

BMSS FAMILY OF
COMPANIES PRESENTS:



AN HR COMPLIANCE UPDATE

Join us for an informative webinar on today's complex workplace regulations. We'll review important federal, state, and local obligations, point out frequent compliance missteps, and provide actionable strategies to help you avoid them.



12 March, 2026

8.30 am- 10.00 am (CST)



Agenda

- HR Updates
 - Alabama
 - Federal
 - Workplace Trends
- Managing Behavioral Issues
- Disciplinary Actions
- Documentation
- Employee Retention & Engagement
- Remote/Hybrid Workforce Management
- Leave Law Best Practices
- HR Compliance Hot Topics for 2026
- Safety, Security & Workplace Violence Prevention
- Termination Best Practice



HR Updates



HR Updates:

Alabama

Effective January 1, 2026:

- Compensation paid to a nonresident employee for services performed within AL for 30 or fewer days is exempt from AL state and local income tax under certain conditions.
 - does not apply to employees working in their capacity as professional athletes, professional entertainers or public figures.
- In addition, compensation paid to a nonresident temporarily in Alabama to perform disaster or emergency related services in response to an authorized declaration is exempt from state and local income tax.

HR Updates:

Federal

Compensation Changes Effective January 1, 2026:

- IRS limit on contributions to Dependent Care FSAs increased from \$5000 to \$7500 (\$3750 if married and both are contributing)
- IRS minimum for reporting on 1099 Independent Contractor payments increased from \$600 to \$2000

HR Updates:

Federal

Benefit Changes Effective January 1, 2026:

- Health Insurance Requirements:
 - Plans must cover a "core treatment" (widely recognized therapy) for Mental Health/Substance Abuse conditions in every benefit classification (e.g., inpatient, outpatient) where they cover similar treatments for medical/surgical conditions, ensuring equitable access.
- HSA Participation/DPCs:
 - Now eligible to participate in HSA while enrolled in a Direct Primary Care (DPC) arrangements as long as monthly fees do not exceed \$150 (individual)/\$300 (family)
 - Monthly fees can also be qualified expenses for the purpose of the HSA

HR Updates:

Federal

Benefit Changes Effective January 1, 2026:

- Paid Family and Medical Leave:
 - If an employer is providing voluntary paid family and medical leave as a uniform policy, they can qualify for a tax credit
 - Requirements:
 - At least 2 weeks (can be prorated amount for part-time) and at least 50% of regular pay
 - Must be a written policy
 - Employee must have worked for organization for at least 1 year and earn less than a certain amount (previously defined as \$72,000 but current IRS written guidance indicates it may be expected to change)
 - Must be leave for one of the FMLA qualifying reasons

HR Updates:

Federal

Benefit Changes Effective January 1, 2026:

- IRA Catch Up Contributions:
 - Catch-up contributions to 401(k), 403(b) and government 457(b) plans by employees with wages exceeding \$150,000 must be made on a Roth, after-tax basis.
 - Standard limit (specific to 401k, 403b, and 457b): \$24,500
 - 50+: additional \$8000
 - 60-63: additional \$3250 (total catch up of \$11,250)
 - Issued guidance has prohibited requiring all catch up contributions be made on a Roth basis
 - Issued guidance has allowed that the employee's prior year FICA reportable income may be used for determining whether or not their wages exceed the limit
 - Corrective actions are available if an employee's contributions slip through

HR Updates:

Workplace Trends

Artificial Intelligence (AI):

- Pro's:
 - Increasing productivity by lifting some of the mundane chores
 - Potential for increased efficiency in research
- Con's
 - Security/confidentiality
 - Misuse could lead to compliance issues
 - Misuse could lead to confidence issues

HR Updates:

Workplace Trends

Artificial Intelligence (AI):

- Develop and distribute a policy identifying the parameters for approved AI use
 - In particular: data privacy concerns and human review/fact checking
- Strategically work with leadership to identify upskilling needs for staff to pivot to new environment
- If using for recruiting, verify validation testing for bias

HR Updates:

Workplace Trends

Benefits:

- Highest ranked benefits in terms of importance:
 - Health Insurance
 - Retirement
 - Leave
 - Flexible Working Benefits
- Health insurance, retirement, and leave consistent to previous years; flexible working benefits has begun to decrease

HR Updates:

Workplace Trends

Employee Perspective: Key Workplace Needs

- Salary/wages
- Stress/burnout
- Work/life balance
- Mental health
- Pay fairness

Managing Behavioral Issues



Managing Behavioral Issues:

The “Why”

Behavioral issues can impact work culture significantly. They can be difficult to manage due to perspective issues and accountability. However, if left unchecked, it may affect retention for other employees by:

- **Eroding Engagement & Satisfaction**
- **Increasing Absenteeism**
- **Creating Toxic Environments**
- **Leading to Burnout**

Managing Behavioral Issues:

The “How”

First and foremost, the expectations for employee behavior must be established and well-communicated to employees.

