MAY 2025

SSG COMPLIANCE RECAP

What every HR leader should know about compliance.

STRATEGIC SERVICES GROUP

In May, applicable large employers were focused on RxDC reporting due in June, and the PCORI filing due in July. The U.S. Departments of Labor, Health and Human Services, and the Treasury jointly announced a pause in enforcement of the 2024 Final Rule implementing the Mental Health Parity and Addiction Equity Act (MHPAEA), and a federal court blocked the EEOC's mandate of accommodations for elective abortions. The "One Big Beautiful Bill Act" was passed by the U.S. House of Representatives and will be considered by the Senate. The IRS Released 2026 cost-of-living adjustments for HSAs, HDHPs and EBHRAs.

IN THIS ISSUE

Stay one step ahead with an easy-to-understand summary of these legislation highlights.

Consolidated Appropriations Act 2024 RxDC Reporting Deadline

The Centers for Medicare & Medicaid Services (CMS) has reaffirmed that the instructions for reporting 2024 Prescription Drug Data Collection (RxDC) remain unchanged from 2023. The deadline for employers and plan sponsors to submit 2024 data is Sunday, June 1, 2025.

Overview of RxDC Reporting Requirements

Each year, employers sponsoring group health plans must report specific information to CMS concerning prescription drug costs and health care spending.

This process involves submitting a detailed package of nine files: a plan list, eight data files, and a narrative explanation.

The Consolidated Appropriations Act (CAA) requires insurance companies and employer-based health plans to submit information about:

- Spending on prescription drugs and health care services
- Prescription drugs that account for the most spending
- Drugs that are prescribed most frequently
- Prescription drug rebates from drug manufacturers
- Premiums and cost-sharing that patients pay

While many employers rely on third parties such as carriers, pharmacy benefit managers (PBMs), or third-party administrators (TPAs) for this task, it's not uncommon for self-funded plans to be responsible for submitting several components of the filing.

Using the HIOS System

To upload any data files directly, employers must have access to the HIOS platform (Health Insurance Oversight System). CMS updated the HIOS RxDC User Manual and Access Guide in April 2024.

Employer Considerations

- Coordinate with insurers, PBMs, TPAs, and relevant vendors to prepare and transmit the required 2024 data.
- Confirm who is responsible for directly submitting any components of the RxDC filing through HIOS.

Patient Centered Outcomes Research Institute Fee Submission

Employers with self-insured health plans including health reimbursement arrangements (HRAs) must pay a fee to fund the Patient Centered Outcomes Research Institute (PCORI). HRAs offered with self-insured group medical plans are not subject to separate PCORI fees.

IRS Form 720 is used to report and pay the annual PCORI fees, which are due by July 31st of the year following the last day of the plan year.

For policy and plan years ending:

- after Sept. 30, 2024, and before Oct. 1, 2025, the applicable fee is $3.47 per covered life.
- after Sept. 30, 2023, and before Oct. 1, 2024, the applicable fee is $3.22 per covered life.

EMPLOYER CONSIDERATIONS

- Confirm whether your organization's group health plan is subject to the PCORI fee.
- Calculate the average number of lives covered under the policy or plan. Multiply this number by the applicable dollar amount for the year, which is adjusted annually for inflation.
- Submit payment through the Electronic Federal Tax Payment System (EFTPS).

Temporary Pause on Enforcement of 2024 Mental Health Parity Final Rule

The U.S. Departments of Labor, Health and Human Services, and the Treasury jointly announced a pause in enforcement of the 2024 Final Rule implementing the Mental Health Parity and Addiction Equity Act (MHPAEA). This action is tied to a legal challenge filed earlier this year and reflects a broader regulatory review currently underway.

Enforcement Paused, Not Repealed

The Departments will not enforce the new requirements from the 2024 Final Rule until at least 18 months after the litigation concludes. However, this pause does not eliminate existing compliance obligations under earlier rules.

