IRS Releases ACA Pay-or-Play Penalties for 2025

On Feb. 12, 2024, the IRS released updated penalty amounts for 2025 related to the employer shared responsibility (pay-or-play) rules under the Affordable Care Act (ACA). For calendar year 2025, the adjusted $2,000 penalty amount is **$2,900**, and the adjusted $3,000 penalty amount is **$4,350**. This is a decrease from the penalty amounts for the 2024 calendar year, which are $2,970 and $4,460, respectively.

IMPORTANT DATES

March 9, 2023
The IRS released pay-or-play penalty amounts for 2024.

Feb. 12, 2024
The IRS released pay-or-play penalty amounts for 2025.

2025 Calendar Year
The 2025 penalty amounts apply for failures to offer affordable, MV coverage during the 2025 calendar year.

Key Points

- Employers that maintain group health plans in states with premium assistance subsidies must provide their employees with an annual notice.

- The DOL has a model notice for employers to use.

- Employers could also choose to prepare their own notices or modify the model notice.

Covered Employers

An employer is subject to this annual notice requirement if its group health plan covers participants who reside in a state that provides a premium assistance subsidy, regardless of the employer's location.

The DOL's model notice, which employers may use for this disclosure, is updated periodically to reflect changes in the states that offer premium assistance subsidies. **The DOL's model Employer CHIP Notice includes information current as of Jan. 31, 2024.**

Employers could also choose to prepare their own notices or modify the model notice. Employers should be sure to include at least the minimum relevant state contact information for any employee residing in a state with premium assistance.

Employer Resources

The EBSA's CHIPRA webpage includes the latest model notice (English language and Spanish language versions are available), a fact sheet, a compliance assistance guide and other publications for employers and advisers.