

HR Team Resource · Benefits Administration Tool

# Benefit Administration Gap Review Checklist

A practical checklist for reviewing how your benefits administration is running across HR, payroll, and carrier systems.

**Use at least annually.** Six domains where benefits administration gaps tend to form between HR, payroll, and carrier systems.

**Organization:**

**Review Date:**

**Completed by:**

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## How to Use This Checklist

01

### Why this matters

Benefits administration errors form quietly at the handoffs between HR, payroll, and carrier systems. A structured review that names each handoff, assigns an owner, and documents what was checked is the most reliable way to surface gaps before they surface as claim denials, tax notices, or employee disputes.

Work through each section alongside your payroll contact and carrier representatives. Check each item as confirmed, and use the Notes column to record owners, findings, and follow-up dates.

Items marked **PRIORITY** should be resolved before your next open enrollment or carrier review.

Confirmed	In Progress	Gap Identified
Verified with evidence in file	Underway, needs follow-up	Needs immediate attention

Items marked Gap Identified flow to the Priority Action Log at the back. Retain this completed checklist in your HR governance file as evidence of your administrative oversight process.

## EOI Tracking

02

*Life insurance elections above guaranteed issue vs. carrier approvals on file*

### Why this matters

When an employer collects premiums for life insurance coverage the carrier never approved, courts have held the employer liable for the coverage gap under ERISA, often through equitable remedies such as surcharge under ERISA Section 502(a)(3), even when the employer acted in good faith. EOI tracking is one of the cleanest places to prevent that exposure.

### Step 1. Pull your post-enrollment life insurance election report

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Export all active life insurance elections from your benefits platform		

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Flag all elections above the guaranteed issue (GI) amount <i>GI amounts vary by carrier. Check your plan documents if unsure of the current threshold.</i>		
<input type="checkbox"/>	Create a separate list of flagged elections for carrier cross-reference		

**Step 2. Cross-reference with carrier EOI approvals**

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Contact each life insurance carrier and request a list of approved EOI elections		
<input type="checkbox"/>	Compare your flagged elections against carrier-approved amounts line by line		
<input type="checkbox"/>	<b>PRIORITY</b> Identify any employee with coverage above GI and no carrier approval on file		
<input type="checkbox"/>	For each unresolved case, determine: EOI pending, EOI denied, or EOI never submitted		

**Step 3. Resolve and communicate**

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Notify affected employees in writing that their elected coverage exceeds the approved amount		
<input type="checkbox"/>	Provide EOI submission instructions and carrier deadlines to each affected employee		
<input type="checkbox"/>	<b>PRIORITY</b> Stop collecting premiums for unapproved coverage amounts until EOI is resolved		
<input type="checkbox"/>	Document all communications and resolutions with dates		

**Date of last EOI audit:** \_\_\_\_\_

**Person responsible for ongoing EOI tracking:** \_\_\_\_\_

# HRIS-to-Carrier Integration Audit

## HRIS status changes vs. carrier enrollment records

### Why this matters

Most HRIS-to-carrier integrations fail silently. Address updates, name corrections, and status changes that don't sync create downstream problems, most seriously with COBRA. A notice sent to an outdated address may not satisfy the requirement under 29 CFR 2590.606-4(d) that notices be furnished by means reasonably calculated to ensure actual receipt, which can trigger statutory penalties under ERISA Section 502(c)(1).

### Step 1. Pull a sample of recent HRIS status changes

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Export HRIS changes from the past 90 days: terminations, address updates, name corrections, coverage changes		
<input type="checkbox"/>	Select a random sample of at least 20 records across each change type		
<input type="checkbox"/>	Note the date each change was processed in the HRIS		

### Step 2. Verify each change at the carrier level

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Request a current enrollment extract from each carrier		
<input type="checkbox"/>	Check each sampled record: does the change appear correctly in carrier records?		
<input type="checkbox"/>	<b>PRIORITY</b> Flag any record where HRIS data does not match carrier enrollment file		
<input type="checkbox"/>	Note how many days elapsed between HRIS change and carrier update		

