

Guest Column: Compliance FYI: Changes to ACA Reporting Requirements

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On December 23rd, 2024, President Biden signed two bills, [H.R. 3797](#) and [H.R. 3801](#), into law. These laws change the requirements for employers completing Affordable Care Act (ACA) reporting.

H.R. 3797 Paperwork Burden Reduction Act

Prior to the passage of H.R. 3797, employers had to furnish Form 1095-C/1095-B for the preceding calendar year to employees by March 2. Employers either provided a paper copy of the 1095-C/1095-B or obtained consent to send the 1095-C/1095-B electronically.

H.R. 3797 provides employers with an alternative option for furnishing the 1095-C/1095-B. For calendar year reporting post-2023 (i.e. 2024), an employer will be treated as furnishing the Form 1095-C/1095-B if they:

- Post a clear, conspicuous, and accessible notice that any individual who otherwise would be required to get a Form 1095-C/1095-B may request a copy of the 1095-C/1095-B; and
- The employer provides a copy of the 1095-C/1095-B upon request no later than:
 - January 31 of the year following the calendar year for which the reporting is completed; or
 - 30 days after the request for Form 1095-C/1095-B.



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The changes made by H.R. 3797 do not affect the requirement to file Form 1095-Cs/1095-Bs electronically with the IRS by March 31 annually.

H.R. 3801 Employer Reporting Improvement Act

H.R. 3801 makes several changes to employer ACA reporting obligations. These changes include:

- **Tax Identification Number Substitution**—Employers may substitute an individual's full name and date of birth if the employer is unable to collect the tax identification number (TIN) of the individual.
- **Electronic Distribution**—Employees may consent to receiving Form 1095-C electronically. While already permitted by Internal Revenue Service (IRS) regulation, H.R. 3801 codifies the electronic consent provisions.
- **Time to Respond to Penalty Letter**—Employers will have 90 days to respond to proposed employer shared responsibility (ESR) penalty in Letter 226-J, rather than the previous 30-day deadline.
- **ESR Penalty Statute of Limitations**—A six-year statute of limitations is imposed on ESR penalty assessments.

The TIN substitution, electronic distribution, and ESR penalty statute of limitations changes apply to returns with due dates after December 31, 2024. The increased response time for penalty letters is effective for taxable years beginning after the enactment of the law.

Key Takeaways:

Employers would be well served to review the updates to the ACA reporting requirements. Employers may find that some of these

changes reduce the compliance burden of annual ACA reporting.

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