



LILLIS 305 WEST 6TH STREET
MCKIBBEN ERIE, PENNSYLVANIA 16507
BONGIOVANNI (814) 452-4085
& CO. <http://www.lmbcoerie.com>

is a UBA Partner



UBA
PARTNER FIRM

Shared Wisdom.
Powerful Results.®

EMPLOYEE BENEFITS COMPLIANCE BRIEF



UBA EXPERT COMPLIANCE RESOURCES

Stay Compliant with the Employee Benefits Compliance Brief

An exclusive UBA Partner Firm monthly newsletter, focusing on one of your most important responsibilities — employer compliance.

June 2026

- IRS Releases 2027 HSA, HDHP, and Excepted-Benefit HRA Limits
- PCORI Fees Due July 31
- Summary of Material Modifications Due July 29 for Calendar-Year Health Plans
- Form 5500 Deadline Approaching for Calendar-Year Group Health Plans
- Question of the Month: Missed Form 5500 Filings

IRS Releases 2027 HSA, HDHP, and Excepted-Benefit HRA Limits

The Internal Revenue Service (IRS) has released the inflation-adjusted health savings account (HSA), high-deductible health plan (HDHP), and excepted-benefit health reimbursement arrangement (HRA) limits for 2027. These annual adjustments provide employers with an early opportunity to evaluate benefit strategies, update employee communications, and prepare plan documents for the upcoming year.

Applicable Limits	2026		2027	
	Self-Only	Family	Self-Only	Family
HSA maximum contribution	\$4,400	\$8,750	\$4,500	\$9,000
HSA maximum catch-up contribution	\$1,000	\$1,000	\$1,000	\$1,000
HDHP minimum deductible	\$1,700	\$3,400	\$1,750	\$3,500
HDHP maximum out-of-pocket expense (in-network)	\$8,500	\$17,000	\$8,700	\$17,400
EBHRA maximum employer contribution	\$2,200		\$2,250	

The additional \$1,000 catch-up contribution remains unchanged because it is established by statute rather than adjusted annually for inflation.

Employers should remember that HSA-compatible HDHP limits differ from the Affordable Care Act's annual out-of-pocket maximums applicable to non-grandfathered group health plans.

The Centers for Medicare & Medicaid Services (CMS) and the Department of Health and Human Services (HHS) establish separate ACA cost-sharing limits each year. Historically, ACA out-of-pocket maximums have been substantially higher than the HDHP maximums required for HSA eligibility. As a result, employers offering HSA-qualified plans must ensure they satisfy both sets of requirements where applicable.

Why Employers Should Pay Attention Now

Although these figures apply to 2027, many employers begin benefit strategy discussions months before open enrollment. The newly released limits can affect:

- Employer HSA contribution budgets
- Employee communication materials
- Open enrollment education campaigns
- HDHP plan design decisions
- Payroll deduction configurations
- Benefits administration systems

For organizations that make employer HSA contributions, even relatively small annual increases can affect budgeting across large employee populations.

Early communication to employees regarding new contribution opportunities may improve employee engagement and utilization of tax-advantaged healthcare savings vehicles.

Employer Action Items

- Review 2027 HDHP designs for compliance with IRS deductible and out-of-pocket requirements.
- Update HSA contribution materials and payroll systems before open enrollment.
- Evaluate employer HSA funding strategies and budget impacts.
- Monitor future CMS and HHS guidance regarding 2027 ACA out-of-pocket maximums and other annual indexing adjustments.

PCORI Fees Due July 31

Each year, certain employers sponsoring self-insured health plans must calculate, report, and pay the PCORI fee to the Internal Revenue Service (IRS). For policy or plan years that ended in 2025, the next filing deadline is July 31, 2026.

What Is the PCORI Fee?

The PCORI fee was created by the Affordable Care Act (ACA) to help fund the Patient-Centered Outcomes Research Institute (PCORI), an independent organization that conducts research comparing the effectiveness

of medical treatments, services, and healthcare approaches. The goal is to provide patients, healthcare providers, employers, and policymakers with better information to support healthcare decision-making.

Which Employers Must Pay the PCORI Fee?

The PCORI fee applies to sponsors of applicable self-insured health plans, level-funded arrangements, and health reimbursement arrangements (HRAs).

The employer (or plan sponsor) is responsible for calculating, reporting, and paying the fee absent an arrangement stating otherwise.

How Much Is the Fee?

The fee is calculated by multiplying the average number of covered lives by the applicable annual rate.

For plan years between Jan. 1, 2025, and Sept. 30, 2025, the fee is \$3.47 per covered life.

