

Annual Benefit Compliance Concerns

We are continually asked, “What are the compliance actions we need to take every year to ensure we are meeting benefit compliance requirements?”

There are a number of benefit compliance concerns that, once completed, don’t have to be redone every year. This link allows you to complete a comprehensive benefit compliance assessment to receive a risk assessment score and list of missing compliance actions.

<https://www.compliancelogin.com/compliance-dashboard-free.php>

Once you complete the core requirements, the following actions should be done annually or as needed:

Employee Notices

Send out the following employee notices annually to ensure everyone is notified:

- ✓ SBCs – Summary of Benefits and Coverage
- ✓ COBRA – Initial Notice (If 20+ Federal COBRA; if less than 20, State Continuation / “Mini-COBRA”)
- ✓ CHIP (Child Health Insurance Plan)
- ✓ MHPA (Mental Health Parity & Addition Equity Act) (If 50+ employees)
- ✓ NMHPA (Newborns & Mothers Health Protection Act)
- ✓ WHCRA (Women’s Health & Cancer Rights Act)
- ✓ Patient Protection
- ✓ HIPAA (Health Insurance Portability and Accountability Act)
- ✓ Wellness Program Disclosure (if offering a wellness program)
- ✓ Grandfathered Plan (if offering a grandfathered plan)
- ✓ Medicare Part D – Send by 10/15 and register with CMS
- ✓ Health Exchange Notice – Send to both participants and non-participants
- ✓ FMLA (Family Medical Leave Act) posting and notice (if 50 or more employees within 75 mile radius)

HR Service, Inc. provides an all-in-one employee notice service that allows you to create notices that apply to your organization, customized to your business and ready to deliver to employees. This is included as part of our [Compliance Basics](#) or [Compliance Basics Plus](#) service.

Summary Plan Descriptions (SPD) or SPD Wraps

Although employers only have to distribute SPDs or SPD Wraps to participants once every 5 years, we recommend running a new document annually to incorporate any changes in your benefit plans each year so you have a current accurate document and to provide to new participants.

HR Service, Inc. provides a web-based SPD Wrap allowing employers or their broker to easily create, change and update SPD Wraps as needed. An SPD Wrap creates required SPDs, wrapping them into one overall plan document and SPD. We further keep documents current with ERISA requirements.

Summary of Material Modification

- ✓ Provide participants with a Summary of Material Modification (SMM) any time a benefit plan is materially impacted such as when the value of the benefit goes up or down. Where possible, provide a 60 day notice of such changes, especially when benefits are reduced or terminated.

HR Service, Inc. provides a SMM tool to create and store past SMMs, making this process easy.

Qualifying COBRA Events

- ✓ Send out continuation rights letters to those who lose coverage due to a qualifying event such as termination of employment or other qualifying events.

Reports – ACA 1095/1094 Reports, W-2 Reports & 5500 Reports

- ✓ **ACA Reporting:** Employers who are Applicable Large Employers (had 50 or more employees the previous year) and those who offer self-funded or partially self-funded plans are required to provide all full-time employees with Form 1095 C/B by January 31 annually, then to submit Form 1094 C/B to the IRS with copies of form 1095 by February 28 (if paper reporting) or by March 31 (if filing E-file). (NOTE: These dates may be extended one to two days if the date falls on a weekend or if the IRS extends the date.)
- ✓ **W-2 Health Cost Reporting** - Employers with 250 W-2s the previous year are required to show health insurance cost for group plans on participant's W-2 on reports due January 31 of each year.
- ✓ **5500 Reporting** - Employers with 100 or more participants in any group benefit plans are required to submit Form 5500 reports to the DOL Department of Labor (DOL) the last day of the seventh month after the plan year ends (**July 31** for a calendar-year plan).
- ✓ **SAR** – Employers who reporting on form 5500 are also required by ERISA to provide participants with a Summary Annual Report (SAR) that includes basic information from the 5500 report such as funding & insurance, basic financial information, rights to additional information and offer of assistance in non-English.

HR Service, Inc. provides assistance with ACA Reporting, 5500 Reporting and SARs.

Non-Discrimination Testing

- ✓ **125 POP and FSA** – Employers who allow eligible premiums to be paid on a pre-tax basis through either a Premium Only Plan (POP) or Flexible Spending Account (FSA) must conduct annual non-discrimination testing to ensure they are not favoring highly compensated employees.

Self-service 125 POP testing is included for any organization using the HR Service, Inc. 125 POP service. FSA documents and administration will be available in early 2018 through our new business B3PA.

- ✓ **Self-Funded Non-discrimination Testing** – All self-funded plans must conduct non-discrimination testing annually to ensure they do not favor highly compensated employees.

Non-discrimination testing for fully-insured plans has not yet been defined so is not required.

- ✓ **Retirement Plans** - 401(k) plans must also pass annual non-discrimination testing or disallow contributions on a pre-tax basis if found providing more than 1.25% benefit toward highly compensated employees. They also require an annual audit.