### Step 3. Escalate and correct discrepancies

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Submit corrections to affected carriers for all flagged records		
<input type="checkbox"/>	Contact your HRIS or benefits platform vendor about recurring sync failures		
<input type="checkbox"/>	<b>PRIORITY</b> For COBRA-related address discrepancies, assess whether notices met the "reasonably calculated to ensure		

✓	Item	Status	Notes / Owner
	actual receipt" standard under 29 CFR 2590.606-4(d). If not, consider re-issuing notice and extending the election period.		
<input type="checkbox"/>	Schedule quarterly integration audits on your benefits calendar going forward		

**Date of last integration audit:** \_\_\_\_\_

**Carrier(s) with most frequent discrepancies:** \_\_\_\_\_

## COBRA Notice Content Review

04

*Election notice content requirements under 29 CFR 2590.606-4(b)(4)*

### Why this matters

Address accuracy is only half of COBRA notice compliance. The content of election notices is governed by 29 CFR 2590.606-4(b)(4), which lists specific elements every notice must contain. Missing or inaccurate content is a common finding in DOL reviews and can create penalty exposure even when the notice reached the participant on time.

### Step 1. Pull a sample of recent COBRA election notices

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Export a sample of COBRA election notices sent in the past 12 months across different qualifying event types		
<input type="checkbox"/>	Identify whether notices are generated by the HRIS, a COBRA administrator, or a benefits platform		
<input type="checkbox"/>	Obtain the current template in use from each system generating notices		

**Step 2. Verify required content elements** – The list below covers the most commonly missed elements. The complete list of required content is at 29 CFR 2590.606-4(b)(4).

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	The plan name and contact information for the plan administrator		
<input type="checkbox"/>	The name of each qualified beneficiary and the qualifying event that triggered COBRA rights		

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	The date coverage ends under the plan and the date COBRA coverage begins if elected		
<input type="checkbox"/>	A description of the procedure to elect continuation coverage, including the election deadline (at least 60 days from the later of the notice date or coverage loss)		
<input type="checkbox"/>	The consequences of failing to elect coverage or of waiving the election		
<input type="checkbox"/>	The maximum period of continuation coverage available (generally 18 or 36 months)		
<input type="checkbox"/>	The amount of the required periodic premium and the due date, including any grace period provisions		
<input type="checkbox"/>	An explanation of the importance of keeping the plan informed of address changes		
<input type="checkbox"/>	A statement that the notice does not fully describe COBRA rights and that more information is available from the plan administrator		

**Step 3. Address gaps**

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	<b>PRIORITY</b> Flag any required content element that is missing or materially inaccurate in the current template		
<input type="checkbox"/>	Update templates through the administrator, benefits platform, or HRIS vendor responsible for notice generation		
<input type="checkbox"/>	Confirm updated templates are applied to all new notices going forward		
<input type="checkbox"/>	<b>PRIORITY</b> For participants who received deficient notices in the past 12 months, consult legal counsel about whether re-issuance or extended election periods are appropriate		

**Date of last COBRA notice content review:** \_\_\_\_\_

**COBRA administrator or system generating notices:** \_\_\_\_\_

## Domestic Partner Imputed Income and FSA Compliance

Payroll configuration, W-2 accuracy, and FSA claim eligibility

### Why this matters

When an employer covers a domestic partner who does not qualify as a tax dependent under IRC Section 152, the fair market value of employer-paid coverage is taxable income to the employee under IRC Section 61. Employee contributions for that coverage must be made on a post-tax basis under IRC Section 125, and FSA or HRA reimbursements for the partner's expenses are not permissible on a tax-favored basis under IRC Sections 105(b) and 125. Each of these requires specific payroll and plan configuration that often goes unverified.

