# Employee Benefits Report

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Compliance

# New Compliance Rules Ahead: What the OBBB Means for Your Benefits Team

Signed into law by President Trump on July 4th, the "One Big Beautiful Bill" (OBBB) is already making waves in tax policy and Social Security headlines. But for employee benefits administrators, the bill quietly ushers in key updates that will reshape plan design, compliance, and employee communication in the months ahead.

Here's what benefits professionals need to know:

### 1. Health Savings Account (HSA) Updates

- **Telehealth Coverage Pre-Deductible:** Permanently reinstated for high-deductible health plans, restoring flexibility for plan design.
- **Direct Primary Care (DPC):** Monthly DPC arrangements are now HSA-compatible, with federal contribution limits: $150 for individuals and $300 for families.
- **Bronze and Catastrophic ACA Plans:** Newly designated as HSA-eligible, expanding enrollment options for younger or lower-income workers.

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## This Just In ...

**Employers Shift Focus from Expanding Benefits to Extracting More Value**

According to the newly released 2025 WTW Benefit Trends Survey, employers are pivoting away from expanding their benefits portfolios and instead focusing on maximizing value from existing programs. This shift is driven by rising healthcare costs, economic uncertainty, and employee demand for personalization.

### Key Takeaways:

- 73% of employers plan to address rising costs by enhancing value or switching to better-value vendors across health, retirement, and risk benefits.
- Rather than adding new benefits, employers are:
  - Auditing vendor performance
  - Revisiting PBM (Pharmacy Benefit Manager) contracts
  - Targeting high-cost medical conditions with focused programs
- Mental health, cancer, and cardiovascular care are top areas of concern

*Impact:* Employers must revisit plan eligibility criteria, update employee-facing materials, and adjust payroll deduction protocols.

## 2. Student Loan Repayment Assistance

- Employer-provided student loan repayment under Section 127 has been made permanent.
- The annual limit remains at $5,250, now indexed for inflation starting in 2026.

*Impact:* HR teams offering this benefit must ensure proper tax documentation and payroll coding.

## 3. Trump Accounts

- Introduces tax-advantaged savings accounts for education, housing, and retirement.
- Eligible individuals may contribute up to $5,000 annually, with a $1,000 federal seed for children born between 2025 and 2028.
- Employers may optionally contribute up to $2,500/year, tax-free.

*Impact:* These accounts may integrate into future benefits offerings, requiring coordination across financial wellness and payroll systems.

## 4. Medicaid & Payroll Implications

- The bill includes $1 trillion in Medicaid reductions, and adds work requirements for able-bodied adult beneficiaries.
- New, temporary federal income tax exemptions on tips and overtime wages:
  - Up to $25,000 for tips
  - Up to $12,500 for overtime
  - Phased out above certain income thresholds

*Impact:* Payroll systems must adjust reporting, and employee education materials need revisiting.

## 5. Compliance & Coordination Challenges

With sweeping changes to HSA eligibility, student loan treatment, and new account structures, benefits teams must:

- Update Summary Plan Descriptions (SPDs)
- Audit communication materials and decision-support tools
- Align closely with brokers, TPAs, and legal advisors to ensure ongoing compliance

## Bottom Line for Benefits Professionals

The OBBB is far more than a tax package—it's a quiet overhaul of benefits infrastructure. While some popular provisions (like HSA access for Medicare enrollees and wellness expense eligibility) didn't make it into the final law, the confirmed updates require immediate attention.

The smart move? Treat this bill like a strategic inflection point—and get ahead of the compliance curve before the questions start.

- "Nudges and navigation" tools are gaining traction to help employees better engage with their benefits

"Medical inflation remains dramatically higher than it's been for the last two decades," said Jeff Levin-Scherz of WTW. "Employers are more focused on cost control than benefit enhancement".

### Why This Matters Now

This trend marks a strategic inflection point: benefits teams are being asked to do more with less. This may be a good time to reach out to your broker to help you:

- Reassess plan design
- Improve vendor ROI
- Communicate benefits more effectively.

