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NAVIGATING OPEN ENROLLMENT: A STEP-BY-STEP GUIDE FOR EMPLOYERS

OCTOBER 2025

NORTH RISK WEBINARS | 2025

PRESENTER



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Lumelight

LOGISTICS



Ask questions via the Questions box



Two-question survey at the end

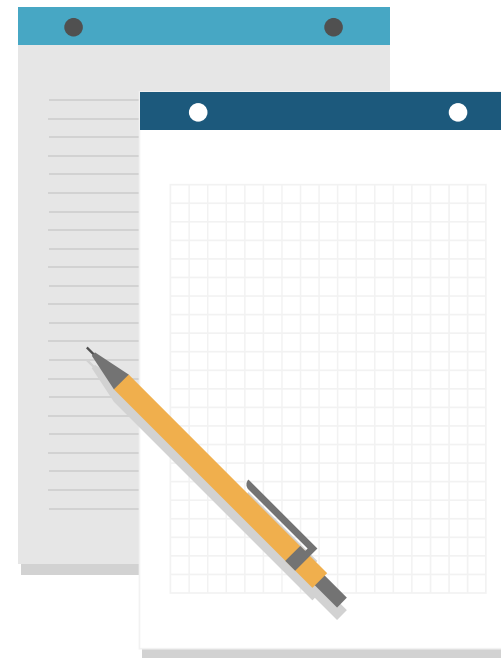


Webinar is recorded

 Follow-up email sent tomorrow with link to slides & recording!

AGENDA

- Open Enrollment
 - Plan Design & Documentation
 - Eligibility Tracking
 - Contributions & Affordability
 - Enrollment Materials & Notices
 - Compliance Assessment
- Legislative & Regulatory Update



OPEN ENROLLMENT

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PROACTIVE PLANNING MATTERS



PLAN DESIGN & DOCUMENTATION

- 1 Review core plan documents
 - Update wrap plan/SPD, cafeteria plan document, and SBC to reflect current benefit offerings and service providers
- 2 Verify eligibility rules
 - Ensure consistency across all documentation for employees and dependents, including during leaves of absence



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PLAN DESIGN & DOCUMENTATION

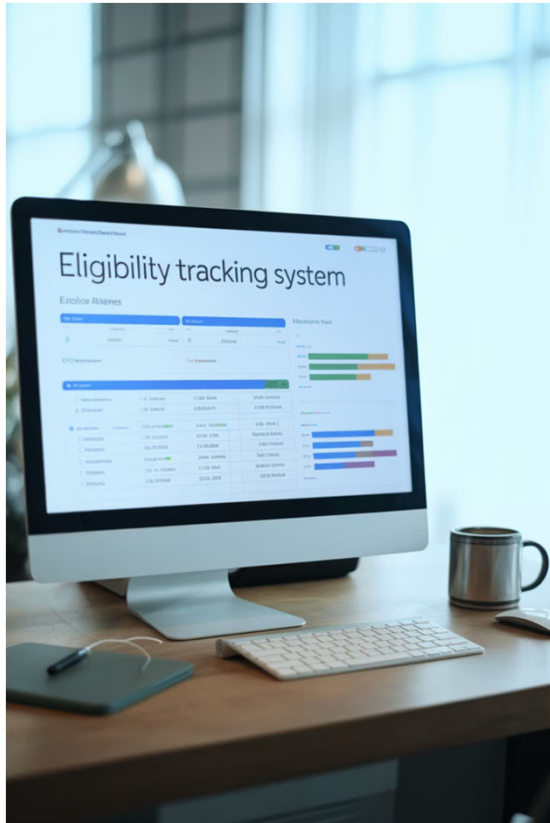
3 Evaluate benefit changes

- Review expansions or exclusions for compliance with ACA, MHPAEA, and nondiscrimination requirements
- For grandfathered plans, ensure changes do not cause a loss of grandfathered status

4 Update plan limits

- Review and update account-based plan limits for FSAs, HSAs, HRAs, and DCAPs for the upcoming tax/plan year. Ensure any grace periods, carryovers, or spend-down provisions are correctly described in all documents.