Employers must continue complying with the original MHPAEA requirements, including performing and documenting comparative analyses of nonquantitative treatment limitations (NQTLs) as required by the Consolidated Appropriations Act, 2021.

Requirements from the 2024 Final Rule—such as fiduciary certifications and enhanced content standards for analyses—are temporarily suspended during this nonenforcement period.

The Departments are actively reviewing their MHPAEA enforcement strategies, though no specifics have been released yet regarding changes to current or future investigations.

For more information, refer to resources such as the 2013 MHPAEA final rules and the MHPAEA Implementation FAQs.

Implications of the "One Big Beautiful Bill Act" if Passed by the U.S. Senate

The "One Big Beautiful Bill Act," or H.R. 1, passed the U.S. House of Representatives by a narrow margin of 217-212. It now heads to the Senate for consideration. The bill includes provisions related to tax cuts, small business incentives, and policy changes impacting group health plans.

Part 3, Investing in the Health of American Families and Workers, is part of a broader federal healthcare reform package aimed at modernizing and expanding access to consumer-directed health benefits, particularly health savings accounts (HSAs) and health reimbursement arrangements (HRAs). This part of the bill introduces tax and regulatory changes intended to give families, workers, and small businesses more flexible and affordable healthcare financing options.

CHOICE Arrangements (formerly ICHRAs)

- Reinforces a 2019 rule that lets employers offer HRAs that workers can use to buy individual health insurance. These arrangements are to be renamed CHOICE (Custom Health Option and Individual Care Expense) arrangements.
- Employees enrolled in a CHOICE arrangement will be able to use salary reduction (through a cafeteria plan) to purchase insurance on the health insurance exchange.
- Small businesses (fewer than 50 employees) offering CHOICE arrangements for the first time will be able to claim a two-year tax credit.

Medicare and HSA Contributions

- People who qualify for Medicare Part A due to age but are not enrolled in Part B will be allowed to contribute to an HSA—something currently disallowed.

Direct Primary Care (DPC) and HSAs

- DPC arrangements (where patients pay a flat fee for primary care) will not disqualify someone from contributing to an HSA.
- Coverage will be limited to basic primary care and cost will be capped at $150/month for an individual and $300/month for families, adjusted for inflation.

Expanded HDHP Compatibility

- Bronze and catastrophic plans sold on health exchanges will qualify as high-deductible health plans (HDHPs), making HSA pairing easier.

On-Site Clinics and HSAs

- Codifies that employer-provided on-site clinics will not prevent HSA eligibility.
- Qualifying services will include physicals, immunizations, injury treatment, and chronic condition care.

Fitness and Exercise Expenses

- Certain fitness-related costs such as gym memberships and exercise classes will be HSA-eligible.
- Annual limits will be $500 for singles and $1,000 for families, adjusted for inflation.
- Exclusions will apply to clubs focused on golf, hunting, sailing, and similar purposes.

Continued

Joint Catch-Up Contributions for Couples

- Married couples will be able to combine their HSA catch-up contributions into one account if both are over 55 and have family HDHP coverage.

FSA/HRA Rollovers into HSAs

- Employees can convert unused flexible spending account (FSA) or HRA funds into an HSA contribution when switching to an HDHP.
- Contributions will be capped at the annual FSA limit ($3,300 in 2025).
- Eligibility requires a four-year HDHP-free period prior to this transition.

Retroactive HSA Reimbursements

- HSAs will be able to cover medical expenses incurred up to 60 days before the account was established, if tied to the start of HDHP enrollment.

Spousal FSA Disregard for HSA Eligibility

- An individual's eligibility to contribute to an HSA will not be impacted by their spouse's FSA, if the FSA is only reimbursing the spouse's expenses.

Doubling HSA Contribution Limits (with Income Phase-Out)

- HSA contribution limits in 2025 for eligible individuals will be increased from $4,300 to $8,600 for self-only coverage, and from $8,550 to $17,100 for family coverage.
- Eligibility phases out for individuals with $100,000 in annual income and families with $200,000 in annual income.
- Applies only to employee contributions.

