Benefits BULLETIN

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Benefits Tips Brought to You by Allen Insurance|Financial

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2020 HSA/HDHP Limits Announced

The IRS recently announced that limits for health savings account (HSA) contributions will increase for 2019. The high deductible health plan (HDHP) maximum out-of-pocket limits will also increase for 2020. The HSA contribution limits will increase effective Jan. 1, 2020, while the HDHP limits will increase effective for plan years beginning on or after Jan. 1, 2020.

These limits vary based on whether an individual has self-only or family coverage under an HDHP.

Because the cost-sharing limits for HDHPs will change for 2020, employers that sponsor these plans may need to make plan design changes for plan years beginning in 2020.

Also, if an employer communicates the HSA contribution limits to employees as part of the enrollment process, these enrollment materials should be updated to reflect the increased limits that apply for 2020.

New Limits

The following chart shows the HSA and HDHP limits for 2020 as compared to 2019. It also includes the catch-up contribution limit that applies to HSA-eligible individuals who are age 55 or older, which is not adjusted for inflation and stays the same from year to year.

2020 HSA Contribution Limit

- **Family -** $7,100 (up $100)
- **Self-only -** $3,550 (up $50)

2020 HSA Catch-up Contributions

- **Age 55+ -** $1,000 (no change)

2020 HDHP Minimum Deductible

- **Family -** $2,800 (up $100)
- **Self-only -** $1,400 (up $50)

2020 HDHP Maximum Out-of-pocket Expense Limit

(Deductibles, copayments and other amounts, but not premiums)

- **Family -** $13,800 (up $300)
- **Self-only -** $6,900 (up $150)

For more information on HSAs, HDHPs or the updated limits, please contact us today.

Moves Toward Better Health Care Price Transparency

Beginning in May 2018, the Trump administration began searching for ways to curb out-of-control prescription drug costs—referring to the initiative as American Patients First. This effort is finally seeing some traction, with the administration issuing regulations aimed at improving health care pricing transparency in May 2019.

Drug Pricing Transparency

Drug companies will now be "required to disclose to patients the list price for prescription drugs in TV ads," according to the Department of Health and Human Services (HHS).

More specifically, the rule requires prescriptions covered by Medicare or Medicaid that cost $35 or more per month for a typical course of therapy to be disclosed. Drugs under that threshold are unaffected.

HHS points out that the 10 most commonly advertised drugs range in price from several hundred to several thousands of dollars for a typical month of treatment.

This rule will take effect July 9, 2019. Employers should prepare for increased employee questions regarding drug costs.

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NAVIGATING LIFE'S RISKS & REWARDS

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President Trump's Plan to Combat Surprise Medical Billing
On May 9, 2019, President Donald Trump delivered a speech criticizing the practice of surprise medical billing. He announced a general plan of attack and hinted at a few specifics for curbing the trend. Here are the four main regulatory aspects called out by the president, suggesting that they might be tackled first:

1. In emergency situations, patients shouldn't have to "bear the burden" of out-of-network costs.

2. Balanced billing should be prohibited for emergency care.

3. For scheduled nonemergency care, patients should receive an "honest" bill up front—including an itemized list of out-of-pocket expenses the patient must cover.

4. Patients should not receive a surprise bill from out-of-network providers they did not choose themselves.

Lower Health Care Costs Act
Just a few weeks after the president's speech on combatting surprise medical billing, the Senate Health Committee proposed a bipartisan bill called the Lower Health Care Costs Act.

The Lower Health Care Costs Act has five main components, including:

1. Addressing surprise medical bills

2. Lowering the cost of prescription drugs

3. Improving transparency

4. Improving public health

5. Improving the exchange of health information

The Senate Health Committee Chairman Sen. Lamar Alexander said that "Republicans and Democrats in the United States Senate have announced this proposal of nearly three dozen specific bipartisan provisions that will reduce the cost of what Americans pay for health care."

"These are common-sense steps we can take, and every single one of them has the objective of reducing the health care costs that you pay for out of your own pocket."
- Sen. Lamar Alexander

The proposed legislation also includes a provision that would require benefits brokers to disclose their fees and any incentives they may receive from insurers. This provision would create a new level of transparency between employers and their benefits brokers, as many employers aren't aware of the inner workings of health plan agreements or renewals.