ELIGIBILITY TRACKING



System Set-Up

- Confirm eligibility rules, including measurement and stability periods, are properly programmed into payroll and benefit administration systems
- Verify waiting period rules and break in service (or rehire) provisions are set up correctly to ensure compliance

CONTRIBUTIONS & AFFORDABILITY

Affordability

- Ensure employee contributions for single medical coverage meet an ACA affordability safe harbor for applicable large employers

Payroll Setup

- Audit payroll and benefit systems to ensure contributions are accurate and aligned with benefit elections
- Confirm pre-tax and after-tax deductions are correctly configured in payroll systems

Benefit Levels

- Update benefit levels that are based on income (e.g., life and disability)

ENROLLMENT MATERIALS & NOTICES

- Enrollment Materials
 - Clarify enrollment dates and whether open enrollment is active or passive
 - Provide clear description of benefits and costs
 - Remember to provide materials to COBRA participants and retirees
 - Update attestations where applicable (e.g., HRA integration, opt-out arrangements, wellness program requirements)
- Annual Notices
 - Distribute a notices packet (e.g., SBC, WCHRA, CHIP, creditable coverage)
 - Mail or provide electronically in accordance with DOL safe harbor

ELECTION CHANGES / MISTAKES

Prior to plan year

- Employer not obligated to allow changes outside open enrollment window
- Employer could allow changes prior to the plan year start if allowed uniformly for all participants

After plan year begins

- Mistakes: Correct back to the beginning of the plan year
- Qualifying Life Event/Status Change: Change should typically only be prospective



COMPLIANCE ASSESSMENT

Conduct discrimination testing and make any necessary corrections prior to year-end

Audit plan operations for compliance with ERISA, COBRA, HIPAA, ACA and MHPAEA

Confirm service providers are meeting contractual and compliance obligations

Prepare or update a compliance calendar to track notice and reporting deadlines (e.g., Form 5500, ACA reporting, gag clause attestation)

LEGISLATIVE & REGULATORY UPDATE

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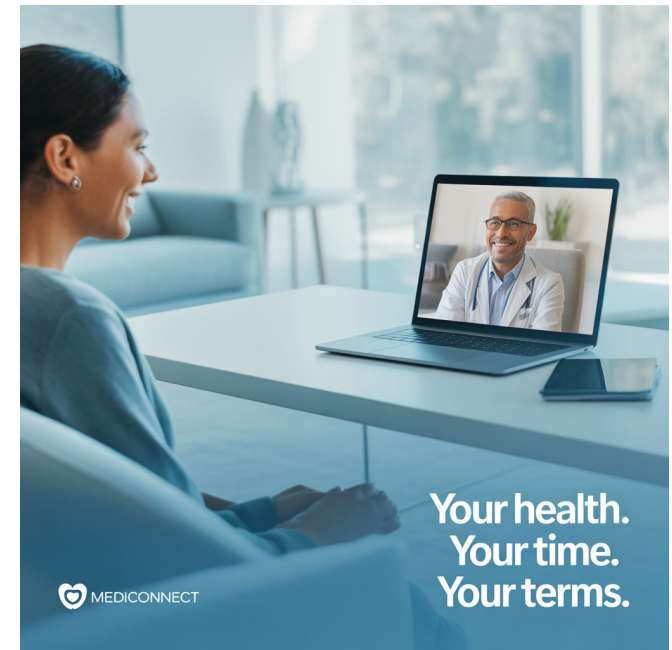
OBBBA - HSA CHANGES

Telehealth

- Permanent extension of safe harbor for HSA eligibility when participant has telehealth without an HDHP deductible
- Effective for plan years beginning on or after January 1, 2025

