerings.

All ALEs must report basic information, similar to W-2 information:

- Employee name, Social Security number (SSN), address.
- Employer name, Employer Identification Number (EIN), address, telephone contact.

IRS regulations provide a general method for all ALEs to complete Form 1095-C. The general method requires reporting information about the full-time employee and the health coverage (type, required contribution) offered to that employee. Some employers, however, may be able to take advantage of one of the alternative (simplified) methods outlined in the regulations.

For example, alternative methods of reporting are available for employers that made a qualifying health coverage offer to employees for all 12 months or for employers that offered affordable minimum value coverage to at least 98% of full-time employees (and their children).

Employers that do not sponsor a self-funded (self-insured) or level-funded plan complete Parts I and II for each full-time employee. Part III will be left blank.

(Persons covered under a group insurance plan also may receive a separate form directly from the insurance company regarding the coverage.)

For self-funded or level-funded employers, what type of information is required to complete Form 1095-C?

ALEs that sponsor a self-funded (self-insured) or level-funded health plan providing minimum essential coverage have additional reporting requirements. For full-time employees, the employer completes Parts I and II of Form 1095-C. If the full-time employee was covered under the self-funded or level-funded plan, the employer also completes Part III including names and SSNs or Taxpayer Identification Numbers (TINs) of any covered dependents. Small, self-funded, or level-funded employers are subject to separate reporting requirements.

In addition, for any part-time employees or non-employees (e.g., COBRA beneficiaries) covered under the self-funded or level-funded plan, the employer completes Part I, a portion of Part II, and Part III. (Note: The IRS instructions allow using Form 1095-B, not described here, in lieu of Form 1095-C to report self-funded or level-funded plan coverage for non-full-time employees or non-employees. Self-funded or level-funded employers also have the option of posting a notice on their website with instructions for how non-employees and non-full-time employees enrolled in their coverage may request a form, instead of the employer automatically providing one to them. That option is not discussed here.)

Frequently Asked Questions

1095C/1094C (cont.)

Are nonprofit employers or governmental employers (e.g., municipalities, public school districts) subject to the reporting requirements?

Yes, the reporting requirements apply to all ALEs, including governmental employers. Employers should review the specific requirements for their type of organization with their tax or legal advisors.

What is Form 1094-C?

Employers file copies of Forms 1095-C with transmittal Form 1094-C to the IRS. The employer indicates on Form 1094-C if it is eligible for alternative (simplified) reporting. Employers also use this form to certify that the employer is eligible for transition relief under the ACA “play or pay” rules, if applicable.

Are employers required to use electronic filing?

ALEs must furnish Form 1095-C to individuals upon request, on paper by mail (unless the recipient has affirmatively consented to receive the information in an electronic format). Individuals may revoke their consent, in writing, at any time.

Form 1094-C and Form 1095-C are subject to requirements to file returns electronically with the IRS. This means that ALEs that file 10 or more information returns, aggregated with Forms W-2, 1099, and multiple other forms, must file the returns electronically through the ACA Information Returns (AIR) program. (Note that AIR is a separate system solely for ACA information returns. Other IRS e-filing systems, such as for W-2s, do not support the ACA information returns.)

Note: The IRS reduced the threshold for mandatory electronic reporting from 250 Forms 1095-C to 10 forms aggregated with other returns beginning with filings due on and after January 1, 2024.

Are there penalties for failing to comply with the information reporting requirements?

Yes, and the penalties may be substantial. For instance, the penalty is \$310 for each failure to file a complete return and for each failure to provide a complete form to an employee (up to \$3,783,000) for filings due in calendar year 2024. Lesser penalties may be imposed for reporting incorrect information provided the error is corrected within certain timeframes. Generally, the maximum penalties are reduced for ALEs with receipts less than \$5,000,000. The IRS may abate penalties for reasonable cause.

Are employers required to mail Form 1095-C to employees?

No. [The Paperwork Reduction Act](#), passed on December 23, 2024, and effective for the 2024 reporting year due in early 2025, includes a new alternative method for furnishing statements to employees by requiring employers to provide a clear, conspicuous, and accessible notice stating individuals may request a paper copy of their form. The Department of Labor (DOL) Secretary is tasked with providing guidance on the format and timing of the notice. For example, the existing instructions require the notice be posted on the provider’s website and must include specific information, whereas the new law requires the DOL Secretary to specify the location and information. When a request is made for a paper copy of the form, it must be furnished by the later of January 31 of the year following the calendar year the form was required to be made (e.g., Form 1095-C due March 3, 2025, must be provided by January 31, 2026) or within 30 days of the request date.

Note: You can send the form electronically only after obtaining the individual’s consent. However, individuals may revoke their consent, in writing, at any time.





