



## Rewards Policy Insider 2026-03



### In this Issue:

1. [Employee Benefits Security Administration Announces New Enforcement Priorities for 2026](#)
2. [Congress Passes PBM Reforms; President Trump Unveils Comprehensive Healthcare Plan](#)
3. [IRS Releases Updated Model 402\(f\) Notices](#)

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# Upcoming Compliance Reminders for Calendar Year Employee Benefit Plans

## March 2026

*2<sup>nd</sup>: Form 1095-C must be made available for employees*

*31<sup>st</sup>: Forms 1094-C and 1095-C due to IRS*

*Note: This is meant to be a reminder of certain upcoming compliance deadlines for employee benefit plans operating on a calendar year basis. It is not an exhaustive list of compliance obligations. Specific plans may be subject to different obligations and deadlines depending upon a variety of factors, including the plan type, plan year, and whether or not the plan is subject to ERISA, among other things.*

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## Employee Benefits Security Administration Announces New Enforcement Priorities for 2026

The Department of Labor's ("DOL") Employee Benefits Security Administration ("EBSA") recently announced an update to how it will prioritize its investigations and enforcement efforts regarding plans governed by ERISA. The new enforcement priorities include cybersecurity, retirement asset management, and surprise billing.

### Background

DOL's EBSA is responsible for enforcing many of the key provisions of ERISA, such as the fiduciary and reporting/disclosure rules. EBSA has several different enforcement programs, including those covering health plan investigations, investigations involving plan participants' rights, and fiduciary investigations. EBSA maintains a list of national enforcement projects, which highlight the investigations that the agency will prioritize.

### Updated Enforcement Priorities

In January, EBSA [announced](#) that it had updated its list of national enforcement projects for 2026, in order to make EBSA investigations "more efficient, responsive, and [to] prioritize serious misconduct rather than minor foot faults." The announcement provides a helpful window into where EBSA regulators will concentrate their limited resources.

According to the announcement, investigators will now prioritize cases related to:

- Cybersecurity;
- Barriers to mental health and substance use disorder benefits;
- Protecting benefit distributions;
- Retirement asset management;
- Surprise billing; and
- Criminal abuse of contributory benefit plans.

The announcement also indicates that investigators will de-prioritize other areas:

- **Reduction in Missing Participant Audits.** DOL has long conducted audits regarding fiduciaries' efforts to locate so-called "missing participants" – i.e., former plan participants who left funds in the plan and cannot be located. These audits can be burdensome and costly. EBSA's announcement indicates that, due to various factors, it expects "necessary enforcement action in this area to reduce."
- **ESOPs Removed from Priority List.** The national enforcement projects list has now removed employee stock ownership plans ("ESOPs"). While that does not mean EBSA's ESOP enforcement will cease altogether, it does signal that investigations into ESOPs will no longer be a priority.

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## **Congress Passes PBM Reforms; President Trump Unveils Comprehensive Healthcare Plan**

The Consolidated Appropriations Act, 2026 (CAA 2026), which was signed into law on February 3, includes a number of disclosures and other requirements for pharmacy benefit managers (PBMs). President Trump has also unveiled a new healthcare plan that proposes some additional PBM reforms, along with other changes to the healthcare system. Not included in either the President's plan or CAA, 2026, is an extension of the enhanced ACA premium subsidies that expired at the end of 2025.

### **PBM Reforms in CAA, 2026**

The PBM reforms included in CAA, 2026 reflect a bipartisan, bicameral agreement between key House and Senate leaders. According to a press release by Representative Buddy Carter (R-GA), a proponent of PBM reform, some of the key provisions included in CAA, 2026, will:

- Prohibit PBM compensation in Medicare Part D from being tied to the manufacturer's list price of a drug.
- Ensure PBMs provide group health plans and issuers with detailed data on prescription drug spending at least semi-annually. Such data would include gross and net drug spending, drug rebates, spread pricing arrangements, formulary placement rationale, and information about

benefit designs that encourage the use of pharmacies affiliated with PBMs. Additionally, this provision would ensure that health plans and individuals could receive a summary document regarding information about the plan's prescription drug spending.

- Require the Centers for Medicare & Medicaid Services (CMS) to define and enforce "reasonable and relevant" Medicare Part D contract terms, including information about reimbursement and dispensing fees, and establish an appeals process for pharmacies to dispute terms that do not follow the reasonable and relevant standards.
- Allow CMS to track payment trends to pharmacies and pharmacy inclusion in PBM networks, including a designation of essential retail pharmacies.

