HR Challenges: Compliance at the Top

by Dina A. Beck, Director of Marketing & CARES Program

More than a decade has passed since the Affordable Care Act (ACA) was signed into law, yet compliance remains one of the most significant challenges for HR professionals and plan sponsors. The ever-evolving regulatory landscape means that staying compliant is not only about meeting current requirements but also about anticipating changes and proactively managing risks. For organizations, the stakes are high: failure to comply can result in hefty penalties and reputational damage. Below, we delve into the top compliance challenges HR professionals face and strategies to navigate them effectively.

1. Keeping Up with Legislative Changes

The ACA may be a foundational piece of legislation, but it is far from the only compliance concern for HR teams. Recent changes to family leave policies, state-level insurance mandates, and updates to non-discrimination testing requirements have added layers of complexity. Staying informed requires monitoring federal and state updates, subscribing to regulatory alerts, and leveraging trusted legal and benefits consultants.

Tip: Implement a system for regular compliance reviews, and ensure your HR and legal teams collaborate closely to assess the impact of legislative changes on your organization's benefits programs.

2. Managing Reporting and Documentation Requirements

Accurate and timely reporting is a cornerstone of compliance. ACA-related forms such as 1095-B/C and 1094-C are mandatory, but errors in these documents can trigger audits and penalties. Beyond ACA requirements, organizations must also comply with ERISA reporting, COBRA notices, and various state-specific documentation mandates. Establishing and maintaining the appropriate plan documents, handbooks, and leave policies is critical to remaining compliant.

Tip: Invest in reliable HR technology platforms, either internally or through a qualified vendor, that automate reporting and reduce the risk of errors. Regular audits of your data can also help identify and correct inaccuracies before submission.

3. Adhering to Non-Discrimination Rules

Benefits programs must meet non-discrimination standards to ensure they do not disproportionately favor highly compensated employees. Failing these tests can result in penalties and jeopardize tax-favored status for certain plans.

Tip: Conduct annual non-discrimination testing and seek expert guidance to address any discrepancies early. Training HR teams on these requirements can also mitigate risks.

4. Navigating State-Specific Mandates

While federal laws like the ACA set the baseline, many states have implemented additional regulations, from individual mandates to paid family leave requirements. Employers operating in multiple states face the challenge of maintaining compliance across diverse jurisdictions.

Tip: Develop a state-by-state compliance checklist and partner with vendors who understand regional nuances. Centralizing your compliance efforts while accounting for local variations can streamline this process.

5. Preventing Cybersecurity Breaches in Benefits Data

Compliance isn't limited to meeting legal standards; it also involves protecting sensitive employee data, including Protected Health Information (PHI). Cybersecurity threats are an ever-present concern, especially when managing benefits programs that require storing and transmitting confidential information.

Tip: Work with IT teams to implement robust cybersecurity measures, such as encryption and multi-factor authentication. Regularly review vendor agreements to ensure they meet data protection standards.

Avoiding Penalties and Minimizing Risk

The path to compliance is not without obstacles, but the risks of non-compliance are far greater. Penalties for ACA violations, for example, can range from thousands to millions of dollars, depending on the size of the employer and the nature of the infraction. Beyond monetary consequences, organizations risk damaging their reputation and employee trust if compliance issues arise.

To eliminate these risks, consider the following strategies:

- **Education:** Train HR teams and key stakeholders on compliance requirements.

- **Technology:** Leverage tools that provide real-time updates and automate compliance workflows.

- **Proactive Audits:** Regularly review benefits programs and reporting practices to identify vulnerabilities.

- **Expert Support:** Engage legal and compliance experts to navigate complex regulations.

By prioritizing compliance as a strategic objective, organizations can safeguard their programs and focus on delivering value to employees. In today's dynamic regulatory environment, the ability to adapt and stay ahead of compliance challenges is a critical component of HR success.

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