



BENEFITS BULLETS

January 23, 2025

Relaxed Rules for Furnishing Form 1095-C to Employees

- We are sharing this installment of Benefits Bullets to apprise clients of new legislation signed into law on December 23, 2024.
- The new legislation reduces the burdens of furnishing Form 1095-C, an information reporting requirement originally added by the Affordable Care Act (“ACA”).
 - The ACA requires applicable large employers (“ALEs”) to furnish a copy of Form 1095-C to each full-time employee to identify whether the ALE offered health coverage to the employee.
 - The legislation also covers Form 1095-B (which health plans must furnish to covered participants). The IRS had already administratively relaxed some of the notice requirements for Form 1095-B prior to this legislation.
- In general, the new legislation relaxes these health plan information reporting requirements.
- The “Paperwork Burden Reduction Act” allows ALEs to satisfy the Form 1095-C furnishing requirement by instead notifying the recipient that they may request a copy of the applicable Form.
 - This alternative notice must be “clear, conspicuous, and accessible,” and future IRS guidance may specify the required timing and manner for this alternative notice.
 - If a participant then requests the actual Form, the employer must provide it not later than 30 days after the date of request (or by January 31 of the year following the year covered by the Form 1095-C, whichever is later).
- The “Employer Reporting Improvement Act” was separately passed into law and clarifies the rules for electronic transmission of Form 1095-C.
 - It states that a recipient is deemed to have consented to receive Form 1095-C in electronic form if that individual has previously consented to allow the employer to provide the particular form in electronic form and has not revoked that consent.
 - Under the regulations, the consent remains effective only if the disclosure statement provided to the employee indicates that the consent will be effective until withdrawn.