## President Trump's "Great Healthcare Plan"

As a proposed alternative to extending the ACA enhanced subsidies, the President's "Great Healthcare Plan" would divert the money directly to eligible individuals to "buy the health insurance of their choice." Consistent with other Republican proposals, this money presumably would be contributed to Health Savings Accounts or similar accounts.

Other proposals in the "Great Healthcare Plan" would:

- Fund the ACA's cost-sharing reduction program
- End "kickbacks" by pharmacy benefit managers (PBMs) to brokers
- Require health insurance companies to publish to their websites –
  - rate and coverage comparisons, "in plain English"
  - the percentage of their revenues that are paid in claims, as opposed to overhead and profit (it is not clear how this would interact with the existing medical loss ratio (MLR) requirements)
  - the percentage of claims that they deny and average wait times for "routine care"
- Codify the Administration's "most favored nation" drug pricing deals with manufacturers
- Make more pharmaceuticals available over-the-counter, instead of by prescription only

The White House has posted a "Great Healthcare Plan" [page to its website](#), and has also published a [Fact Sheet](#).

## Outlook

A second budget reconciliation bill could be a potential path to advance President Trump's health proposals, but given Republican's thin majority in the House it would require near unanimous Republican support.

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## IRS Releases Updated Model 402(f) Notices

The Internal Revenue Service ("IRS") released updated model explanations that plan administrators of 401(a), 403(a), 403(b), and governmental 457(b) plans can use to satisfy the requirements of Internal Revenue Code ("Code") section 402(f). Section 402(f) requires plan

administrators to provide plan participants with an explanation of the rules for making a rollover.

## Background

Under section 402(f) of the Code, prior to making a distribution to a participant that is eligible to be rolled over, retirement plan administrators must provide a written explanation of the rules that apply to rollovers and the tax consequences of not rolling over a distribution. This explanation is called the “special tax notice” or the “402(f) notice.”

The IRS provides two versions of a model 402(f) notice – one for distributions that are from a designated Roth account, and one for distributions that are *not* from a designated Roth account – that are treated as satisfying the requirements of Code section 402(f). The IRS periodically updates the model notice to reflect changes to the law.

## Updated Model 402(f) Notice

On January 15, 2026, the IRS issued [Notice 2026-13](#), which provides an updated model notice to reflect the statutory changes made by the SECURE 2.0 Act of 2022 (“SECURE 2.0”) and implement recommendations made by the Government Accountability Office (“GAO”).

The Notice reminds plans that the updated model may be used to satisfy Code section 402(f), except to the extent that the explanation is no longer accurate because of a change in law after the date of the release of Notice 2026-13. Thus, plan administrators relying on the model 402(f) notice should continue to monitor for future changes in the law that may require them to make changes to the model notice.

Notable changes to the model 402(f) notice include:

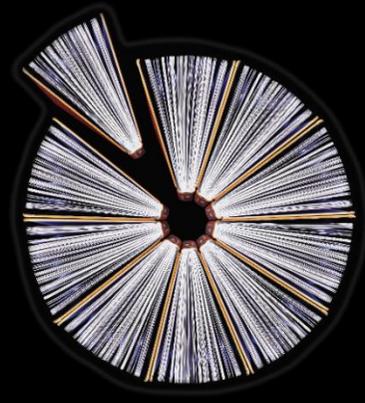
- **New Exceptions to the 10% Tax on Early Distributions.** The 402(f) notice includes a list of exceptions to the 10% additional tax on distributions that individuals under age 59½ would otherwise be required to pay under the Code, unless they instead choose to roll the distribution over. The 2026 model notice updates the list to include exceptions that were newly enacted or modified by SECURE 2.0. The new additions include distributions to domestic abuse victims, distributions to terminally ill individuals, and distributions to pay for long-term care insurance.
- **Required Minimum Distribution Rules.** The 2026 model notice reflects a number of changes to the required minimum distribution (“RMD”) rules made by SECURE 2.0. For example, the model notice reflects the SECURE 2.0 rule that permits an account owner’s surviving spouse to elect to have their annual RMDs determined using a more favorable calculation that will result in smaller distributions (the Uniform Lifetime Table).
- **Making Distribution Options Clearer.** The 2026 model notice incorporates recommendations by the GAO to modify the 402(f) notice to more clearly and concisely lay out an individual’s distribution options and the associated tax consequences. Thus, the notice now includes a Q&A near the beginning of the document stating that individuals generally have four choices when they have a payment amount that is eligible for a rollover: (1) leave it in the plan; (2) roll it over into another plan; (3) roll it over into an IRA; or (4) take it and pay any required taxes.

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