# AI-Powered Benefits Administration: The Next Frontier in HR Efficiency

As artificial intelligence (AI) continues to transform industries, employee benefits administration is emerging as one of the most promising areas for innovation. From streamlining open enrollment to delivering personalized support and ensuring compliance, AI-powered tools are helping HR teams do more with less—while improving the employee experience along the way.

## Smarter Enrollment, Fewer Headaches

Open enrollment has long been a pain point for both HR teams and employees. AI is changing that. Intelligent decision-support tools can now guide employees through plan selection by analyzing their past claims, family status, and projected needs. These tools offer personalized plan recommendations—reducing confusion, minimizing errors, and increasing benefits utilization.

For employers, this means fewer questions during enrollment season and more confident, informed choices from employees. Some platforms even use natural language processing (NLP) to answer questions in real time, eliminating the need for lengthy FAQ documents or overwhelmed HR inboxes.

## Chatbots and Virtual Assistants

AI-powered chatbots are becoming a staple of modern benefits portals. Available 24/7, these virtual assistants can answer common questions about coverage, eligibility, deadlines, and more. They can also escalate complex issues to human reps when needed, ensuring a seamless support experience.

For example, an employee might ask, “Is my spouse covered under our dental plan?” or “How do I submit a claim for physical therapy?”—and get an instant, accurate response. This reduces HR workload and improves employee satisfaction.

## Predictive Analytics for Proactive Planning

AI doesn’t just react—it predicts. By analyzing claims data, absenteeism trends, and engagement metrics, AI tools can flag emerging issues like rising mental health claims or underutilized


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wellness programs. This allows benefits managers to take proactive steps, such as adjusting plan design, targeting communications, or negotiating with vendors.

Some platforms even offer "benefits health scores" that help employers benchmark their programs and identify areas for improvement.

### Automated Compliance and Risk Management

With ever-changing regulations—from ACA reporting to mental health parity—compliance is a constant challenge. AI tools can monitor plan documents, flag inconsistencies, and ensure required notices are sent on time. They can also generate audit-ready reports, reducing the risk of penalties and saving hours of manual work.

For brokers and consultants, these tools offer a new layer of value: helping clients stay compliant while focusing on strategic goals.

### What This Means for Employers

AI isn't replacing HR—it's empowering it. By automating routine tasks and surfacing actionable insights, AI allows benefits teams to focus on what matters most: supporting employees and aligning benefits with business strategy.

As AI adoption accelerates, benefits professionals who embrace these tools will be better positioned to deliver smarter, more responsive service to their clients and teams.

# Mental Health Parity Compliance: What Employers Need to Know in 2025

As mental health continues to take center stage in workplace wellness, employers are under increasing pressure to ensure their group health plans comply with the Mental Health Parity and Addiction Equity Act (MHPAEA). For HR leaders, CFOs, and plan administrators—2025 is shaping up to be a pivotal year for parity compliance, with heightened regulatory scrutiny and a renewed focus on enforcement.

### What Is Mental Health Parity?

The MHPAEA, originally passed in 2008, requires that group health plans offering mental health or substance use disorder (MH/SUD) benefits do so on equal footing with medical/surgical benefits. That means no more restrictive copays, visit limits, or prior authorization requirements for therapy or addiction treatment than for comparable physical health services.

While the law has been in place for over a decade, recent federal audits have revealed widespread noncompliance—often unintentional—among employer-sponsored plans. In response, regulators are stepping up enforcement, and employers are now expected to demonstrate not just intent, but documented proof of compliance.

### Why It Matters to Employers in 2025

In 2025, the Department of Labor (DOL) and the Centers for Medicare & Medicaid Services (CMS) are intensifying their audit activity. Under the Consolidated Appropriations Act (CAA), employers must now maintain a written comparative analysis of their plan's nonquantitative treatment limitations (NQTLs)—things like prior authorization, step therapy, and provider network design.