Direct Primary Care

- DPC meeting certain requirements can be offered without affecting HSA-eligibility
- DPC fees can be paid from HSA
- Effective January 1, 2026



OBBBA - OTHER CHANGES



Dependent Care Assistance Program (DCAP)

Maximum annual exclusion increased to \$7,500 beginning in 2026 (not indexed for inflation)



Student Loan Payments

Permanently allows employers to make tax free student loan reimbursement payments of \$5,250 per year beginning in 2026 (now indexed for inflation)



Transportation Benefits

Permanently eliminates the tax exclusion for qualified bicycle commuting reimbursement (was already suspended)

DCAP LIMIT CHANGES IN 2026



Annual (Calendar Year) Limits

- \$7,500 for single individuals/married filing jointly
- \$3,750 for married individuals filing separately
- Limited to earned income of individual if lower

Important Considerations

- Effective Jan. 1, 2026 (calendar year, not plan year)
- Optional increase
- Increased limits could make it harder to pass benefit discrimination testing

KENNEDY V. BRAIDWOOD MGMT.



- SCOTUS upholds ACA preventive care mandate and process by which required preventive care is selected
- No changes required - non-grandfathered plans must continue to provide preventive care as normal and add new services as announced by appropriate advisory panels

ACA UPDATES

- Affordability Percentages

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
9.56%	9.66%	9.69%	9.56%	9.86%	9.78%	9.83%	9.61%	9.12%	8.39%	9.02%	9.96%

- 4980H Penalties - Failure to Offer Coverage

	2025	2026
§4980H(a)	\$241.67/mo.	\$278.33/mo.
§4980H(b)	\$362.50/mo.	\$417.50/mo.

- Ability to post notice of availability for Form 1095s

2026 OUT-OF-POCKET LIMITS

- Changed how the ACA maximum out of pocket (MOOP) limit is calculated and then applied new formula to the 2026 plan year
 - Previously announced 2026 MOOP: \$10,150 single / \$20,300 family
 - New 2026 MOOP: \$10,600 single / \$21,200 family

ACA MOOP must be embedded if family MOOP exceeds single MOOP
i.e., if 2026 family MOOP is above \$10,600, plan must start to pay if any individual within that family unit incurs \$10,600 in medical expenses

MEDICARE CREDITABLE COVERAGE



Group health plans must determine whether prescription drug coverage is "creditable" or "non-creditable"

- Report creditable status to CMS within 60 days of plan year start
- Distribute notice of creditable status to eligible individuals upon initial eligibility and annually

"Creditable" coverage has an actuarial value equal to or exceeding the standard Medicare Part D prescription drug coverage

Two determination methods: actuarial analysis or simplified determination method

- New simplified option beginning in 2026

CREDITABLE COVERAGE - SIMPLIFIED METHOD

Plans can choose either method for 2026 plan years

Original Simplified Method

Plan will be creditable if:

- Provides coverage for brand and generic prescriptions
- Provides reasonable access to retail pharmacies
- Designed to pay on average at least 60% of prescription drug expenses, plus no annual maximum benefit or minimum benefits of at least \$25,000 OR expected to pay at least \$2,000 annually per Medicare-eligible individual

Revised Simplified Method

Plan will be creditable if:

- Provides coverage for brand and generic prescriptions and biological products
- Provides reasonable access to retail pharmacies
- Designed to pay on average at least 72% of prescription drug expenses

QUESTIONS?



UPCOMING WEBINARS

Employer Essentials



Watch your inbox
for invitations

Thursday, October 23 | 11:00 a.m. to 12:00 p.m.

Legal Hiring Practices: From Application to Background Screening

Thursday, October 30 | 11:00 a.m. to 12:00 p.m.

MN Paid Leave: What Employers Need to Know as Jan. 1 Approaches

Thursday, Nov. 6 | 11:00 a.m. to 12:00 p.m.

The Federal Drug & Alcohol Program: Ensuring a Safe Workplace