- **Respectful workplace policy**
- **Establishing core values that not only speak to how employees treat and act in front of patients but also how they work with and treat others**
 - Respect
 - Collaboration
 - Accountability
 - Integrity
 - Inclusion
 - Compassion

Managing Behavioral Issues:

The “How”

Secondly, these expectations must be implemented:

- **Leadership Role Modeling**
 - Leadership should intentionally treat others the way they are advising their employees to treat others
- **Leadership Reinforcement**
 - When leadership observes inappropriate behavior, pull the employee aside and address it as soon as possible
- **Leadership Communication**
 - Of all policies, do not leave this one for the employee to read on their own and create their own interpretation – announce its arrival and identify examples both of meeting the expectation and of not meeting the expectation
 - Identify to all managers the importance of addressing poor behavior and not avoiding conflict

Managing Behavioral Issues:

The “How”

Addressing inappropriate behavior must be done carefully:

- Whenever possible, refer to actions you observed yourself
- If addressing an issue you did not observe, try to obtain perspective from an unbiased third party witness
- Maintain composure
- Identify the inappropriate behavior as clinically as possible
 - “I observed you raise your voice and use a harsher tone than you normally use”
 - “I observed you raise your hands over your head, turn, and walk away in a angry manner”
 - “A witness confirmed you called Jane “useless”.”
- Give the employee a chance to explain their perspective. Help them to understand the correct way to respond to the situation described
- Continue to monitor the situation and re-address if needed.

Disciplinary Processes



Disciplinary Processes:

The “Why”

A disciplinary process should be designed to provide structured corrective actions to improve and prevent recurrences of employee performance issues or misconduct.

The goal is not to punish but to address issues in a manner that allows the employee the opportunity to better align with the clinic’s standards and expectations to create a successful employment relationship between employee and employer.

Disciplinary Processes:

The “How”

Addressing disciplinary issues should always be:

- **Clear**
- **Consistent**
- **Current**

Disciplinary Processes:

The “How”

“Clear”:

Ensuring clarity is important to the process as it:

- Helps the employee to understand the expectation and how to prevent future issues
- Provides clear and understandable recounting of the situation in the future (if needed)

Disciplinary Processes:

The “How”

“Consistent”:

Ensuring consistency is important to the process as it:

- Carries the same expectation to all staff members
- Prevents discrimination claims

Disciplinary Processes:

The “How”

“Current”:

The timeliness of how soon you address the issue is important as it:

- Prevents issues from building up
- Provides opportunity to grow and improve
- Allows all parties to remember pertinent details
- Past issues may be referenced to demonstrate repetition or pattern, but the focus should be on the current issue at hand.

Disciplinary Processes:

The “How”

Typical Disciplinary Action Steps and Progression

- Initial Coaching
- Verbal Counseling
- Written Warning
- Performance Improvement Plan (if performance-related)
- Suspension
- Termination

Documentation



Documentation:

The “Why”

Common phrase in HR: “If it isn’t documented, it didn’t happen”. This applies to:

- Hiring decisions
- Compensation practices
- Benefit practices
- Communicating internal policies, but most importantly...
- **Disciplinary actions/performance discussions and separations**

Being able to justify these kinds of decisions and changes can become crucial if audited, facing unemployment hearings, or charged with claims of discrimination or wrongful termination

Documentation:

The “How”

Documentation should always be prepared as if the document could be presented in front of a court of law, which means that it should be factual, clinical, and objective.

Include:

- Dates, times, and locations
- A detailed description of the incident using clinical language

(i.e., “At 12:34 pm on 1/23/45, Jessie Spano approached Lisa Turtle at the front office intake window. As observed by Kelly Kapowski, Ms. Spano reached down with her left hand and struck Ms. Turtle on the left side of Ms. Turtle’s face.”)

