

ACA Penalty Response Checklist

Responding deliberately and orderly to IRS penalty notices can be crucial to helping you strive for a more positive result. Utilize this checklist for steps to help you plan and execute your timely response and potentially limit your financial liability.



ACA Penalty Response Checklist

- Understand the Notice:**
 - Identify the penalty type ([Letter 226-J](#), [Letter 5005-A](#), etc.)
 - Determine the alleged violation and response deadline
- Acknowledge Receipt:**
 - Clearly state that you've received the notice and are reviewing it.
- Leverage ACA Technology:**
 - Automate response workflows where possible
- Request an Extension (if needed):**
 - Contact the IRS promptly if you need more time to respond
 - Provide a clear explanation and supporting documentation
- Gather Documentation:**
 - Employee records (hours of service, offer of coverage, etc.)
 - Affordability calculations and safe harbor method used
 - Health plan documents and prior year ACA filings
 - Organize documentation in one place
- Analyze and Respond:**
 - Thoroughly analyze the alleged violation
 - Cross-reference with your gathered documentation
 - If you agree, consider payment options (full or installment)
 - If you disagree, draft a detailed written response with evidence or use the appropriate response forms (IRS 14764, IRS 14765, etc.)
 - Use your ACA technology solution to generate reports
- Consult Experts:**
 - Seek guidance from ACA professionals, legal counsel or benefits advisors
 - Ensure your response is accurate and well-supported
- Submit Your Response:**
 - Submit your response to the IRS electronically or by mail or fax
 - Adhere to the specified deadline
 - Keep copies of all correspondence
- Appeal (If Applicable):**
 - Follow instructions in the determination letter if you disagree
 - Consider using your ACA technology platform to help support the appeal
- Review Overall Compliance Strategy:**
 - Leverage your ACA technology to help assess your prior year filings for any potential ACA penalty risks
 - Ensure your ongoing tracking processes align with ACA regulatory requirements
 - Review eligibility changes, Minimum Essential Coverage (MEC) offer percentages, and 1094/1095 data every month to help ensure more accurate year-end reporting
 - Proactively plan your affordability safe harbor strategies ahead of each open enrollment season

Beyond understanding the steps to responding to an ACA audit, having the right tools and support can help facilitate a smoother process. ACA HQ is designed to help you streamline your ACA management efforts from more accurate data collection and reporting to expert ACA and audit support.

[Learn more about how ACA HQ can help you more effectively respond to IRS penalty notices, help minimize risks, and better maintain your ACA management program.](#)

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