Failure to produce a compliant analysis upon request can result in corrective action, public disclosure of violations, and even civil penalties. For employers, this means that parity compliance is no longer a "check-the-box" exercise—it's a regulatory obligation with real consequences.

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## What Employers Should Be Doing Now

Now is the time to take a proactive approach. Here's how:

- **Request a Parity Analysis from Your Carrier or TPA**

  Many employers rely on their insurance carriers or third-party administrators to manage plan design. Ask for a current MHPAEA comparative analysis and review it with your broker or legal counsel.

- **Audit Your Plan Design**

  Examine how your plan handles prior authorization, reimbursement rates, and provider access for mental health services. Are they more restrictive than for physical health? If so, you may be out of compliance.

- **Document Everything**

  Maintain written records of your plan's NQTLs, the rationale behind them, and how they compare to medical/surgical benefits. This documentation is your first line of defense in an audit.

- **Educate Your Team**

  Ensure your HR and benefits staff understand parity requirements and can respond confidently to employee questions or regulatory inquiries.

- **Partner with Your Broker**

  Your insurance broker can be a valuable ally in navigating parity compliance. They can help you interpret plan documents, coordinate with carriers, and prepare for potential audits.

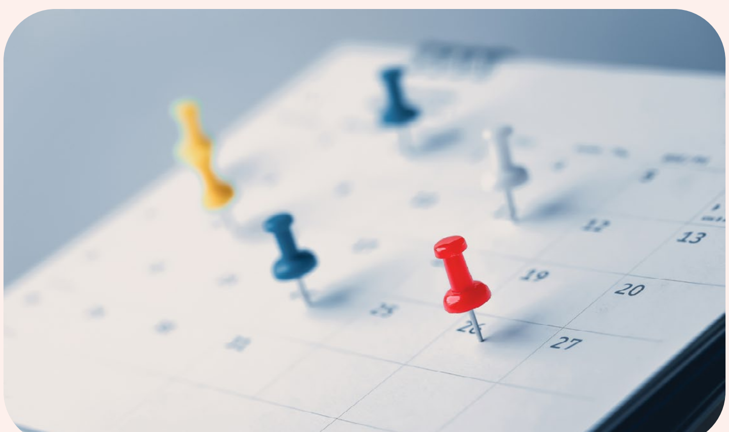
## Final Thoughts

Mental health parity is more than a legal requirement—it's a reflection of your organization's commitment to employee well-being. By taking steps now to ensure compliance, you not only avoid regulatory risk but also build a benefits program that supports your workforce in meaningful ways.

# Key Effective Dates for Benefits-Related Provisions in OBBB

| Provision | Effective |
|---|---|
| Expanded HSA eligibility<br>*(Note: Includes bronze/catastrophic plans; excludes Medicare Part A)* | Jan 1, 2026 |
| Telehealth pre-deductible (HDHP)<br>*(Note: Retroactive from Dec 31, 2024)* | Jan 1, 2025 |
| Tax-free student loan repayment<br>*(Note: Section 127 expansion; indexed)* | Jan 1, 2026 |
| Trump Accounts<br>*(Note: $5K/year; employer match up to $2.5K)* | Jan 1, 2025 |
| Dependent Care FSA increase<br>*(Note: Raised to $7.5K (not indexed))* | Jan 1, 2026 |
| Childcare credit expansion<br>*(Note: Up to 50% credit; $500K–600K max)* | Jan 1, 2026 |
| Medicaid & SNAP reforms<br>*(Note: Work requirements, verification updates)* | 2026–2028 |

*(HRA-to-HSA and ICHRA flexibility were removed from the final bill.)*



### Benefits Admin Action Items

- Review documents with TPAs by Q4 2025
- Prep open enrollment comms for 2026
- Coordinate payroll + compliance for updated tax rules
- Consider offering Trump Accounts + DepCare FSA
- Track Medicaid/SNAP reforms for impact on hourly workforce.