CENTURY BENEFITS GROUP
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MEDICARE AND EMPLOYEE BENEFIT ADVISORS

EMPLOYEE BENEFITS
REPORT

2025 HSA Contribution, HDHP Cost-Sharing Limits

THE IRS has announced higher health savings account contribution limits for 2025, with the amount increasing 3.5% for individual HSA plans.

The IRS updates this amount annually, along with minimum deductibles as well as the out-of-pocket maximums for high-deductible health plans. Under its rules, HSAs, which help employees save for medical expenses, are only available to those enrolled in qualified HDHPs.

THRESHOLDS FOR NEXT YEAR

HSA annual contribution limit

- Self-only plan: $4,300, up from $4,150 in 2024
- Family plan: $8,550, up from $8,300 in 2024
- Catch-up contribution (for those aged 55 and older): $1,000 (unchanged)

HDHP minimum annual deductible

- Individual plan: $1,650, up from $1,600 in 2024
- Family plan: $3,300, up from $3,200 in 2024

HDHP annual out-of-pocket maximum

- Individual plan: $8,300, up from $8,050 in 2024
- Family plan: $16,600, up from $16,100 in 2024

What to do

If you sponsor an HDHP for your staff, you should review the plan's minimum deductible amount and maximum out-of-pocket expense limit when preparing for the 2025 plan year.

If your staff make pre-tax contributions to an HSA, update your plan communications to reflect the new amounts.

The many benefits of HSAs

HSAs are funded through pre-tax payroll deductions. As the amount grows over time, your employees can continue to save it or spend it on eligible medical and medical-related expenses.

The money in the HSA belongs to the employee. If they go to a new employer that offers qualified HDHPs, they can continue to fund the account in their new job.

Funds roll over from year to year and can earn interest. Many plans also have investment options for the funds to help savers further grow the account. ❖

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Errors That Can Make Businesses Overpay for Coverage

ONE OFTEN overlooked cost driver to your employee benefits plans is administrative errors and oversights that are the result of sloppy record-keeping and a lack of checks and balances among your account and human resources teams.

If you are not diligent in keeping up with outgoing employees, are not paying enough attention to admin details and checking billing for errors, and are not reviewing accounts regularly, you could be leaving money on the table unnecessarily and overpaying for your group health insurance and other employee benefits you offer.

The following are some of the most common administrative mistakes that could lead to overspending on your group health plan.

Failing to keep up with staffing numbers

If your human resources and accounting are not talking to each other, you risk failing to account for personnel that leaves and continuing to include them in the health insurance roster and paying their premium.

Obviously, this is typically not an issue in a small organization of, say 10 to 15 employees, but the more workers you have, the easier it is for one to slip through the cracks after they leave.

Consider having HR review personnel numbers monthly and updating your files to avoid this happening.

Failing to check for 'age-outs'

Workers who have turned age 65 may not require your company health plan anymore, since they are eligible for Medicare. You can reduce health care administration and benefits costs substantially by keeping an eye out for age-outs each year.

Missing changes to plans

Before and during open enrollment it's important to review all of the benefits plans that you offer — health, dental and vision coverage — to make sure there aren't any changes that will increase the cost of the plans.

Sometimes a plan will introduce additional coverage that your employees may not need and, if you are not staying on top of changes, you may miss the opportunity to move them to another plan.

Insurance company errors

Administrative mistakes made by the insurers you contract with can be overlooked, forcing you to overpay for your employees' coverage.

Your accounting and HR teams should regularly audit your insurers' billings to check for errors and ask the companies to correct any that are found. One of the most common mistakes is for an insurer to have an incorrect employee count. But the carriers can make other mistakes in billing, too.

If you notice an increase in your monthly bill with no new staff additions, you may want to delve deeper.

The takeaway

By putting in place administrative controls and a regime for regular billing and personnel-count auditing, you can avoid mistakes that add to your employee benefits costs.

Keep an open line of communication with your insurers in case you need to work with them to address any issues that arise. ❖

Small Firms May Reimburse for Medicare Part B, D Premiums

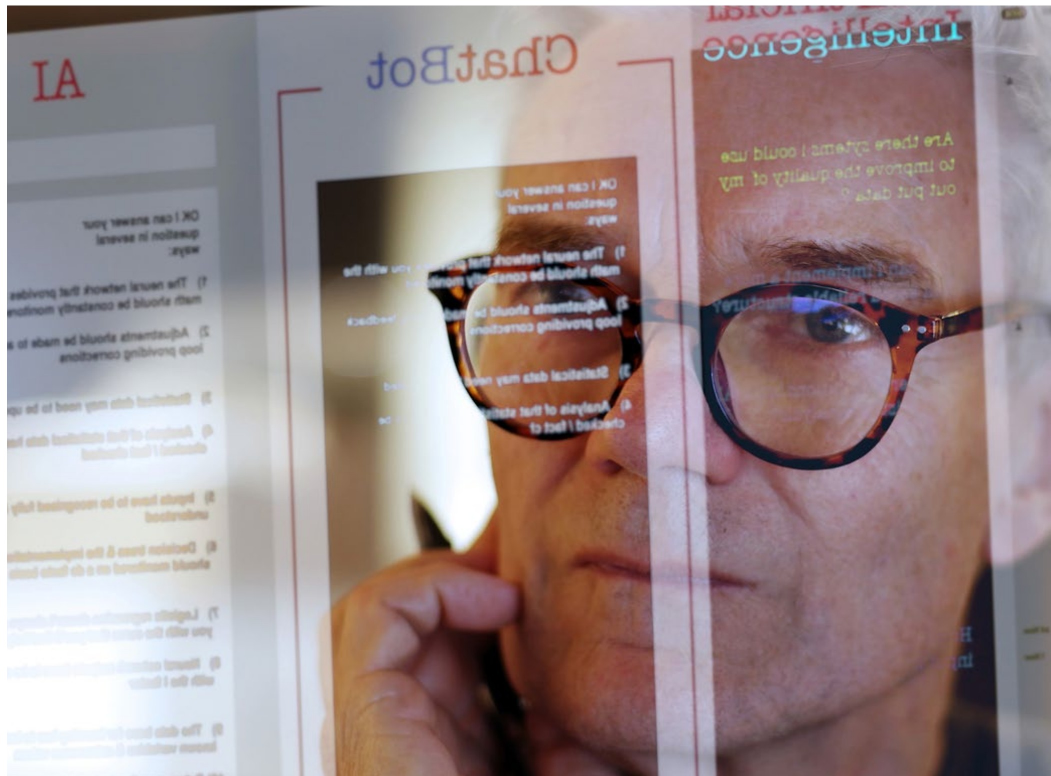
AS THE workforce ages and many employers want to retain baby-boomer staff who have the experience and institutional knowledge that is irreplaceable, one issue that always comes up is how to handle health insurance.

