



Employee Benefits Report



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Compliance

The 2026 Compliance Crunch: What Employers Must Do Before Fall

Employee benefits managers are facing one of the busiest compliance years in more than a decade. Several major federal requirements are converging at the same time, and most of them carry real penalties for employers that miss deadlines or fail to document their efforts. The result is a mid-year “compliance crunch” that is catching many organizations off guard.

The good news: with a clear plan and the right partners, employers can meet these requirements without overwhelming their HR teams or increasing administrative costs. The key is understanding what’s changing, what regulators expect, and where employers can streamline their compliance work.

A Wave of New Requirements All at Once

Four major federal initiatives are driving the 2026 compliance surge:

1. Mental Health Parity Enforcement Federal agencies have stepped up audits to ensure health plans provide mental health and substance use disorder benefits on equal footing with medical and surgical benefits. Employers must be able to show how their plan designs, prior authorization rules, and network access standards meet parity requirements.

This Just In ...

New Federal Guidance Tightens Oversight of Health Plan Data Sharing

Federal regulators have issued new guidance that will affect how employers manage health plan data sharing for the rest of 2026. The update comes in response to a rise in cybersecurity incidents involving third-party administrators, payroll vendors, and benefits platforms. While the rules do not create new penalties, they clarify that employers—not vendors—are ultimately responsible for protecting employee health information.

The guidance focuses on three areas where regulators say employers need stronger oversight. First, employers must be able to show that they understand what data their vendors collect, how it is stored, and who has access to it. Regulators emphasized that “set-and-forget” vendor relationships are no longer acceptable. Second, employers must document how they review vendor security practices, including encryption standards and breach response procedures. Third, regulators want employers to limit unnecessary data transfers, especially large eligibility files that include fields not required for plan administration.



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Regulators are asking for documentation many employers have never compiled before.

2. Transparency in Coverage Rules Machine-readable files, cost-sharing disclosures, and price comparison tools are now mandatory. While most employers rely on carriers or TPAs to handle the technical work, the employer is still responsible for confirming that files are posted correctly and updated monthly. Regulators have made it clear that “the vendor handles it” is not a defense if something is missing.

3. Gag Clause Attestations All group health plans must attest annually that they do not have contractual restrictions preventing them from accessing or sharing cost and quality information. The first round of attestations revealed widespread confusion, and regulators are expected to tighten enforcement in 2026.

4. Prescription Drug (RxDC) Reporting Employers must submit detailed pharmacy and medical spending data each year. Even when carriers or PBMs file on the employer’s behalf, the employer must verify accuracy and maintain documentation. With pharmacy costs rising sharply, regulators are paying closer attention to these filings.

Why This Year Feels Different

Most employers are used to annual compliance tasks, but 2026 is different for three reasons:

- The volume of documentation has increased. Regulators want proof, not just assurances.
- Audits are more frequent. Mental health parity reviews are now routine, not rare.
- Penalties are real. Fines for missing transparency requirements can reach \$100 per day per affected individual.

For small and mid-sized employers, this can feel overwhelming. Even large employers with dedicated benefits teams are finding the workload heavier than expected.

How Employers Can Stay Ahead

The most effective strategy is to treat 2026 as a year to build a stronger compliance foundation. Employers that invest in better documentation and vendor oversight now will have far less work in future years.

Here are three practical steps:

1. Conduct a mid-year compliance audit. This doesn’t need to be complicated. Review your mental health parity documentation, confirm transparency files are posted, verify your gag clause attestation, and check that your RxDC data was submitted correctly. Many brokers and TPAs offer audit checklists.
2. Strengthen vendor accountability. Ask carriers, PBMs, and TPAs for written confirmation of what they are handling and what they are not. Request copies of parity analyses, RxDC submissions, and transparency file links. Keep everything in a single compliance folder.
3. Create a simple compliance calendar. Most requirements recur annually. A calendar with deadlines, responsible parties, and documentation links can save hours of work and prevent last-minute scrambles.

Turning Compliance Into an Advantage

While compliance work rarely feels strategic, employers that stay ahead of these requirements often discover unexpected benefits. Reviewing mental health parity rules can highlight access gaps that

For benefits managers, the message is clear: cybersecurity is now a core compliance responsibility. Regulators are encouraging employers to take three immediate steps:

- **Review vendor contracts** to confirm security and breach-notification requirements
- **Reduce unnecessary data sharing** by limiting eligibility file fields
- **Create a benefits-specific incident plan** so HR teams know what to do if a vendor is compromised

The new guidance reflects a broader shift toward protecting employee data across all benefits programs. Employers that act now will be better prepared for audits and better positioned to maintain employee trust.■

frustrate employees. Transparency data can reveal cost-saving opportunities. RxDC reports can uncover pharmacy trends worth addressing.