### Step 1. Identify employees with domestic partner coverage

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Pull a list of all employees currently carrying domestic partner coverage		
<input type="checkbox"/>	Confirm whether each domestic partner qualifies as a tax dependent under IRC Section 152(d) (qualifying relative) <i>All four tests must be met: (1) partner lived with employee as member of household for entire tax year (and relationship does not violate local law); (2) partner's gross income is below the §152(d)(1)(B) exemption threshold (the IRS publishes an annual figure for this purpose; check the most recent revenue procedure for the current amount); (3) employee provides more than half of partner's total support; (4) partner is not a qualifying child of any other taxpayer.</i>		
<input type="checkbox"/>	Separate the list: tax-dependent partners vs. non-tax-dependent partners		

### Step 2. Verify payroll configuration for imputed income

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Confirm with your payroll provider that the fair market value of employer-paid health coverage for non-tax-dependent domestic partners is coded as imputed income under IRC Section 61		
<input type="checkbox"/>	<b>PRIORITY</b> Confirm employee contributions toward non-tax-dependent domestic partner coverage are deducted on a post-tax basis, not through the Section 125 cafeteria plan		
<input type="checkbox"/>	Confirm employer-paid group-term life insurance coverage exceeding \$50,000 is imputed per IRC Section 79 Table I (applies to all employees, not only domestic partner situations)		

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Verify imputed income appears on employee paystubs with a clear label (e.g., IMP or IMPUTED)		
<input type="checkbox"/>	Spot-check W-2s for affected employees to confirm imputed income is reported correctly in Box 1 and subject to employment taxes		
<input type="checkbox"/>	<b>PRIORITY</b> If imputed income is missing from any W-2, initiate a corrected W-2c and coordinate with payroll to remit any underwithheld employment taxes		

### Step 3. Review FSA and HRA claim data for domestic partner expenses

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Request a report from your FSA or HRA administrator of claims submitted that list a domestic partner as the covered individual		
<input type="checkbox"/>	<b>PRIORITY</b> Flag any domestic partner FSA or HRA claims where the partner is not a tax dependent under IRC Section 152		
<input type="checkbox"/>	For flagged claims, treat the reimbursed amounts as taxable income to the employee (not merely as administrator errors) <i>Improperly reimbursed amounts must be included in the employee's gross income via corrected W-2 or payroll adjustment, consistent with IRS guidance on cafeteria plan operational failures.</i>		
<input type="checkbox"/>	Update FSA plan communications and enrollment materials to clarify which dependents are eligible for tax-favored reimbursement		

Number of employees with non-tax-dependent domestic partner coverage: \_\_\_\_\_

Date payroll configuration was last verified: \_\_\_\_\_

## Termination Reporting Policy

06

*Retroactive date controls and manager accountability*

### Why this matters

When termination reporting lags, carriers may pay claims during the gap between separation and processing. Those claims are generally not recoverable from the carrier, leaving the employer to absorb both premium and claims costs. A written reporting window with clear consequences is the most direct fix.

### Step 1. Assess your current termination reporting process

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Does your organization have a written policy requiring managers to report terminations within a defined window?		
<input type="checkbox"/>	Is there a defined consequence when that reporting window is missed?		
<input type="checkbox"/>	Pull terminations from the past 6 months and calculate average days between separation date and HR processing date		
<input type="checkbox"/>	Identify any termination processed with an effective date more than 5 business days in the past. These warrant immediate carrier review. <i>The 5-business-day threshold is a practical trigger, not a regulatory requirement.</i>		

### Step 2. Implement termination reporting controls

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Establish a written policy: managers must report terminations to HR within 2 business days of separation		
<input type="checkbox"/>	Define the escalation path when the reporting window is missed		
<input type="checkbox"/>	Build a shared notification so at least two HR team members receive every termination alert		
<input type="checkbox"/>	Add termination reporting compliance to manager performance expectations		

### Step 3. Manage retroactive terminations when they occur

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	<b>PRIORITY</b> When a retroactive termination is submitted, immediately check whether the carrier has paid claims during the gap period		
<input type="checkbox"/>	Contact the carrier to determine whether any claims can be reversed (note: most cannot)		
<input type="checkbox"/>	Document the gap, the claims exposure, and the resolution in writing		
<input type="checkbox"/>	Report recurring retroactive termination patterns to HR leadership quarterly		

Current average days between separation and HR processing: \_\_\_\_\_

Defined reporting window (e.g., 2 business days): \_\_\_\_\_

## ACA Reporting Accuracy

07

Forms 1094-C and 1095-C coding and downstream alignment

### Why this matters

Applicable Large Employers (generally 50 or more full-time or full-time equivalent employees) must file Forms 1094-C and 1095-C under IRC Sections 6055 and 6056. Coding errors, particularly around termination dates and offer of coverage, are one of the most common IRS enforcement areas. The same termination processing gaps that cause carrier claims exposure often cause downstream ACA reporting errors.

