

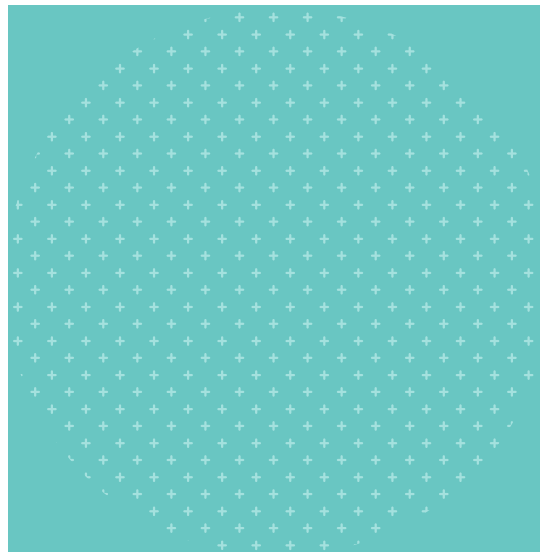
# Your 2023 Benefits Compliance Checklist

Ensuring your company is staying compliant is incredibly important and often difficult, especially when it comes to managing your benefits offerings. A lack of compliance puts your company at risk for potential fines, penalties, and litigation.

Use this 2023 Benefits Compliance Checklist to help you:

- ✓ Plan ahead and stay organized
- ✓ Keep track of important benefits compliance dates throughout the year
- ✓ Stay compliant

*\*Dates are based on a January 1 through December 31 plan year.*



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# ACA

## Why it's important

ACA reporting deadlines are particularly important to keep on your radar to avoid costly penalties from the IRS. Employers subject to the ACA requirement must submit reports to the IRS every year.

## Important dates



### February 28:

**ACA reports (paper)** - If you choose to paper file your ACA 1095-C information, the deadline is February 28, 2023.



### March 2:

**ACA furnishing** - Employers need to supply the 1095-C form to their employees by March 2, 2023.



### March 31:

**ACA reports (electronic)** - If you choose to file electronically for the 2022 tax year, the deadline is March 31, 2023.





# FSA

## Why it's important

A flexible spending account (FSA) grace period gives participants additional time to incur FSA-eligible expenses beyond the plan year end date. It applies to both a medical FSA or dependent care FSA. The IRS allows employers to permit a grace period of up to 2 ½ months.

If you do not add a grace period or carryover to your FSA plan, the IRS' use-or-lose rule states participants must spend their FSA funds within the FSA's plan year. This applies to both a medical FSA or dependent care FSA. All unused funds at the end of the plan year are forfeited to the plan.

Since the use-or-lose rule doesn't apply to all employee benefits, it's important to notify FSA participants about this rule a couple months before the end of the year.

## Important dates



### March 15

**FSA grace period ends** - If your FSA's plan year runs from January 1, 2023 through December 31, 2023, then the maximum allowed grace period would let participants incur FSA-eligible expenses through March 15, 2024.



### December 31

**FSA spend down** - if your FSA's plan year runs from January 1, 2023 to December 31, 2023, FSA funds need to be spent by December 31, 2023.

# Dependent Verification

## Why it's important

If your company is unintentionally covering ineligible dependents, you could be facing a compliance problem. A dependent eligibility audit, which is the process of verifying the eligibility of dependents in your benefits plans, can help you maintain compliance with insurance carrier eligibility requirements while minimizing litigation risks and reducing stop-loss exposure.

If your company is interested in conducting a dependent eligibility audit, you should communicate the dependent requirements during open enrollment and let employees know that an audit will be conducted in the new plan year.

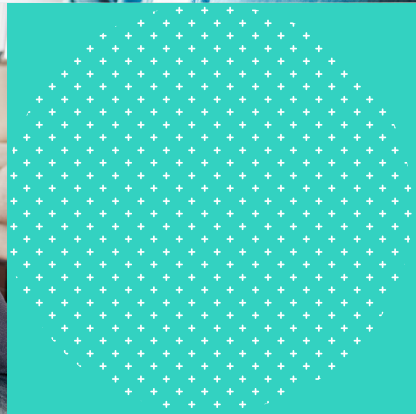
The audit can either take place at one point during the year as a one-time snapshot of dependent eligibility, or you can choose to have an ongoing verification process where dependent documentation is reviewed on a daily basis throughout the year.

## Important dates



Q1-Q2

**Dependent Eligibility Audit** - The best time to hold this audit is in the first or second quarter of the year, so no later than June 30.



# NDT (Non-Discrimination Testing)

## Why it's important

Non-discrimination testing rules are generally designed to prevent plans from discriminating in favor of individuals who are either highly compensated or otherwise key to the business. It's important when it comes to offering benefits to your employees and proving compliance for the IRS. The IRS requires non-discrimination testing for employers who offer plans governed by Section 125, which includes a flexible spending account (FSA). Testing is also required for health reimbursement arrangements (HRAs) and self-insured medical plans (SIMPs).

## Important dates



### Q1-Q2

**Mid-Year Testing** - Perform a mid-year test (no later than June 30) to help determine if additional steps should be taken to make sure your company can pass the required test by the end of the plan year.



### December 31

**End-of-Year Testing** - Non-discrimination testing should be performed by the last day of the current plan year and include all employees who were employed on any day during the plan year.



# QSEHRA

## Why it's important

The qualified small employer health reimbursement arrangement (QSEHRA) gives employers the opportunity to fund a tax-advantaged benefits plan that employees can use to pay for eligible expenses.

## Important dates



### October 3:

**QSEHRA Notice** - If you choose to offer a QSEHRA plan, you must provide a written notice to your employees 90 days before the start of the plan year informing them of the QSEHRA. New employees must also be notified of the QSEHRA on their first day of work. If your plan year runs from January 1, 2024 through December 31, 2024, the notice must be sent by October 3, 2023.





# COBRA

## Why it's important

COBRA can provide important health insurance security when individuals have experienced job loss or another qualifying event. There are a number of deadlines and steps employers must know for offering and administering COBRA.

## Important dates

### Within 90 days of participant eligibility:

**General Rights Notice** - Employers must make sure a written summary of COBRA rights and obligations is sent to all eligible group health care participants within 90 days of when group health plan coverage first begins.

### Within 14 days of qualifying event notice:

**Specific Rights Notice** - A written notice outlining COBRA rights and obligations, including election forms must be provided to all qualified beneficiaries within 14 days of receiving notice of a qualifying event.

### Within 60 days of when election notice sent:

**Enroll in COBRA** - If eligible participants choose to enroll in COBRA, they must enroll within 60 days of when the General Rights Notice was sent. If COBRA coverage is not elected within that time frame, the employer's obligations end.

# Your Benefits Compliance Calendar

Keep this calendar on hand  
to stay compliant.



## 2023

### Q1

- 2/28** - ACA reporting due (paper file)
- 3/2** - ACA 1095-C form due to employees
- 3/15** - FSA grace period ends
- 3/31** - ACA reporting due (filing electronically)

### Q2

- 6/30** - Conduct dependent eligibility audit before end of Q2.
- 6/30** - Perform mid-year non-discrimination testing before end of Q2.

### Q3

- Review benefit notices to prepare for open enrollment

### Q4

- 10/3** - QSEHRA notice due
- 12/31** - FSA funds need to be spent
- 12/31** - Non-discrimination testing due

**Note:** Dates are based on a January 1 through December 31 plan year.

The information in this document is for educational purposes only. It is not legal or tax advice. For legal or tax advice, you should consult your own legal counsel, tax and investment advisers.