



ACA Compliance in 2025: What's Changing and What You Need to Know

It's a new year, and the ACA is making sure we don't coast into 2025 without paying attention! Staying on top of ACA compliance can be daunting, but every twist and turn in healthcare policy brings new opportunities and challenges for those of us helping clients stay compliant.

The ACA has been in place for over a decade. But it's far from static. While the act's primary provisions remain unchanged, the details like affordability thresholds, reporting guidelines, and penalties shift constantly. These changes often stem from new legislation, IRS guidance, or evolving public health policies. Let's dive into what's changing in 2025 and how we can stay ahead together.

KEY CHANGES TO ACA COMPLIANCE IN 2025:

AFFORDABILITY THRESHOLD ADJUSTMENTS

In 2025, one of the most significant changes revolves around the affordability thresholds for health insurance plans. The ACA mandates that employers with 50 or more full-time equivalent (FTE) employees must offer affordable health insurance to their workers. For 2025, the affordability threshold is increasing to 9.02% of an employee's household income (up from 8.39% in 2024)¹. This means employees can only be asked to pay a percentage of their income for employer-sponsored health coverage, which can't exceed this threshold for the insurance to remain affordable under the ACA.

Employers will need to take a closer look at their insurance offerings to ensure they meet this requirement. For agents advising clients, this is a crucial adjustment to address. Annual evaluations of clients' health plans are key to ensuring premiums, deductibles, and out-of-pocket costs don't push employees beyond the affordability line.



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IRS REPORTING REQUIREMENTS

The ACA requires employers to report certain health insurance information to the IRS annually, using forms 1094-C and 1095-C. As of 2025, the IRS is tightening enforcement of ACA reporting requirements, with enhanced penalties for non-compliance. If an employer fails to file the required forms, they may face penalties of \$330 per return. And if mistakes are found after filing, they could be hit with an additional fine of up to \$560 per return².

With the rise of digital tools and platforms, why not make reporting a breeze? Automated systems can reduce errors and simplify the entire process. By encouraging clients to adopt these technologies, agents can help save time and money while ensuring compliance. And really, who wants to deal with those fines?

EXPANSION OF HEALTH SAVINGS ACCOUNTS (HSAs)

While this change is less about compliance and more about flexibility, it's still one to keep on your radar. In 2025, the annual limit for Health Savings Accounts (HSAs) will increase to \$4,300 for individual coverage and \$8,550 for family coverage, up from \$4,150 and \$8,300 in 2024³. The catch-up contribution for those over 55 remains \$1,000. This gives employees more room to save for healthcare expenses and aligns with growing efforts to provide more control over healthcare spending.

For employee benefits agents, this is an exciting opportunity to help clients integrate HSAs into their health plans. Employers are always looking for ways to make healthcare more affordable without cutting corners. Pairing high-deductible health plans with HSAs can be a game-changer for both employers and employees. It's a practical win-win.

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EMPLOYER MANDATE COMPLIANCE AND PENALTIES

One of the key compliance components of the ACA is the employer mandate, which requires businesses with 50 or more full-time employees to offer health insurance or face penalties. For 2025, the IRS is breaking away from old trends and setting new ones. In a surprising move, it has reduced penalty amounts for the first time in years! According to the ACA Times, the 4980H(a) penalty, which applies when employers fail to offer minimum essential coverage to at least 95% of full-time employees, has decreased to \$2,900 annually per employee (down from \$2,970 in 2024). Similarly, the 4980H(b) penalty, which applies when offered coverage is unaffordable or does not meet minimum value standards, has dropped to \$4,350 annually per employee (down from \$4,460 in 2024)⁴.

This adjustment underscores the importance of compliance, even with slightly reduced penalties. Employers need to ensure their coverage meets both affordability and adequacy standards. For agents, this is a prime opportunity to guide clients with a balanced, strategic approach that addresses both legal compliance and cost-saving measures.



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CHANGES TO THE MEDICAID UNWINDING PROCESS

The Medicaid unwinding process, which started in 2023, continues to be a focal point for ACA compliance in 2025. During the pandemic, many individuals remained enrolled in Medicaid even if they no longer met eligibility requirements. However, with the end of the public health emergency, Medicaid enrollees must now re-verify their eligibility. As millions transition out of Medicaid, agents may see an uptick in employees seeking alternative health coverage options.

For employers, this is a critical time to engage with affected employees. Agents can assist employers in helping these employees transition into ACA marketplace plans or employer-sponsored health plans. This moment also presents a chance for employers to reassess their health benefits offerings, ensuring they align with ACA's coverage and affordability rules.

By guiding employers through these changes, agents help ensure compliance while preventing gaps that could lead to fines or disruptions in healthcare coverage.

HOW TO STAY AHEAD OF THE CURVE

ACA regulations are constantly evolving, and staying proactive is the best way to help clients avoid costly mistakes. While many of these strategies have been discussed before, it's worth repeating: 2025 brings new changes and adjustments that demand attention. Let's break down a few key actions to keep your clients compliant and confident.

ANNUAL PLAN REVIEWS

ACA compliance adjustments can sneak up on the unprepared. Regularly reviewing health plans ensures affordability thresholds, reporting requirements, and coverage adequacy are up to date. Periodic reviews also show proactive oversight, keeping those penalties far away.

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ONGOING EDUCATION

Let's face it—healthcare laws are always evolving. Staying ahead means making a habit of keeping up with IRS updates, legislative changes, and market trends. Joining webinars, subscribing to newsletters, or leaning on your compliance team are smart ways to stay informed.

AUTOMATION AND DIGITAL TOOLS

Why manually track ACA compliance when technology can do it better? Tools like BenefitMall's ACA reporting software can simplify the process. These platforms generate necessary forms, reduce errors, and help meet tight deadlines, saving your clients from unnecessary fines and hassle.

CONSULTATION ON HEALTH SAVINGS PLANS

With high-deductible health plans (HDHPs) gaining popularity, HSAs are becoming a favorite for cost-conscious employers. Offering HSAs as part of employee benefits packages isn't just smart, it's a win-win for everyone. Employers contain costs, employees gain flexibility, and everyone stays aligned with compliance goals.

BOTTOM LINE

Navigating ACA compliance can feel overwhelming, but it doesn't have to be. With proactive planning and the right support, compliance can become an opportunity instead of a burden. BenefitMall is here to help. From robust ACA reporting tools to our knowledgeable compliance team, we're ready to support your efforts in 2025 and beyond.

Take the next step toward compliance success. Contact us today to schedule a personalized compliance review or learn more about the tools and strategies we offer to help you and your clients.

CONTRIBUTOR

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END NOTES

1. Internal Revenue Service. (2024). Affordable Care Act (ACA) affordability percentage adjustments for 2025. Internal Revenue Service. <https://www.irs.gov/>
2. Internal Revenue Service. (2024). 2025 Form 1094-C and 1095-C reporting requirements and penalties for non-compliance. Internal Revenue Service. <https://www.irs.gov/forms-pubs/about-form-1095-c>
3. U.S. Department of the Treasury. (2024). Health savings accounts (HSAs) for 2025: Contribution limits. <https://www.treasury.gov/>
4. CA Times. (2024). In historic move, IRS lowers 2025 ACA penalty amounts. ACA Times. <https://acatimes.com/in-historic-move-irs-lowers-2025-aca-penalt-amount>