In other words, compliance isn’t just about avoiding penalties. It’s a chance to improve the benefits program itself — and to show employees that the organization is committed to fairness, access, and responsible stewardship of health plan dollars.■



Paid Family Leave Expands Again: What Employers Must Update Before 2027

Paid family leave (PFL) continues to expand across the country, and 2026 is shaping up to be a pivotal year. Several states have launched new programs, others are increasing benefit levels, and more legislatures are considering mandatory paid leave for the first time. For employers, this means new compliance responsibilities, new payroll deductions, and new coordination challenges with existing PTO, disability, and FMLA policies.

Even employers in states without PFL programs are feeling the ripple effects. Employees increasingly expect paid leave options, and competitors are using enhanced leave benefits to attract and retain talent. Benefits managers and business owners who take a proactive approach now will be better positioned for 2027 renewals and workforce planning.

A Patchwork System That's Getting More Complex

As of mid-2026, more than a dozen states have active paid family leave programs, and several more have passed laws taking effect in 2027 or 2028. Each program has its own rules for eligibility, payroll contributions, benefit amounts, and job protection. This patchwork creates challenges for multi-state employers, especially those with remote or hybrid workforces.

The biggest changes employers are dealing with this year include:

- Higher wage replacement rates
- Expanded definitions of “family member”
- New employer reporting requirements
- Increased employee payroll contributions

These changes mean employers must update handbooks, payroll systems, and employee communications to stay compliant.

Coordinating PFL With Existing Benefits

One of the most common pain points is coordinating PFL with other benefits. PFL programs often overlap with:

- FMLA
- State disability insurance
- Company-paid parental leave
- PTO banks and sick leave laws

Without clear coordination rules, employees may take leave in unexpected ways or receive more benefits than intended. This can create cost overruns and administrative headaches.

The best approach is to map out how each type of leave interacts. Some states allow employees to

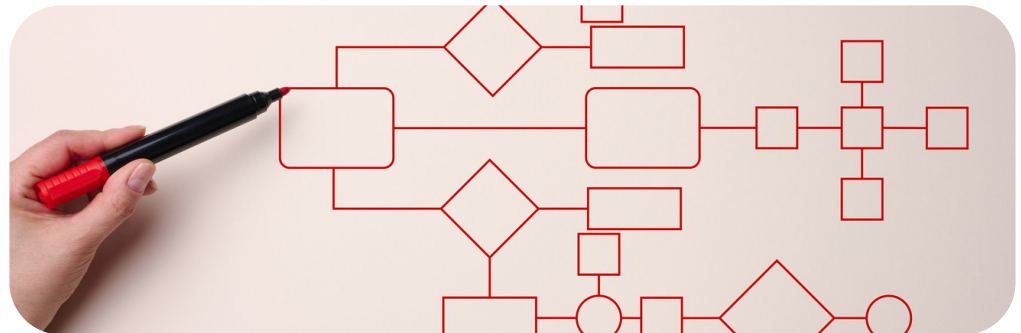
“stack” PFL with employer-paid leave, while others require offsets. Some allow intermittent leave; others do not. A simple coordination chart can prevent confusion and reduce compliance risk.

Why Employers Should Review Their Leave Strategy Now

Even if your state does not mandate PFL, reviewing your leave strategy in 2026 is a smart move. Employees increasingly expect paid parental leave, caregiver leave, and flexible time off. Employers that offer these benefits often see improvements in retention, morale, and productivity.

A mid-year review can help you:

- Identify gaps between your policies and employee expectations
- Ensure your leave benefits are competitive
- Reduce inconsistent leave decisions
- Improve communication and reduce confusion





Many employers are also using this moment to simplify their leave programs. Combining PTO banks, updating parental leave policies, or aligning disability and PFL benefits can make administration easier and reduce costs.

What Employers Should Do Before 2027

The most effective benefits teams are taking three steps:

- 1.Update policies and handbooks.** Ensure your leave policies reflect current state rules and explain how different types of leave interact.
- 2.Train managers and HR staff.** Front-line managers often make informal decisions about leave; training improves consistency and reduces legal risk.
- 3.Communicate early and often.** Clear explanations of leave options reduce confusion and prevent misuse.

Paid family leave will continue to evolve, and employers that stay ahead of the changes will be better positioned to support their workforce while managing costs responsibly.

To keep up with changing state rules, two reliable resources offer clear, regularly updated summaries. The National Conference of State Legislatures provides a comprehensive overview of state family and medical leave laws at <https://www.ncsl.org/labor-and-employment/state-family-and-medical-leave-laws> (ncsl.org in Bing), and the U.S. Department of Labor maintains an official listing of state paid family and medical leave programs at <https://www.dol.gov/general/topic/benefits-leave/fmla/state-paid-family-leave> (dol.gov in Bing). Including these links in your compliance toolkit can make it easier to stay ahead of new requirements and support employees with accurate, timely information.■

Financial Wellness 2.0: Emergency Savings, Student Loan Repayment, and New Options Under SECURE 2.0

Financial stress continues to be one of the biggest challenges facing today's workforce. Employees are dealing with rising living costs, higher interest rates, and lingering debt from the past decade. These pressures affect productivity, retention, and even health plan utilization. In 2026, employers are responding with a new generation of financial wellness benefits that go beyond budgeting tools and retirement education. The focus now is on practical, high-impact programs that help employees build stability and reduce day-to-day financial strain.

