

CAPABILITIES

Employee Benefits & Executive Compensation

IRS ISSUES GUIDANCE ON RECENT RELIEF FROM HEALTH COVERAGE REPORTING TO INDIVIDUALS

Advisory
2.28.25

In December 2024, the Paperwork Burden Reduction Act ("PBRA") was signed into law, providing, among other things, for an alternative manner for employers and other reporting entities to satisfy their obligations with respect to furnishing IRS Forms 1094-C and 1095-C to individuals. Under the PBRA, beginning with the forms for the 2024 calendar (due March 3, 2025), a reporting entity may forego automatically furnishing the forms to individuals if certain notice requirements are satisfied. In particular, in lieu of automatically furnishing the forms, the PBRA allows a reporting entity to post a clear, conspicuous, and accessible notice, stating that individuals may receive a copy of the forms *upon request* (the "Replacement Notice").

However, the PBRA did not contain specifics as to how to satisfy the Replacement Notice requirement. On February 21, 2025, the IRS issued new guidance, IRS Notice 2025-15, which helps to clarify the Replacement Notice requirement. Notice 2025-15 provides that a reporting entity may satisfy the Replacement Notice requirement by complying with existing regulations regarding a similar replacement notice procedures for Form 1094-B. Based on those existing regulations and Notice 2025-15:

- The Replacement Notice must be posted on the reporting entity's website, in an area reasonably accessible to all responsible individuals (e.g., current and former employees), accompanied by an email address and a physical address to make requests and a telephone number for any questions.
- The Replacement Notice must be written in plain, non-technical terms in a font-size large enough to draw attention.

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- The Replacement Notice must be posted by the due date for furnishing the 1095-B or 1095-C, including the automatic 30-day extension, if applicable. For example, for 2024 Forms 1095-B and 1095-C, the Notice must be posted by March 3, 2025.
- The Replacement Notice must be retained in the same place on the website through October 15 of the year following the calendar year to which the Replacement Notice relates.
- The employer must furnish the Form 1095-B or 1095-C to a requesting responsible individual within 30 days of the date the request is received, but not earlier than January 31 of the year following the calendar year for which the return was required, and the Form may be provided electronically if the requesting individual consents.

Takeaway

The alternative manner of furnishing Forms 1095-B and 1095-C will be an attractive option for many employers looking to eliminate paper mailers, and reduce printing and mailing costs and burden. This can be a viable option as long as all of the requirements are met regarding the Replacement Notice and the employer has procedures in place to the timely furnish the forms when requested by a responsible individual. However, employers should keep in mind that certain states have their own guidelines requiring ACA-like written statements, and, if an employer is subject to any such state requirements, they may need to continue to provide paper forms via mail.