Regulatory Authority

- Grants the Secretaries of the Treasury and Department of Health and Human Services the authority to issue rules and guidance as needed to implement this part of the bill.

IRS Releases 2026 Cost-Of-Living Adjustments for HSAs, HDHPs, and EBHRAs

The IRS announced the 2026 inflation-adjusted amounts that apply to health savings accounts (HSAs), excepted benefit health reimbursement arrangements (EBHRAs), and high-deductible health plans (HDHPs).

The maximum permitted catch-up HSA contribution for eligible individuals who are 55 or older during 2026 is not inflation adjusted and remains unchanged for 2026.

The higher HSA contribution limit and HDHP out-of-pocket maximum will take effect January 1, 2026. The higher HDHP deductible limits will increase for plan years that begin on or after January 1, 2026.

	2025		2026	
Applicable Limit	**Self-only**	**Family**	**Self-Only**	**Family**
HSA maximum contribution	**$4,300**	**$8,550**	**$4,400**	**$8,750**
HSA maximum catch-up contribution	**$1,000**	**$1,000**	**$1,000**	**$1,000**
HDHP minimum deductible	**$1,650**	**$3,300**	**$1,700**	**$3,400**
HDHP maximum out-of-pocket expense (in network)	**$8,300**	**$16,600**	**$8,500**	**$17,000**
EBHRA maximum employer contribution	**$2,150**		**$2,200**	

Federal Court Blocks EEOC's Abortion Accommodation Rule

A federal court in Louisiana ruled that the Equal Employment Opportunity Commission (EEOC) had exceeded its authority by mandating accommodations for elective abortions under the Pregnant Workers Fairness Act (PWFA). This ruling puts a temporary hold on that requirement nationwide.

Background

The PWFA requires employers to reasonably accommodate employees experiencing limitations stemming from pregnancy, childbirth, or related conditions—unless doing so would impose undue hardship. However, a controversial aspect of the rule was its inclusion of abortion (even when elective and not medically necessary) as a qualifying condition for accommodation.

This approach sparked legal opposition, particularly from Louisiana and Mississippi and from faith-based organizations, who argued the rule went beyond the intent of the original law. The judge agreed and ordered the EEOC to revise its guidance, stripping away the abortion-specific requirements.

Although parts of the EEOC's rule were vacated, the rest of the PWFA remains in full effect. Employers must still ensure they provide reasonable accommodations for pregnancy-related conditions.

EMPLOYER CONSIDERATIONS

- Ensure your HR personnel and supervisors are trained on PWFA requirements, especially where they differ from the Americans with Disabilities Act (ADA), such as allowing the suspension of essential job functions or avoiding unnecessary medical leave placements.
- Requests for accommodation can be informal—no specific form or language is required. Be responsive and avoid delays that might be interpreted as noncompliance.
- Ask for medical documentation only when it is truly necessary. Many situations—like needing breaks during pregnancy or time to nurse—don't require additional verification.
- Consult legal counsel before denying a request for accommodation. The threshold for undue hardship is high, and the risks of mishandling requests are significant.
- Other laws like the PUMP for Nursing Mothers Act (PUMP Act) still require dedicated time and private spaces for breastfeeding, and these rules apply to a broad range of workers.

Question of the Month

Q: If a father and adult daughter work for the same company, but the daughter is enrolled in the father's family HDHP, would the daughter be allowed to contribute to their own HSA account? Is the daughter considered to be a dependent?

A: Yes, if the father and child are both enrolled in a family HDHP, both the father and the child can independently contribute up to the family HSA limit to their own HSA. This is a different rule than the one that applies to a husband and wife in a family HDHP. In that case, the family contribution applies to both spouses together. But in this situation, both the father and child can each contribute the family HSA limit to their own HSA.

Answers to the Question of the Week are provided by Kutak Rock LLP. Kutak Rock provides general compliance guidance through the UBA Compliance Help Desk, which does not constitute legal advice or create an attorney-client relationship. Please consult your legal advisor for specific legal advice.