Documentation:

The “How”

Include:

- Reference to the policy or performance expectation in violation, or reference to why the behavior is not acceptable (i.e., “This incident is being addressed as a disciplinary conduct issue due to the clinic’s responsibility under OSHA to provide safe working conditions, which include an environment free from workplace violence” or “This incident is in direct violation of the clinic’s policy against workplace violence as found on page 23 of the employee handbook.”)
- Identified dates of previous infractions if applicable
- A description of the disciplinary action being applied and the next level of discipline that will occur if repeated

Documentation:

The “How”

Full Example:

“At 12:34 pm on 1/23/45, Jessie Spano approached Lisa Turtle at the front office intake window. As observed by Kelly Kapowski, Ms. Spano reached down with her left hand and struck Ms. Turtle across the left side of Ms. Turtle’s face.

This incident is in direct violation of the clinic’s policy against workplace violence as found on page 23 of the employee handbook and acknowledged by Ms. Spano on 12/01/45.

Ms. Spano has previously been addressed on the importance of avoiding physical contact with other employees following an incident addressed on 1/20/45 as documented in Ms. Spano’s personnel file. As Ms. Spano has previously been coached on this behavior, ABC Clinic has determined the most appropriate correction is to terminate employment immediately with an effective last day worked of 01/23/45.”

Documentation:

The “How”

Finally, buying in to the need for documentation is great, but far more important is implementing and maintaining your documentation practices.

- Training
- Templates
- Checklists
- Internal Accountability Audits

Employee Retention & Engagement:

Key Drivers of Retention

- Strong onboarding during first 90 days
- Competitive compensation & pay fairness
- Recognition and appreciation programs
- Support for work-life balances and burnout prevention

Best Practices

- Conduct Stay Interviews to address issues
- Train Managers on engagement, coaching, and communication style
- Monitor employee moral, exit feedback, and turnover trends

Remote/Hybrid Workforce Management:

Key Considerations

- Eligibility criteria for remote/hybrid roles
- Standardized expectations
- Productivity guidelines
- Training programs

Compliance Concerns

- Multi-state wage & hour rules
- Tax implications and workplace location reporting
- Secure technology use and data protection

Leave Law Best Practice:

Managing FMLA & ADA Effectively

- Provide clear written processes for requesting leave
- Use consistent forms and communication templates
- Conduct the ADA interactive process promptly
- Track intermittent leave accurately and fairly

Reducing Leave Misuse

- Require complete medical documentation
- Request certifications & recertifications when allowed
- Train Managers on recognizing protected leave situations

HR Compliance Hot Topics

Key Areas of Risk

- Independent Contractor classification updates
- Revised Form I-9 procedures & virtual verification
- OSHA focus: workplace violence prevention & ergonomics
- Retaliation protections (a top enforcement priority)

Recommendations

- Review and update HR policies annually
- Conduct internal audits of hiring, pay, and safety practices
- Train Managers on compliance-sensitive areas

Safety, Security & Workplace Violence Prevention:

Key Components

- Written workplace violence prevention plan
- Training on threat recognition and de-escalation
- Procedures for reporting concerning behavior
- Crisis response and communication protocols

Employer Responsibilities

- Maintain a safe workplace (OSHA General Duty Clause)
- Provide tools to minimize risks (panic buttons, controlled access)
- Enforce behavior expectations consistently

Termination Best Practices:

Key Requirements

- Perform risk assessment, history of documentation, aligns with company policy
 - * Include your HR Team and Managers “for no surprises”
 - * Protected class, potential disability or medical history, potential retaliation or discrimination claims
 - * **Last Paycheck Requirements**
 - * Timing varies by state (immediate, next payday or within a defined period)
 - * Include all wages earned, PTO payout if required by state law or company policy
- **Unemployment Notices**
 - * Provide required unemployment documentation at separation
 - * Many states require a specific “Notice of Separation”
- **Benefit Premium Deductions**
 - * Deduct final employee benefit premiums only if legally allowed and authorized
 - * Ensure final paycheck does not drop below minimum wage
 - * Ensure COBRA coverage termination date and premium amounts are communicated clearly (COBRA deadlines)

Questions?

For HR Advisory Services:

Rebecca Tipton, SHRM-SCP

BMSS HR Advisory Services

BMSS Advisors & CPAs

rtipton@bmss.com

256.964.9788

For PBS PEO:

Valerie Guy

Benefits & HR Manager

Payroll & Benefit Solutions

vguy@pbspay.com

205.271.5404

*If you have a question that you'd like to ask, please use the **Q&A Button** at the bottom of your screen.*

CPE certificates will be issued approximately two weeks after the presentation.

