

January 2025

HR Newsletter & Resources



HR HOTLINE MONTHLY TRENDS

Zywave's HR consultants serve as valuable resources for navigating the pressing challenges facing employers today. This team, the HR Hotline, fields dozens of questions each day from employers seeking answers to their most pressing questions.

Our data provides real-life insights into what is happening in HR and what types of workplace topics are on the minds of employers.

Here are the top five trending topics employers asked about in December 2024, our most recent month of data.

1| Benefits

Examples: ACA reporting requirements, HIPAA special enrollment

2| Wage and Hour

Examples: Overtime rule vacated, meal breaks

3| Leave of Absence

Examples: FMLA paperwork, bereavement

   denotes change from the previous month

4| Discipline and Terminations

Examples: Performance improvement plans, harassment

5| State Employment Law

Examples: Sick leave, paid time off

[Download ACA Reporting Deadlines and Penalties Cheat Sheet](#)

HR BRIEF

[Telehealth Exception Has Expired for Calendar-year HDHP/HSA Plans](#)

[DOL Increases Civil Penalty Amounts for 2025](#)

In response to the COVID-19 pandemic, the U.S. Congress enacted legislation that temporarily allowed high deductible health plans (HDHPs) to provide benefits for telehealth services before plan deductibles were met. This relief became effective in 2020 and was repeatedly extended. It currently applies to plan years beginning before Jan. 1, 2025. This means the relief ended on Dec. 31, 2024, for HDHPs with the calendar year as their plan year.

As background, to be eligible for health savings account (HSA) contributions, individuals cannot be covered by a health plan that provides benefits, except preventive care benefits, before the minimum HDHP deductible is satisfied for the year. Generally, individuals who are covered by telehealth programs that provide free or reduced-cost medical benefits are not eligible for HSA contributions. However, due to the pandemic-related relief, HDHPs have been able to waive the deductible for telehealth services without jeopardizing individuals' HSA eligibility.

Starting in 2025, providing telemedicine benefits other than just preventive care at no cost (or low cost) to participants makes them ineligible for HSA contributions. There has been bipartisan support to extend telemedicine relief for HDHPs either permanently or temporarily; however, Congress failed to extend this relief at the end of 2024. It remains to be seen if Congress will revive this relief in 2025.

Action Steps

Employers with HDHPs should review their health plan's coverage of telehealth services to determine if changes should be made for the plan year beginning in 2025. For plan years beginning in 2025, the minimum HDHP deductible is \$1,650 for selfonly coverage and \$3,300 for family coverage. Any changes to telehealth coverage should be communicated to plan participants through an updated summary plan description or a summary of material modifications.

The Department of Labor (DOL) has released its 2024 inflation-adjusted civil monetary penalties that may be assessed on employers for violations of a wide range of federal laws, including:

- The Fair Labor Standards Act (FLSA);
- The Employee Retirement Income Security Act (ERISA);
- The Family and Medical Leave Act (FMLA); and
- The Occupational Safety and Health Act (OSH Act).

To maintain their deterrent effect, the DOL is required to adjust these penalties for inflation no later than Jan. 15 of each year.

Key penalty increases include the following:

- The maximum penalty for violations of federal minimum wage or overtime requirements increases from \$2,451 to \$2,515 per violation.
- The maximum penalty for failing to file a Form 5500 for an employee benefit plan increases from \$2,670 to \$2,739 per day.
- The maximum penalty for violations of the poster requirement under the FMLA increases from \$211 to \$216 per offense.

The increased amounts apply to civil penalties that are assessed after Jan. 15, 2025 (for violations occurring after Nov. 2, 2015).

Employer Takeaways

To minimize potential liability, employers should review their compliance with laws enforced by the DOL.

Employers should become familiar with the new penalty amounts and review their pay practices, benefit plan administration and safety protocols to ensure compliance with federal requirements.

Employers may review the updated penalty amounts [here](#).

