Health and Welfare Plan Year-End Checklist

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Health and Welfare Plan Year-End Checklist

Our earlier post covered year-end amendments and action items for retirement plans. Health and welfare plans have their own year-end to-do list. The non-exhaustive checklist below is for calendar-year plans.

Plan Amendments

Plan sponsors may need to adopt plan or cafeteria plan amendments before year-end, including:

- Amendments implementing any discretionary plan design changes intended to take effect for 2027, such as changes to eligibility, contribution, or carryover and grace period provisions.
- Amendments reflecting the participation of employees of any entities the controlled group acquired during the year.

Gag Clause Prohibition Compliance Attestation (due December 31, 2026)

Group health plans must attest to CMS each year that their contracts do not contain prohibited gag clauses. The 2026 attestation covers the period since the last attestation, which was due December 31, 2025. Both fully insured and self-insured plans are subject to the requirement. If the plan is fully insured, the plan and the carrier each have the obligation, although the carrier may submit on the plan's behalf. Self-funded plans generally have to file their own attestations unless a vendor agrees in writing to file for them.

2027 Limits

Plan sponsors should update plan documents, summary plan descriptions, payroll systems, and enrollment materials to the extent plan benefits track the 2027 limits:

- **Health FSA:** The salary reduction limit rises to $3,500, and the maximum carryover rises to $700.
- **HSA:** The contribution limit is $4,500 for self-only coverage and $9,000 for family coverage.
- **HDHP:** The minimum deductible is $1,750 for self-only coverage and $3,500 for family coverage. The out-of-pocket maximum is $8,700 for self-only coverage and $17,400 for family coverage.
- **ACA out-of-pocket maximums:** The limits are $12,000 for self-only coverage and $24,000 for family coverage.
- **Dependent care FSA:** The limit remains $7,500.
- **Adoption assistance:** The limit rises to $18,250 per year.
- **Excepted benefit HRA:** The limit is $2,250.
- **Qualified transportation fringe benefits:** The monthly limit is $350 for both parking and transit.

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ACA Affordability

The affordability percentage increases to 10.22% for plan years beginning in 2027, up from 9.96% for 2026. Applicable large employers should confirm that 2027 employee contributions remain affordable under their chosen safe harbor. Under the federal poverty line safe harbor, a 2027 calendar-year plan meets the threshold at about $135.93 per month or less for self-only coverage.

Annual Notices and Open Enrollment

Plan sponsors should confirm that open enrollment materials, summaries of benefits and coverage, and required annual notices have been or will be distributed on time. Required notices typically include the CHIP notice and the Women's Health and Cancer Rights Act notice. Summary plan descriptions and any summaries of material modifications should be updated to reflect 2027 changes.

Prepare for PBM Disclosures

As discussed here, sponsors of large, self-insured plans should begin reviewing PBM contracts ahead of the DOL's final PBM fee disclosure rule. The rule applies to plan years beginning on or after July 1, 2027, which means January 1, 2028, for calendar-year plans. Renewals deserve particular attention because disclosures must be provided reasonably in advance of a renewal, and 90 days in advance is considered reasonable.

Please visit our blog, Practical Benefits Lawyer, for a discussion of issues and developments in the areas of employee benefits and executive compensation.

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