

New ACA Reporting and Penalty Relief

At the end of 2024, Congress passed two new laws, the [Paperwork Burden Reduction Act](#) and the [Employer Reporting Improvement Act](#), which eased Affordable Care Act (ACA) reporting requirements for employers and set new limits on the IRS' assessment of "pay-or-play" penalties.

As background, the ACA requires applicable large employers (ALEs) and non-ALEs with self-insured health plans to 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.

Before 2025, ALEs were required to provide each full-time employee with a statement regarding their health coverage (Form 1095-C) within 30 days of Jan. 31 each year. The IRS has allowed non-ALEs with self-insured health plans to provide health coverage statements (Forms 1095-B) to covered individuals upon request only. Beginning in 2025, this flexibility is extended to ALEs for furnishing Forms 1095-C.

Accordingly, **employers are no longer required to send Forms 1095-C and 1095-B to individuals unless a form is requested.** Employers 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. The statements may be provided electronically to individuals who have consented in the past.

ALEs and non-ALEs with self-insured plans are still required to file ACA returns with the IRS. The deadline for electronic filing is March 31, 2025.

In addition, ALEs 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.

DOL Increases Civil Penalty Amounts for 2025

On Jan. 10, 2025, the U.S. Department of Labor (DOL) published the [2025 inflation-adjusted civil monetary penalties](#) that may be assessed for a wide range of employee benefit-related violations.

To maintain their deterrent effect, the DOL is required to adjust these penalties for inflation no later than Jan. 15 of each year. Key penalty increases include the following:

- **Summary of Benefits and Coverage (SBC):** Failure to provide group health plan participants and beneficiaries with an SBC may now result in a penalty of up to **\$1,443** per participant or beneficiary.
- **Form 5500 filings:** Failure to file an annual Form 5500 with the DOL can now result in a penalty of up to **\$2,739** per day.
- **Children's Health Insurance Program (CHIP) notice:** Failure to provide the annual notice regarding CHIP coverage opportunities may now result in a penalty of up to **\$145** per day (each employee is a separate violation).
- **401(k) disclosures:** Failure to provide blackout notices and notice of the right to divest employer securities may now result in penalties of up to **\$173** per day.
- **DOL-requested plan information:** Failure to provide plan-related information requested by the DOL can now result in penalties of up to **\$195** per day, not to exceed **\$1,956** per request.