For plan years between Oct. 1, 2025, and Dec. 31, 2025, the fee is \$3.84 per covered life.

Employers of self-funded and level-funded plans must count all covered lives, including:

- Employees
- Spouses
- Dependents
- COBRA participants
- Retirees covered under the plan

Employers can generally use one of three methods:

1. Actual count method: Count covered lives for each day of the plan year, then divide by the number of days in the year.
2. Snapshot method: Count covered lives on one or more dates in each quarter, then average those counts. Count employees with self-only coverage as 1 and those with other-than-self-only coverage as 2.35.
3. Form 5500 method: Use participant counts from Form 5500 for the beginning and end of the plan year, then average them.

Calculating the Fee for an HRA

For an HRA PCORI fee calculation, employers generally count only the employees or former employees covered by the HRA, not spouses or dependents.

If the employer also maintains another self-insured medical plan with the same plan year, the HRA may be folded into that plan's counting method, so people covered under both are not counted twice.

How Is the Fee Reported and Paid?

The fee is reported using [IRS Form 720](#), Quarterly Federal Excise Tax Return.

Although Form 720 is generally a quarterly filing, employers filing only for the PCORI fee submit the form once annually. The fee is reported on the second-quarter Form 720 and must be filed by July 31.

Employers generally pay the fee electronically through the IRS [Electronic Federal Tax Payment System](#) (EFTPS).

What Happens If an Employer Fails to File or Pay?

The IRS treats the PCORI fee as a federal excise tax. Employers that fail to file Form 720, underreport the fee, or make late payments may be subject to:

- Failure-to-file penalties
- Interest on unpaid amounts
- Additional IRS enforcement actions if noncompliance remains unresolved

The exact penalty amount depends on the circumstances, the length of the delay, and whether the IRS determines the failure was due to reasonable cause. As with other federal tax obligations, penalties and interest can accumulate over time. Employers should consult their tax advisors if a filing deadline has been missed.

Common Areas of Confusion

Many employers mistakenly assume level-funded arrangements are fully insured. For PCORI purposes, level-funded plans are generally treated as self-insured plans, meaning the employer is responsible for filing and paying the fee.

When an employer offers an HRA alongside a fully insured medical plan, the insurance carrier pays the fee for the insured medical plan, but the employer may still owe a separate PCORI fee for the HRA.

Most health flexible spending accounts (FSAs) are excepted benefits and are not subject to the fee.

Employer Action Items

- Determine whether your organization sponsors any self-insured health coverage, including level-funded plans, HRAs, ICHRAs, or QSEHRAs.
- Confirm who is responsible for filing. Employers are responsible unless another arrangement has been specifically established with a carrier, broker, third-party administrator, or payroll vendor.
- Calculate average covered lives using an IRS-approved methodology.
- Complete and file Form 720.
- Submit payment by July 31.

Summary of Material Modifications Due July 29 for Calendar-Year Health Plans

For calendar-year plans, July 29 marks the deadline to distribute a [Summary of Material Modifications \(SMM\)](#) for certain plan changes that were adopted during the 2025 plan year. Under ERISA, plan administrators generally must provide participants with an SMM no later than 210 days after the end of the plan year in which the modification was adopted. For calendar-year plans, that deadline falls on July 29.

An SMM informs participants of significant changes to their benefits, rights, or obligations under the plan. Common examples include changes to eligibility rules, benefit provisions, cost-sharing requirements, claims procedures, or other information contained in the plan's Summary Plan Description (SPD).

Employers do not need to provide a separate SMM if the changes were already incorporated into an updated SPD that was distributed within the applicable disclosure timeframe.

It is important to note that different timing rules apply when a change results in a material reduction in covered services or benefits. In those situations, participants generally must receive notice within 60 days after the change is adopted. In addition, mid-year changes affecting information contained in the Summary of Benefits and Coverage (SBC) may trigger separate ACA notice requirements.

Employer Action Items

- Review all health plan amendments and benefit changes adopted during the 2025 plan year.
- Confirm whether affected participants have already received an updated SPD that incorporates those changes.
- If not, prepare and distribute an SMM by July 29, 2026.
- Maintain records of the distribution and method of delivery.
- Work with legal counsel, third-party administrators, or benefits advisors if there is uncertainty regarding whether a change is considered material or whether separate disclosure requirements apply.

Timely distribution of required ERISA disclosures helps employers meet compliance obligations and ensures employees receive accurate information about their health benefits.