Once your older workers reach the age of eligibility for Medicare, under current law you can help them pay for Part B and D premiums with a Medicare Premium Reimbursement Arrangement.

Anybody who is about to turn 65 has a seven-month period to sign up for basic Medicare (Parts A and B). They can also opt to sign up for a prescription drug plan (Part D) at that time, in addition to either a Medicare Advantage plan or a Medicare Supplement (Medigap) plan.

WHAT PART B COVERS

- **Medically necessary services.** Services or supplies that are needed to diagnose or treat a medical condition and that meet accepted standards of medical practice.
- **Preventive services.** Health care to prevent illness (like the flu) or detect it at an early stage, when treatment is most likely to work best.



Part D, meanwhile, covers prescription drug costs.

The dilemma for employers has often been whether to keep the Medicare-eligible employee on the company health plan or cut them free on Medicare.

Small employer carveout

Smaller employers — those with 20 full-time-equivalent employees — have the option to open a Medicare Premium Reimbursement Arrangement for those employees if they are coming off a group health plan and into Medicare.

For small employers, it's legal to set up an arrangement like that, as long as doing so is at the employee's discretion. Employers are not allowed to push an employee into a Medicare Premium Reimbursement Arrangement in order to get them off the company's health plan.

The good news for employers is that they often can reimburse their employees in full for Part B and D, as well as Medicare Supplement, and still pay less than they would pay in group employee premiums alone.

On top of that, the employee gets a lower deductible and overall out-of-pocket experience with less, if any, premium contribution.

What you need to know

Here's what you should know if you're considering one of these arrangements:

A Medicare Premium Reimbursement Arrangement is one where the employer reimburses some or all of Medicare Part B or D premiums for employees, as long as the employer's payment plan is integrated with the group's health plan.

To be integrated with the group health plan:

- The employer must offer a minimum-value group health plan,
- The employee must be enrolled in Medicare Parts A and B,
- The plan must only available to employees enrolled in Medicare Parts A and B, or D, and
- The reimbursement is limited to Medicare Parts B or D, including Medigap premiums.

Note: Certain employers are subject to Medicare Secondary Payer rules that prohibit incentives to the Medicare-eligible population. If you have questions, please reach out to us. ❖

"We do not offer every plan available in your area. Any information we provide is limited to those plans we do offer in your area. Please contact Medicare.gov or 1-800-MEDICARE to get information on all of your options. Produced by Risk Media Solutions on behalf of Century Benefits Group Inc. This newsletter is for informational purposes only. Before acting on any information herein, consult your agent or legal counsel. Copyright 2024 all rights reserved.

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New FTC Rule Bans Non-Compete Agreements

THE FEDERAL Trade Commission on April 23 approved a new rule that bans employers from requiring new employees to sign non-compete agreements. The rule will take effect in August 2024, after the commission voted 3-2 to approve it.

Besides banning future non-compete agreements, the new rule also nullifies all existing non-competes and requires employers to inform current and past employees that they will not be enforced.

Obviously, employers will need to scramble to comply with the new rule as the ramping up period is relatively short. However, it should be noted that the day after the regulations were announced, the U.S. Chamber of Commerce and other business groups filed lawsuits to block the rule from taking effect.

This new federal rule comes after four states — California, Minnesota, North Dakota and Oklahoma — banned non-competes and 13 others have laws limiting their use.

Under the FTC's new rule, existing non-compete agreements for the vast majority of workers will no longer be enforceable after its effective date.

Existing agreements for senior executives — who represent less than 0.75% of workers — can remain in force under the final rule. The rule defines senior executives as workers earning more than $151,164 annually and who are in policy-making positions.

That said, employers are banned from entering into or attempting to enforce any new non-competes, even if they involve senior executives.

Employers will be required to provide notice to workers other than senior executives who are bound by existing non-competes that they will not be enforcing the agreements.

The next step

Since the rule has already been challenged in court, a judge may put a stay on it while litigation proceeds, but employers can't count on that.

Time is quite short to prepare for the new rule. If you have any current non-competes, or if you require new employees to sign one, you should consult with your legal counsel to discuss your procedures going forward and the steps you'll have to take to comply with the new rule.

To help employers adhere to the requirement that they inform current and former employees that their non-compete agreements are null and void, the FTC has included model language in the final rule.

The commission said that employers have several alternatives to non-compete agreements that still enable firms to protect their investments without having to enforce a non-compete.

Trade secret laws and non-disclosure agreements both provide employers with well-established means to protect proprietary and other sensitive information. Researchers estimate that over 95% of workers with a non-compete already have an NDA. ❖