Pay matters: fall 2026 compliance updates for healthcare employers

Stay informed on fall 2026 compliance updates for healthcare employers, covering changes in pay, work authorization, minimum wage, and fraud enforcement.

Published September 28, 2026



Healthcare employers can expect several federal and state compliance developments this fall, from Form I-9 and work authorization changes to payroll, wage, leave, and enforcement updates.

Here are the federal and state compliance updates healthcare employers should have on their radar this fall.

Federal updates

President's $100K H-1B visa fee ruled as unauthorized

The federal district court in Massachusetts invalidated the president's $100,000 fee on H-1B visa petitions, ruling it an unauthorized tax beyond presidential authority under the Immigration and

Nationality Act. The court emphasized the separation of powers, holding that Congress did not delegate taxing power to the president and that the fee was a tax, not a penalty or regulatory payment.

The court vacated the $100,000 H-1B fee after finding it was unauthorized by Congress and beyond the president's delegated powers under the Immigration and Nationality Act. It also allowed review because the challenge targeted the fee policy itself, not individual visa denials.

The ruling also found Administrative Procedure Act violations, concluding that the fee policy was final agency action issued without notice-and-comment rulemaking, exceeded statutory authority, and was arbitrary and capricious.

IRS and CMS updates to keep on the radar

Recent IRS guidance addressed qualified overtime, employer-sponsored Trump Account programs, dependent care programs, and the federal employer credit expansion for paid family and medical leave programs. CMS also retired QIES for Payroll-Based Journal reporting and rolled out iQIES for PBJ use. These updates are covered in more detail in our recent blog, IRS and CMS updates that should be on your radar.

TPS and work authorization changes affect healthcare workforces

Recent TPS and employment authorization changes may require employers to review and reverify affected employees' work authorization. DHS revoked TPS status for workers from several countries, including Haiti, Syria, Burma/Myanmar, Ethiopia, Somalia, South Sudan, and Yemen, with additional TPS terminations scheduled or pending for Ukraine, Sudan, El Salvador, and Lebanon.

EADs are terminated, not just TPS status, which means affected employees may need to be reverified. For healthcare employers, the potential workforce impact is important to track because immigrants make up about one in six healthcare workers, and more than 50,000 healthcare workers hold TPS status.

Employers can monitor updates through I-9 Central, E-Verify email updates, the E-Verify revocation site, and the E-Verify Status Change Report. If an EAD is revoked, employers should not immediately terminate the employee, but to ask for other work authorization and complete reverification using Form I-9, Supplement B. Employers should begin reverification promptly, allow employees to choose which acceptable documentation to present, and consult legal counsel when needed.

DOJ names home health and hospice fraud a priority

On August 13, 2026, DOJ's new National Fraud Enforcement Division issued a memo ranking healthcare fraud as one of five enforcement priorities, with home health and hospice schemes specifically called out. The memo stated that these scams "directly impact vulnerable elderly Americans and erode patient care," amid an estimated 3% to 10% fraud loss on more than $3 trillion in national healthcare spend.

The enforcement focus also includes telemedicine fraud, Medicare and Medicaid fraud, controlled substance diversion, kickbacks, and deceptive marketing. DOJ's Final Rule establishing the Fraud Division took effect August 24, 2026, as the department expanded staff, data analytics, and Strike Force activity. This follows CMS's six-month moratorium, effective May 13, 2026, on new home health and hospice Medicare provider enrollments.

State updates

Payroll timing reminder

State disability and third-party sick pay payments must be entered in Viventium when paid, not at year end, to avoid later deposit penalties.

Minimum wage updates

Several states and localities have announced or acted on minimum wage changes.

California is increasing its hourly minimum wage to $17.40 for 2027, according to the governor's July 31 press release.

Colorado's hourly minimum wage for 2027 will increase by 55 cents to $15.71, while the tipped minimum wage will rise to $12.69 based on the state's $3.02 tip credit. Denver separately announced a similar 55-cent increase to its local minimum wage.

Florida's minimum wage increases to $15.00 on September 30, with a cash wage of $11.98 and a $3.02 tip credit.

Connecticut's hourly minimum wage in 2027 will be $17.48, up from $16.94 in 2026, according to a press release from the governor.

Minnesota's minimum wage will also increase in 2027, with the state rate rising to $11.41 per hour for most employers and $9.28 per hour for small employers, training wages, youth wages, and J-1 visa employees working for hotels, motels, lodging establishments, and resorts.

Massachusetts requires notice of Form I-9 inspections

Massachusetts employers of all sizes are required to provide written notice to each employee within 48 hours of receiving an inspection notice from U.S. Immigration and Customs Enforcement for I-9 employment eligibility verification forms or other employment records. This law took effect immediately upon the governor's signature on August 5, 2026.

The law does not say what the notice needs to include or the method of delivery. In the absence of this information, employers should consider including the date the notice was received from ICE, the types of records requested, and when the inspection is expected to occur, then deliver it through their usual method of communicating with employees, such as email or hand delivery.

Employers can prepare a template notice and delivery process so they can respond within the 48-hour window if they receive an ICE notice of inspection.

Maryland FAMLI contributions begin in January 2027

Maryland's Department of Labor published final regulations implementing the state's paid family and medical leave insurance law. Payroll deductions and employer contributions begin January 1, 2027, with benefits becoming available January 3, 2028. Employers, including governmental entities, should prepare for FAMLI payroll, notice, claims administration, and leave coordination obligations.

Oklahoma voters reject minimum wage increase

Oklahoma voters rejected Question 832, which would have gradually increased the state's minimum wage from $7.25 to $15 per hour by 2029. Oklahoma's minimum wage has remained at $7.25 since the federal increase in 2009.

If approved, the proposal also would have added automatic cost-of-living adjustments starting in 2030 and expanded eligibility by removing exemptions for certain workers, including part-time employees, farm and agricultural workers, and domestic service workers. More than 350,000 Oklahoma workers will not receive planned wage increases totaling an estimated $783 million, according to the Economic Policy Institute.

Nebraska blocks Lincoln minimum wage enforcement

Nebraska's Lancaster County District Court decided on July 17 to stop the city of Lincoln from enforcing its minimum wage law, according to a July 17 press release from the state attorney general. Lincoln's minimum wage law was scheduled to take effect July 18. Instead, Nebraska's Wage and Hour Act, as amended in a February 2026 law, remains the standard for the entire state, including Lincoln.

The state attorney general sued the city on June 18 and claimed that its minimum wage law was invalid and unconstitutional. The court's decision to prevent enforcement of the law will remain in effect until the matter is fully litigated.

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