

Streamlining Compliance: Electronic Distribution of Form 1095-C Now Available

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The Patient Protection and Affordable Care Act (ACA) previously required applicable large employers (ALE) to mail Form 1095-Cs to their employees each year. The reason for this mailing requirement was, in part, because the form provided employees with the information they needed to avoid the individual mandate penalty by establishing that they maintained the required healthcare coverage. Despite the individual mandate's noncompliance penalty being effectively eliminated in 2019, the ACA continued to burden companies by requiring they mail out these forms each year.

Two new laws, the Paperwork Burden Reduction Act and the Employer Reporting Improvement Act, now allow companies to satisfy this ACA reporting requirement by electronically distributing Form 1095-C statements. To provide Form 1095-Cs electronically, a company needs to 1) obtain consent from an employee to receive the form 1095-C electronically, 2) issue a notice that provides information on how an employee can request a written statement, and 3) establish procedures to ensure that these forms are mailed to employees upon request, or if consent is withdrawn.

Affirmative Consent

A company needs to obtain an employee's consent to distribute Form 1095-C electronically. The Employer Reporting Improvement Act provides that an employee needs to have "affirmatively consented at any prior time" to receiving Form 1095-C in electronic form. A House Committee Report further explained this provision by citing the Internal Revenue Service's (IRS) electronic consent regulations. These regulations provide that affirmative consent "may be made electronically in any manner that reasonably demonstrates that the recipient can access the statement in the electronic format in which it will be furnished."

Therefore, electronic consent that reasonably demonstrates that the recipient can access the Form 1095-C statement electronically will likely meet the Employer Reporting Improvement Act's affirmative consent requirement, but the IRS may need to issue guidance confirming that these electronic statement regulations apply to Form 1095-Cs.

Notice Regarding Availability of Printed Copy of Form 1095-C

A company needs to issue notice that describes how an employee can elect to receive Form 1095-C

by mail. The Paperwork Burden Reduction Act requires a company to provide “clear, conspicuous, and accessible notice” regarding an employee’s option to receive a written Form 1095-C statement. This act further provides that the Secretary of the Treasury may provide the time and manner required for the distribution of this notice.

The IRS issued Notice 2025-15 provides that a company can meet the Form 1095-C notice requirement by following the regulatory notice requirements for Form 1095-Bs, which provide that companies can post a clear and conspicuous notice online if the notice is 1) in a location that is reasonably accessible to all responsible individuals, 2) written in plain, non-technical terms, and includes letters of a font size that is large enough to call to a viewer's attention, 3) includes information on how to receive a written statement, and 4) remains posted in the same online location from the Form 1095-C distribution deadline through mid-October.

Form 1095-C Mailing Procedures

The Employer Reporting Improvement Act still requires companies to mail Form 1095-C if an employee withdraws electronic consent or requests a written statement. In this event, the company needs to mail a copy of Form 1095-C to the employee by January 31 of the following calendar year, or 30 days after the request is made, whichever is later.

Moving forward, the new ACA reporting requirements allow companies to electronically distribute Form 1095-Cs to consenting employees. Companies will now be able to reduce costs by electronically distributing these forms.

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