Form 5500 Deadline Approaching for Calendar-Year Group Health Plans

[Form 5500](#) is the annual return/report used to provide information about an employee benefit plan's operations, funding, and compliance. The Form 5500 Series is used by the Department of Labor (DOL), the IRS, and the Pension Benefit Guaranty Corporation as a reporting and disclosure tool, and filings are generally available to the public through the DOL's EFAST2 system.

Why Form 5500 Matters

Form 5500 is a key part of ERISA's reporting and disclosure system and helps show how employee benefit plans are being operated.

Each year, plans that are required to file Form 5500 provide information about plan participation, funding, insurance arrangements, service providers, and financial activity. For many welfare benefit plans, including group health plans, the filing is generally required when the plan had 100 or more participants at the beginning of the plan year, unless a filing exemption applies.

The information collected through the Form 5500 Series serves several purposes. It helps the Department of Labor monitor plan compliance, gives participants and beneficiaries access to information about their benefits,

and provides data used by the IRS, other federal agencies, Congress, researchers, and the private sector to evaluate benefit trends, tax policy, and broader economic issues.

Because Form 5500 filings are generally public, they also support transparency. The filing helps ensure that employers and plan administrators are maintaining benefit plans in a way that is consistent with ERISA's standards and that participants, beneficiaries, and regulators have enough information to understand and protect plan rights and benefits.

When Is Form 5500 Due?

The filing deadline is the last day of the seventh month after the plan year ends. For calendar-year plans, that means the 2025 Form 5500 is generally due July 31, 2026.

Employers that need more time may request a one-time extension by filing [Form 5558](#), which may extend the deadline by up to 2½ months. For a calendar-year plan, that moves the deadline to October 15.

Who Should Pay Attention?

Employers sponsoring fully insured, self-funded, or level-funded group health plans with 100 or more participants at the beginning of the plan year are subject to Form 5500 filing.

Small unfunded or insured health plans with fewer than 100 participants are generally exempt unless another filing rule applies.

Special reporting rules apply to multi-employer welfare arrangements (MEWAs).

Visit the [IRS Form 5500 Corner](#) for more details.

Filing Is Electronic

Form 5500 and Form 5500-SF are filed electronically through the [DOL's EFAST2 system](#). The EFAST2 website allows filers to prepare, sign, submit, and search Form 5500 Series filings.

Employers often work with a third-party administrator, broker, benefits consultant, payroll vendor, or ERISA counsel to gather the needed information. However, the plan administrator remains responsible for making sure the filing is complete, accurate, and timely.

Late Filing Risks

Missing the Form 5500 deadline can create penalty exposure. The DOL notes that failure to file a timely and accurate Form 5500 may indicate poor plan management and can trigger enforcement activity. Employers that discover a missed filing may be able to use the DOL's [Delinquent Filer Voluntary Compliance Program](#) (DFVCP) to submit overdue filings and pay reduced civil penalties.

Employer Action Items

- Confirm whether the plan must file. Review participant counts as of the first day of the 2025 plan year and determine whether an exemption applies.
- Determine whether the plan must file Form 5500 or may qualify for Form 5500-SF.

- Gather required information early, including insurance carrier data, Schedule A information, plan funding details, plan numbers, EINs, and prior-year filings.
- Coordinate with service providers to confirm who is preparing the filing, who will review it, and who has authority to electronically sign and submit it.
- File Form 5558 if more time is needed. The extension request should be filed by the original Form 5500 due date.
- Keep copies of the completed filing, confirmation of submission, and any supporting documentation.

Timely Form 5500 filing is an important part of ERISA compliance. Employers should not assume that a carrier, TPA, or advisor has handled the filing unless that responsibility has been clearly confirmed.

Question of the Month

Missed Form 5500 Filings

Q. A client just discovered that they have never filed a Form 5500. The client is working to gather the data to complete the missed filings, but is concerned that carriers and other vendors will not be able to provide data for all years when filing was missed. How far back should the client go when completing these filings?

A. The employer should take advantage of the Department of Labor's (DOL) [Delinquent Filer Voluntary Compliance Program](#).

This program allows the employer to go back as far as necessary to correct Form 5500 filings and pay a single penalty that is much more reasonable than the potential penalties. The employer should file 5500s as far back as it is required and submit whatever information it can get. A welfare plan needs 100 participants on the first day of the plan year to be subject to a 5500. If the employer is unable to complete all of the 5500s, the DOL has expressed lenience in using this Delinquent Filer program. With this program, it is in the employer's best interest to go as far back as necessary since the number of delinquent filings does not impact the amount of the fee payable to the Department of Labor.

This information is general information and provided for educational purposes only. It is not intended to provide legal advice. You should not act on this information without consulting legal counsel or other knowledgeable advisors.

