COMPLIANCE CHRONICLE

REGULATIONS | POLICIES | STANDARDS | REQUIREMENTS | LAWS

Navigating the ever-evolving landscape of compliance can be challenging and time-consuming. Warner Pacific is happy to share monthly updates to help your organization stay informed about new requirements and minimize compliance risks.

Let us handle the complexities, so you can focus on what matters most — your business.

New Legislation Simplifies ACA Reporting Requirements

At the end of 2024, Congress passed two laws that ease Affordable Care Act (ACA) reporting requirements for employers and set new limits on the IRS' assessment of "pay-or-play" penalties. These laws, the Paperwork Burden Reduction Act (H.R. 3797) and the Employer Reporting Improvement Act (H.R. 3801), simplify the process for employers and carriers.

Key Changes:

- **Individual Statements:** Starting in 2025, employers meeting certain criteria are no longer required to automatically provide individual statements unless requested.
- **Response Time:** Applicable large employers (ALEs) now have 90 days to respond to IRS penalty assessment warning letters, up from 30 days.
- **Statute of Limitations:** The IRS has a six-year limit to collect assessments under section 4980H.
- **Forms 1094/1095 Reporting:** The new rules apply to the 2024 Forms 1094/1095, making the process less burdensome. ALEs must still prepare, furnish and file these forms in a timely manner, with small employers using the B-series forms and carriers having their own filing obligations.



- **TIN Collection:** If unable to collect a TIN, employers and insurers can use the full name and birth date of the individual.
- **Electronic Consent:** Individuals are deemed to have consented to receive Forms 1095-C/1095-B electronically if they previously consented, unless revoked in writing.

Employers should welcome these changes, which aim to reduce the administrative burden and provide more flexibility in compliance.

The ACA Applicable Large Employer Affordability Calculator is a user-friendly tool that helps large employers easily determine their minimum required contributions under the ACA. By entering a few key details, employers can quickly ensure compliance and avoid potential penalties. You can access Warner's ALEs calculator here.

RxDC Reporting: Watch for Carrier Surveys

RxDC reporting, mandated by the Consolidated Appropriations Act, 2021 (CAA), is due annually by June 1. To ensure compliance, insurers and HMOs often distribute surveys to group policyholders early in the year, with strict deadlines for responses.

Employers with fully insured plans must promptly respond to these surveys to avoid the burden of conducting some of the RxDC reporting themselves, a process that is notably time-consuming.

Additionally, employers with self-funded plans must collaborate with their vendors to ensure accurate, complete and timely RxDC filings.

For more information on CAA RxDC reporting, click here.

Inflation-Adjusted DOL Penalties

The Department of Labor (DOL) has issued inflation-adjusted penalty amounts for various violations of ERISA. The increased amounts apply to penalties assessed after January 15, 2025. The adjusted amounts include:

- Failure to file Form 5500: $2,739 per day (up from $2,670)
- Failure to file Form M-1: $1,992 per day (up from $1,942)
- Failure to provide plan documents to DOL within 30 days of request: $195 per day (up from $190) (not to exceed $1,956 per request)
- Failure to notify employees of CHIP coverage opportunities: $145 per day, per employee (up from $141)
- Failure to comply with genetic information restrictions: $145 per day, per participant/beneficiary (up from $141)
- Failure to provide SBC: $1,443 per violation (up from $1,406)

U.S. Supreme Court Will Review ACA's Mandate for Free Preventive Care

The U.S. Supreme Court will review the constitutionality of a key component of the ACA's preventive care mandate during its current term. This decision will impact the requirement for health plans and health insurance issuers to cover, without cost sharing, a wide range of preventive care services.

In June 2024, the 5th U.S. Circuit Court of Appeals ruled that a key component of the ACA's preventive care mandate is unconstitutional. However, the 5th Circuit limited its ruling to the plaintiffs in the case.

This means that health plans and issuers have been required to continue to provide first-dollar coverage for the full range of recommended preventive health services. If the Supreme Court rejects the mandate as unconstitutional, this decision could lead to a nationwide shift in coverage.

Telehealth Exception Has Expired for Calendar-Year HDHP/HSA Plans

In response to the COVID-19 pandemic, the U.S. Congress enacted legislation that temporarily allowed high-deductible health plans (HDHPs) that are compatible with health savings accounts (HSAs) to provide benefits for telehealth services before plan deductibles were met.

This relief became effective in 2020 and was repeatedly extended. It currently applies to plan years beginning before January 1, 2025. This means the relief ended on December 31, 2024, for HDHPs with the calendar year as their plan year.

To retain employees' HSA eligibility, employers with HDHPs should review their health plan's coverage of telehealth services to determine if changes should be made for the plan year beginning in 2025.

If you have any questions, please reach out to your Sales Executive at (800) 801-2300.