

2025 **ACA** Compliance Checklist

Your step-by-step guide to **staying compliant, avoiding penalties**, and **preparing for year-end** with confidence.



2025 ACA Compliance Checklist




The **ACA is one of the toughest compliance requirements for employers** — and 2025 raises the stakes. With stricter IRS enforcement, new affordability rules, and **steep penalties for errors**, getting it right matters more than ever.

Use this checklist as your quick roadmap to stay compliant — from tracking eligibility to filing 1095-Cs — and avoid costly mistakes before year-end.

Step 1: Confirm Your ALE Status

The first step in ACA compliance is knowing whether the rules apply to you.

- ☐ **Determine if you're an Applicable Large Employer (ALE):**
 - ☐ Calculate your average full-time employees (FTEs) + full-time equivalents in 2024.
 - ☐ If the total is 50 or more, you're subject to ACA reporting requirements in 2025.
- ☐ Include all controlled group entities if applicable.
- ☐ Reassess this status annually — company size can change year to year.

 **Pro tip:** Many employers get penalized for assuming they're under the 50-employee threshold. If you're close, do the math carefully.

Step 2: Track Employee Hours and Eligibility Monthly

Accurate tracking is the backbone of ACA compliance.

- ☐ **Define full-time status:** Employees averaging **30+ hours per week** (or 130+ hours/month).
- ☐ Track all hours for variable-hour, seasonal, and part-time employees.
- ☐ Use a look-back measurement period for variable-hour employees to avoid mid-year surprises.
- ☐ Maintain audit-ready records for at least 3 years.

 **Pro tip:** Automating time and eligibility tracking is one of the easiest ways to reduce errors and save hours of manual work.

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Step 3: Offer Affordable, Minimum Essential Coverage

To avoid Employer Shared Responsibility Payments (ESRPs), you must offer qualifying coverage to eligible employees.

- ☐ **Minimum Essential Coverage (MEC):** Must be offered to at least **95% of full-time employees and their dependents.**
- ☐ **Minimum Value:** Plan must cover at least 60% of expected costs.
- ☐ **Affordability:** Employee's share of the lowest-cost, self-only plan cannot exceed **8.39%** of their household income in 2025 (down from 8.39% in 2024).

Safe Harbor Options:

- ☐ **W-2 Safe Harbor:** Based on Box 1 wages
- ☐ **Rate of Pay Safe Harbor:** Based on hourly wage × 130 hours/month
- ☐ **Federal Poverty Line Safe Harbor:** Based on annual FPL for a single individual



Pro tip: Use the safe harbor method that gives you the most margin, and document your choice.

Step 4: Audit Your Plan and Enrollment Data

Before year-end reporting, double-check the accuracy of your benefits data.

- ☐ Verify all eligible employees were offered coverage.
- ☐ Confirm that coverage start dates align with eligibility dates.
- ☐ Audit dependent coverage records.
- ☐ Ensure correct safe harbor methods and affordability calculations are documented.



Pro tip: IRS penalty letters often result from mismatched or incomplete data. A mid-year audit can save you from a last-minute scramble.

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Step 5: Prepare and File Your ACA Forms (1094-C & 1095-C)

Timely and accurate filing is critical — and penalties for late or incorrect forms are rising.

- ☐ **Furnish 1095-Cs to employees by March 3, 2025.**
- ☐ **File 1094-C and 1095-Cs with the IRS by:**
 - ☐ Calculate your average full-time employees (FTEs) + full-time equivalents in 2024.
- ☐ Double-check codes, coverage dates, and employee details before submission.

 **Pro tip:** Don't wait until February — start preparing your forms in January to leave time for data corrections.

Step 6: Respond Promptly to IRS Notices

If you receive an IRS Letter 226J or other ACA-related notice:

- ☐ Review it carefully and respond within the stated deadline.
- ☐ Verify your data and consult a compliance expert before replying.
- ☐ Keep all documentation organized and accessible.

 **Pro tip:** Many penalties can be reduced or waived if you respond promptly and accurately — silence is never the right strategy.

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Step 7: Use ACA Data to Make Strategic Decisions

ACA compliance isn't just about avoiding fines — it's a powerful source of workforce insight.

- ☐ Analyze eligibility trends to optimize staffing models.
- ☐ Use affordability data to inform future benefit plan design.
- ☐ Track year-over-year compliance costs to improve budgeting.

 **Pro tip:** Employers that treat ACA reporting as a strategic exercise — not just a compliance task — often uncover cost-saving opportunities.

Compliance Is Complex — But You're Not Alone

The ACA keeps changing, but compliance doesn't have to be overwhelming. With the right support, you can stay ahead of deadlines, avoid penalties, and focus on your people.

MP helps employers **simplify ACA compliance, cut risk, and save time** — from eligibility tracking to 1095-C filing — so you stay compliant without the stress.

Ready to Simplify ACA Compliance?

Let's make 2025 the year you stop stressing about ACA.

[Schedule a Compliance Strategy Session](#) with MP's experts to see how we can help your team stay compliant, confident, and in control.