NEWS BRIEF

Inflation Rose in December 2024 As Expected

The U.S. Bureau of Labor Statistics **reported** that the consumer price index (CPI) rose 2.9% year over year in December 2024, up from 2.7% in November. This figure matched economist expectations and was likely impacted by seasonal factors, including gas, food and vehicle prices.

The “core” CPI, which strips out the unpredictable food and energy components, rose 3.2% in December. This figure was stuck at 3.3% for the previous four months, so this metric is finally easing. Core CPI remained stubborn due to high shelter costs. Other impactful services included motor vehicle insurance and medical care.

“The Federal Reserve is OK with watching the headline CPI go up temporarily if that increase does not spill over into the core CPI, and this is what happened in December”

- Eugenio Aleman, chief economist, Raymond James

While December’s CPI reading was received as encouraging, the news was less positive for workers, as wages aren’t keeping up with inflation. The real average hourly earnings decreased 0.2% from November to December, increasing 1% from a year ago. The real average weekly earnings decreased 0.1%.

What’s Next?

Although inflation has been slowing, it’s still above the Federal Reserve’s 2% target. Economists aren’t expecting rate cuts in the first half of this year. Furthermore, the latest cooling inflation reading doesn’t mean immediate cost savings for most consumers.

Inflation continues to apply financial pressures on Americans, and economic uncertainty remains with President Donald Trump’s return to the White House. Individuals should continue to monitor the economy and associated inflation trends, adjusting their financial habits accordingly. Employees should check with their managers for financial and mental wellness benefits and related resources.



HHS Announces HIPAA Audit Program Will Resume

The U.S. Department of Health and Human Services (HHS) recently updated its HIPAA enforcement website to announce the start of its 2024-25 audit program. HIPAA is enforced by HHS’ Office for Civil Rights (OCR). According to OCR, the 2024-25 HIPAA audits will review 50 covered entities’ and business associates’ (collectively called regulated entities) compliance with selected provisions of the HIPAA Security Rule most relevant to hacking and ransomware attacks.

This is a significant compliance step for OCR, which has not utilized its HIPAA audit program since 2016-17 due to a lack of financial resources. HIPAA audits are primarily a compliance improvement activity; however, if an audit reveals a serious compliance issue, OCR may initiate a compliance review

of the regulated entity to investigate.

HIPAA Security Rule

The [HIPAA Security Rule](#) sets a national floor for the protection of individuals' electronic protected health information (ePHI) by covered entities (health plans, health care clearinghouses and most health care providers) and their business associates. These standards require regulated entities to analyze the risks and vulnerabilities of the confidentiality, integrity and availability of their ePHI. The risk assessment process helps regulated entities implement reasonable and appropriate administrative, physical and technical safeguards to protect their ePHI.

HIPAA Audit Program

HHS is required to periodically audit regulated entities for compliance with the requirements of HIPAA's Privacy, Security and Breach Notification Rules. OCR last conducted HIPAA audits in 2016-17, when it audited 166 covered entities and 41 business associates.

In a [report](#), from Nov. 25, 2024, HHS' Office of Inspector General (OIG) concluded that OCR's HIPAA audit program was not effective at improving cybersecurity protections at regulated entities. OIG made several recommendations for OCR to enhance its HIPAA audit program, including expanding the scope of the audits to assess compliance with the Security Rule's physical and technical safeguards.

In December 2024, OCR announced that HIPAA audits would resume. These audits will focus on compliance provisions of the HIPAA Security Rule that are most related to cybersecurity. OCR will publish an industry report summarizing its findings after the 2024-25 HIPAA audits are completed.

Employers with self-insured health plans and employers with fully insured health plans that have access to ePHI should periodically review their compliance with the HIPAA Security Rule. This review should include ensuring their risk analysis is up to date and they have implemented the appropriate administrative, physical and technical safeguards for ePHI.

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