



## Congress Proposes ACA Reporting Updates

Dec. 18, 2024

In a bipartisan effort, the U.S. Senate recently passed the Employer Reporting Improvement Act (the “Act”) which will become effective once signed by the President. The Act introduces helpful updates to employer reporting requirements under the Affordable Care Act (ACA) and in some cases codifies the current practices of the IRS. These changes aim to modernize and streamline reporting processes, reduce administrative burdens, and better protect individual privacy.

### Key Changes

#### Reporting Individual Coverage Information

This Act would codify the flexibility the IRS currently allows in permitting employers and health insurance providers to submit spouses’ and dependents’ names and dates of birth in lieu of their tax identification number (TIN) on Form 1095-B and 1095-C filings.

The change would ease compliance challenges while enhancing privacy protections by limiting the need for TINs.

#### Electronic Distribution of Forms

The Act codifies the existing IRS practice of allowing employers and providers to electronically distribute 1095-B and 1095-C forms to covered individuals. This will help streamline processes and reduce administrative costs associated with mailing the forms to employees.

#### Extended Response Time for Proposed IRS Assessments

For large employers (generally those with 50 or more full-time employees) potentially subject to IRS assessments for failing to offer adequate, affordable minimum essential coverage, the Act extends the response period for initial IRS proposed assessments from 30 days to 90 days. The added time gives employers a more reasonable window to address discrepancies and respond to proposed penalties. It also alleviates the need for extension requests, which the IRS had been routinely granting.

## Statute of Limitations on IRS Assessments

The Act sets a six-year statute of limitations for the IRS to collect penalties related to the ACA employer shared responsibility requirements. Previously, the IRS had taken the position that no statute of limitations applied, so this update is good news for employers. Employers are encouraged to maintain detailed records for this six-year period to ensure readiness for potential audits, inquiries, or penalties.

### Next Steps

- Monitor the Act's progress and begin preparing for compliance once it becomes law.
- Review current ACA reporting practices to align with the new flexibility for dependent and spouse information and evaluate the feasibility of electronic distribution for forms.
- Ensure document retention policies meet the six-year statute of limitations.
- Communicate these potential changes to relevant teams, assess technological capabilities, and consult with legal or compliance advisors to ensure a smooth transition.

---

This information has been prepared for UBA by Fisher & Phillips LLP. It is general information and provided for educational purposes only. It is not intended to provide legal advice. You should not act on this information without consulting legal counsel or other knowledgeable advisors.