Official Guidance

For 2024 reporting (forms are due in early 2025):

- 2024 [Form 1095-C](#), Employer-Provided Health Insurance Offer and Coverage.
- 2024 [Form 1094-C](#), Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns.
- [2024 Instructions for IRS Forms 1094-C and 1095-C](#)

Additionally, the IRS maintains a helpful [information center](#) web page with resources and tips for applicable large employers about the information reporting requirements and other topics.

For entities that are required to file returns electronically, the IRS has not released the 2025 processing year version of [Publication 5165](#) (2024 processing year), Guide for Electronically Filing ACA Information Returns, that may be used for reference until the 2025 processing year version is made available.

Employers are encouraged to work with experienced vendors, tax advisors, and payroll administrators to prepare the required forms by the due dates.

Frequently Asked Questions 1095B/1094B

What is Form 1095-B?

Form 1095-B is a form designed by the IRS to collect information from health insurers about individuals covered under a fully insured health plan and under small, self-insured plans. Small, self-insured, including level-funded, employer-sponsored health plans provide Form 1095-B (employee statement) to covered employees and file copies, along with Form 1094-B (transmittal form), to the IRS.



Form 1095-B is comprised of three parts:

- Part I, Responsible Individual: Identifying information about the covered individual.
- Part II, Information About Certain Employer-Sponsored Coverage: Generally completed by the health insurance carrier or left blank.
- Part III, Insurer or Other Coverage Provider: Information about the health insurance carrier or the employer sponsoring self-funded or level-funded health coverage.
- Part IV, Covered Individual: Information about the covered individual and their dependents.

What are the due dates for completing the reporting requirements?

The 2024 forms (forms for reporting calendar year 2024 information) are as follows:

- **2024 Form 1095-B** (employee statement): March 3, 2025
Alternative Option: Starting with the 2024 calendar year, instead of mailing Forms 1095-C to employees, the Paperwork Reduction Act allows employers to furnish Forms 1095-B only upon the request of employees. Employers must provide notification of the availability of the form in a “clear, conspicuous, and accessible location” on the employer’s website making it readily visible and accessible to all employees who would be eligible to receive the form; this means it should be easily found on the company’s main website pages. If requested it must be provided by **January 31** or within **30 days of the request**—whichever is later.
- **2024 Form 1094-B** (transmittal form with copies of Forms 1095-B): March 31, 2025, for electronic filing (February 28, 2025, for paper filing fewer than 10 aggregated returns, e.g., three Forms 1095-C plus three Forms W-2 equals six aggregated returns)

Note: The final rule, published on December 12, 2022, provides a permanent 30-day extension of the January 31 deadline to furnish annual Forms 1095-B to individuals for calendar years beginning after December 31, 2021. If the due date falls on a weekend or legal holiday, the employer may file by the next business day.

What type of information is required to complete Form 1095-B?

Employers should work with their insurance carrier and human resources information system administrators to identify the data elements needed to complete Forms 1095-B and 1094-B. The level of detail will vary depending on the employer’s health coverage offerings.

Are nonprofit employers or governmental employers (e.g., municipalities, public school districts) subject to the reporting requirements?

Yes, the reporting requirements apply to all self-funded plans, including governmental employers. Employers should review the specific requirements for their type of organization with their tax or legal advisors.

Frequently Asked Questions 1095B/1094B (cont.)

What is Form 1094-B?

Small employers sponsoring self-insured and level-funded health plans file copies of Forms 1095-B with transmittal Form 1094-B to the IRS.

Are employers required to use electronic filing?

Non-ALES must furnish a paper Form 1095-B to individuals upon request by mail (unless the recipient has affirmatively consented to receive the information in electronic format). Individuals may revoke their consent, in writing, at any time.

Form 1094-B and Form 1095-C are subject to requirements to file returns electronically with the IRS. This means that non-ALEs that file 10 or more information returns, aggregated with Forms W-2, 1099, and multiple others, must file the returns electronically through the ACA Information Returns (AIR) program. (Note that AIR is a separate system solely for ACA information returns. Other IRS e-filing systems, such as for W-2s, do not support the ACA information returns.)

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Note: You can send the form electronically only after obtaining the individual's consent. Note, however, that individuals may revoke their consent, in writing, at any time.



Official Guidance

For 2024 reporting (forms are due in early 2025):

- 2024 [Form 1095-B](#), Health Coverage
- 2024 [Form 1094-B](#), Transmittal Health Coverage Information Returns
- [2024 Instructions for IRS Forms 1094-B and 1095-B](#)

For entities that are required to file returns electronically, the IRS has provided Publication 5165, Guide for Electronically Filing Affordable Care Act (ACA) Information Returns.

Employers are encouraged to work with experienced vendors, tax advisors, and insurers to prepare the required forms by the due dates.



Contact Us With Any Questions

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