### Step 1. Confirm ALE status and reporting obligation

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Confirm your current Applicable Large Employer (ALE) status based on prior-year full-time and full-time equivalent employee counts		
<input type="checkbox"/>	Identify the system or vendor responsible for generating Forms 1094-C and 1095-C		
<input type="checkbox"/>	Confirm the current plan year's forms have been filed (or are on track to be filed) by the applicable deadlines		

### Step 2. Audit Form 1095-C coding accuracy

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	Pull a sample of recent Forms 1095-C across different employment scenarios (full-year eligible, new hire, terminated, waiver)		
<input type="checkbox"/>	Verify Line 14 (Offer of Coverage code) is correct for each month based on the actual offer made		
<input type="checkbox"/>	Verify Line 15 (employee required contribution for self-only coverage) reflects the lowest-cost minimum essential coverage option		
<input type="checkbox"/>	Verify Line 16 (Safe Harbor and other relief codes) is applied correctly where used		

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	<b>PRIORITY</b> Flag any 1095-C where the coverage end date does not match the HR termination processing record		
<input type="checkbox"/>	Confirm new hire waiting-period coding aligns with the plan document's eligibility provisions		

**Step 3. Reconcile termination data across systems**

✓	Item	Status	Notes / Owner
<input type="checkbox"/>	<b>PRIORITY</b> Cross-check termination dates in the HRIS, carrier records, and 1095-C coding for consistency. Discrepancies here are one of the most common IRS enforcement triggers.		
<input type="checkbox"/>	For terminations processed retroactively, confirm the 1095-C reflects the correct coverage end date (not the HR processing date)		
<input type="checkbox"/>	Review any IRS Letter 226-J (proposed assessment) or Letter 5699 (missing filing) correspondence from the past 3 years for unresolved items		
<input type="checkbox"/>	Establish a workflow where termination processing triggers an ACA coding check before year-end		

Current ALE status: \_\_\_\_\_

Vendor or system responsible for 1094/1095-C generation: \_\_\_\_\_

**Priority Action Log**

08

**Why this matters**

Documenting gaps and assigning clear ownership is what converts the review from diagnostic into action. The log is also the retained record of HR’s administrative oversight process, useful for internal audits, employee disputes, and regulatory reviews.

Document all items flagged as Gap Identified during this review. Review progress at each HR leadership meeting and retain this log in the benefits administration file.

#	Gap Area	Action Required	Owner	Due Date
1				
2				
3				
4				
5				
6				
7				
8				

## Review Summary & Sign-Off

09

<b>Review Completed By</b>	
<b>Date of Review</b>	
<b>Organization</b>	
<b>Plan Year Reviewed</b>	
<b>Total Items Reviewed</b>	
<b>Items: Confirmed</b>	

<b>Items: In Progress</b>	
<b>Items: Gap Identified</b>	
<b>Recommended Next Review Date</b>	

HR Leader Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## About First Hill Trust

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First Hill Trust is a retirement plan solution provider that delivers a comprehensive employee benefits back office for plan sponsors who want clearer accountability, stronger governance, and fewer operational handoffs. Our work is grounded in helping sponsors understand and strengthen the oversight of their plan. We focus on clarifying where responsibility sits, how decisions are executed, and how oversight functions in practice, not just on paper

We work behind the scenes to support plans that value clarity, consistency, and confidence in how they are managed. If you'd like more information or a high-level review of how your retirement plan is governed today, click the link to schedule a brief review, or contact us (206)-625-1800.



[Schedule a Brief Review](#)

### Important Disclosures

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