This shift—often called “Financial Wellness 2.0”—is being driven by new federal rules, changing employee expectations, and a growing recognition that financial stress is a workplace issue, not just a personal one. Employers that modernize their financial benefits now can improve retention, strengthen engagement, and support long-term financial security for their teams.

Emergency Savings Programs Gain Momentum

One of the biggest changes in 2026 is the rise of employer-sponsored emergency savings accounts. SECURE 2.0 allows employers to offer payroll-deducted emergency savings linked to retirement plans. Employees can contribute after-tax dollars, withdraw funds without penalty, and build a financial cushion that reduces the need for high-interest credit cards or payday loans.

For employers, these accounts are simple to administer and offer a meaningful benefit without adding significant cost. They also help reduce financial distractions at work. Employees with even a small emergency fund are less likely to miss work due to unexpected expenses and more likely to stay focused on long-term financial goals.

Student Loan Repayment Becomes a Competitive Advantage

Student loan repayment benefits are also evolving. Under SECURE 2.0, employers can now treat student loan payments as if they were retirement contributions for the purpose of matching. This means an employee who pays \$200 toward their student loans can receive a matching contribution to their 401(k), even if they can't afford to contribute themselves.

This change is especially valuable for younger employees and mid-career workers who have delayed saving for retirement. It also gives employers a powerful recruiting tool in industries where competition for talent is high. Many organizations are using this benefit to differentiate themselves without significantly increasing benefit costs.



Financial Coaching and Tools Are Becoming More Personalized

Traditional financial wellness programs often relied on generic webinars and one-size-fits-all budgeting tools. Today's employees expect more personalized support. Employers are responding by offering:

- One-on-one financial coaching
- Personalized savings plans
- Tools that integrate with payroll and banking apps

These programs help employees make real progress on goals like paying down debt, building sav-

ings, or planning for major life events. They also give employers better insight into the financial challenges their workforce is facing.

Why Employers Should Act Now

Financial wellness programs are no longer “nice to have.” They are becoming essential components of a competitive benefits package. Employees who feel financially secure are more productive, more loyal, and more engaged. Employers that invest in financial wellness often see lower turnover, fewer payroll advances, and reduced stress-related absenteeism.

The most effective approach is to start small and build over time. Adding an emergency savings option, offering student loan repayment matching, or providing access to financial coaching can make a meaningful difference without overwhelming your budget.

Financial Wellness 2.0 is about meeting employees where they are and giving them the tools to build a more stable future. Employers that embrace these new options will be better positioned to support their workforce and strengthen their overall benefits strategy. ■





Financial Wellness Quick Wins

Financial wellness doesn't have to be complicated or expensive. Many employers assume they need a full suite of tools and long-term planning resources before they can offer meaningful support. But in reality, some of the most effective improvements are simple, low-cost steps that help employees feel more stable right away.

In 2026, employees are dealing with higher living costs, rising interest rates, and more financial uncertainty than at any point in the past decade. Even small improvements in financial stability can reduce stress, improve productivity, and strengthen retention. For employers, the goal is to offer support that is easy to implement, easy to communicate, and easy for employees to use.



Start With Small, High-Impact Tools

A few targeted actions can help employees build confidence and reduce day-to-day financial pressure. These “quick wins” don't require major budget changes or complex administration.

- **Offer emergency savings payroll deductions** — Even without a formal SECURE 2.0 program, allowing employees to direct a small amount from each paycheck into a separate savings account can help them build a cushion.
- **Promote free or low-cost financial coaching** — Many banks, credit unions, and nonprofit groups offer coaching at no cost. Employers can simply connect employees to these resources.
- **Provide simple budgeting and debt-management tools** — A curated list of reputable apps or worksheets can help employees take the first step toward better financial habits.

These small steps can reduce financial stress quickly and give employees a sense of control.

Make the Most of SECURE 2.0

SECURE 2.0 created new opportunities for employers to support financial wellness without increasing plan costs. Allowing employees to receive a retirement match on student loan payments helps younger workers build long-term savings while paying down debt. Adding an emergency savings option inside the retirement plan gives employees a safe, penalty-free way to handle unexpected expenses. These features are optional, but they send a strong message that the employer is committed to helping employees build financial stability.

Communicate Clearly and Often

The most effective financial wellness programs succeed because employees understand what's available and how to use it. Short, simple messages—sent through email, onboarding materials, or the benefits portal—can dramatically increase engagement.

With a few quick wins, employers can help employees feel more secure today while building a stronger, more resilient workforce for the future. ■

