

LEGAL UPDATE



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.

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.

EFFECTIVE DATES

The amendments made by this legislation **apply for upcoming reporting that is due in early 2025**. The specific effective dates are as follows:

Statements Upon Request

These changes apply to statements with respect to returns for calendar years after 2023.

Electronic Consent, Birth Dates

The changes related to electronic statements and substituting birth dates for TINs apply to returns and statements due after Dec. 31, 2024.

Other ACA Provisions

The extended ALE response time will apply to assessments proposed in taxable years beginning after Dec. 23, 2024. The six-year time limit will apply with respect to returns due after Dec. 31, 2024.