What's Next?
The Lower Health Care Costs Act is just proposed legislation at the moment, meaning that there are no compliance obligations to meet. However, Sen. Lamar Alexander, bill co-sponsor, hopes that the bill will be on the Senate floor for a vote by July of this year. To view the proposal, click here.

Don't Forget About PCORI Fees

The Affordable Care Act (ACA) imposes a fee on health insurance issuers and self-insured plan sponsors in order to fund comparative effectiveness research. These fees are widely known as Patient-Centered Outcomes Research Institute (PCORI) fees.

The PCORI fees were created to help patients, clinicians, payers and the public make informed health decisions by advancing comparative effectiveness research. Fees paid by health insurance issuers and sponsors of self-insured health plans fund the institute's research, in part.

The PCORI fees apply for plan years ending on or after Oct. 1, 2012, but do not apply for plan years ending on or after Oct. 1, 2019. For calendar year plans, the fees will be effective for the 2012 through 2018 plan years. Therefore, the 2018 plan year is the last plan year that these fees will be effective, for calendar year plans.

Issuers and plan sponsors must pay PCORI fees annually on IRS Form 720 by July 31 of each year. The fee will generally cover plan years that end during the preceding calendar year. For the 2018 plan year, PCORI fees are due by July 31, 2019.

How Much Are the PCORI Fees?
On Nov. 5, 2018, the IRS published Notice 2018-85, which increased the PCORI fee amount for plan years ending on or after Oct. 1, 2018, and before Oct. 1, 2019 (that is, 2018 for calendar year plans), to $2.45 multiplied by the average number of lives covered under the plan.

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Who Must Pay the PCORI Fees?
The entity responsible for paying the PCORI fees depends on whether the plan is insured or self-insured.

- For insured health plans, the **issuer** of the health insurance policy is required to pay the fees.
- For self-insured health plans, the fees are to be paid by the **plan sponsor**.

Although sponsors of fully insured plans are not responsible for paying PCORI fees, issuers may shift the fee cost to sponsors through a modest premium increase.

The Department of Labor (DOL) has advised that, because the PCORI fees are imposed on the plan sponsor under the ACA, it is not permissible to pay the fees from plan assets under ERISA, although special circumstances may exist in limited situations. On Jan. 24, 2013, the DOL issued a set of frequently asked questions regarding ACA implementation that include a limited exception allowing multiemployer plans to use plan assets to pay PCORI fees (unless the plan document specifies another source of payment for the fees).

What's Next?
PCORI fees are reported and paid annually using IRS Form 720 (Quarterly Federal Excise Tax Return). These fees are due each year by July 31 of the year following the last day of the plan year. This means that, for plan years ending in 2018, the PCORI fees are due by July 31, 2019. Covered employers should have reported and paid PCORI fees for 2017 by July 31, 2018.

Contact Allen Insurance|Financial for more information.

Now's the Time to Evaluate Engagement

The year is already halfway over, which means that it's time to evaluate employee engagement. Employee engagement is an extremely powerful force that has the potential to impact an organization's trajectory.

Importance of Evaluating Engagement
The level of employee engagement serves as a test for how likely workers are to put forth their best effort each day. Having low engagement means employees are not committed to their own success in the workplace, let alone the organization's. This kind of attitude can initiate a downward spiral for a company.

According to Gallup, an estimated 70% of U.S. workers aren't engaged at work. Gallup also found that companies with low engagement scores average between 30% to 50% higher turnover.

How to Measure Employee Engagement
An employee engagement survey is a great starting place for any workplace strategy. Many consulting firms offer such surveys, but you can also create and conduct one on your own. In order to be effective, it is important to examine all aspects of the workers' jobs, environment and involvement with the organization. This includes employees' opinions on management, direct supervisors, co-workers, employer-employee communication, opportunity for advancement, job characteristics and HR policies.

The following are sample questions to help you get started in creating an engagement survey:

- Do you know what is expected of you at work?
- At work, do you have the opportunity to do what you do best every day?
- Do you receive recognition or praise for a job well done?
- Do you have a positive relationship with your immediate supervisor?

What's Next?
As the second half of the year begins and open enrollment approaches, it's important that you take the time to evaluate employee engagement. By identifying areas that are hindering employee engagement, your company can focus on improving those areas to strive toward a more engaged, productive and profitable workforce.

Contact Allen Insurance|Financial today for more information on employee engagement.