ECG

NEWSALERT

May 2022 | Volume 6 | Issue 5

Annual Update

2023 HSA Contribution Limits, Deductible Minimums

THE IRS has announced significantly higher health savings account (HSA) contribution limits for 2023, jacking them up more than 5%.

The new limits were announced in conjunction with other changes, such as increases in the minimum deductibles and maximum out-of-pocket expenses for high-deductible health plans (HDHPs).

The increases are much larger than usual due to inflation, which has been trending higher than it has in more than four decades.

Next Year's Amounts

HSA annual contribution limit

Individual plan: $3,850, up from $3,650 in 2022*

Family plan: $7,750, up from $7,300 in 2022

* Catch-up contributions: People who are 55 or older may contribute an additional $1,000 a year to their HSA.

HDHP minimum annual deductible

Individual plan: $1,500, up from $1,400 in 2022

Family plan: $2,800, the same as in 2022

HDHP annual out-of-pocket maximum

Individual plan: $7,500, up from $7,050 in 2022

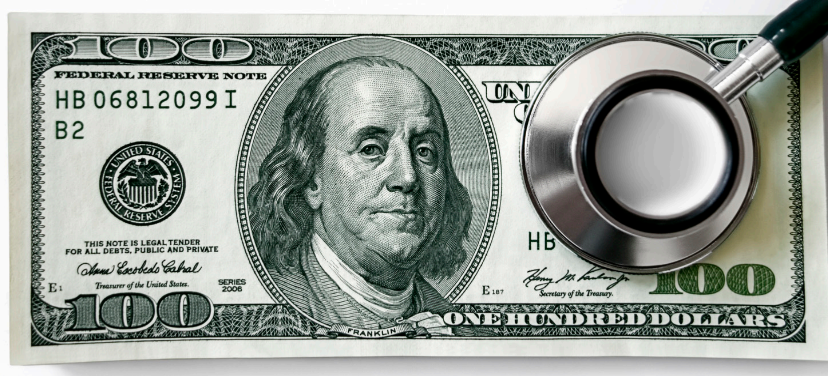
Family plan: $15,000, up from $14,100 in 2022

Maximum out-of-pocket for ACA-compliant plans**

Individual plan: $9,100, up from $8,750 in 2022

Family plan: $18,200, up from $17,400 in 2022

** Non-grandfathered plans only.



If both spouses with family coverage are age 55 or older, they must have two HSA accounts in separate names if they each want to contribute an additional $1,000 catch-up contribution.

If only one spouse is 55 or older but the younger spouse contributes the full family contribution limit to the HSA in his or her name, the older person must open a separate account to make the additional $1,000 catch-up contribution.

HSAs explained

Under federal law, an HSA must be tied to an HDHP. An HSA is a special bank account that can be used to pay for or reimburse for your employees' eligible health care costs. They can put money into their HSA through pre-tax payroll deduction, deposits or transfers. As the amount grows over time, they can continue to save it or spend it on eligible expenses.

Employers can also contribute to the accounts, but the annual contribution maximum applies to all contributions in total (from the employee and the employer).

The money in the HSA belongs to the employee and is theirs to keep, even if they switch jobs. The funds roll over from year to year and can earn interest.

Planning ahead

Knowing what these limits are in advance can help employers plan their messaging for the 2023 open enrollment season.

If you want to get ahead of the ball, you can start updating your payroll and plan administration systems to reflect the 2023 amounts.

You should include the new limits in relevant communications you send to your staff, particularly in regards to open enrollment, plan documents and summary plan descriptions for next year. ❖

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Employee Benefits Priorities

Mental Health, Telemedicine, Costs-Cutting In Focus

A NEW survey has found that managing health care costs and expanding mental health benefits will be a top priority for U.S. employers as they ramp up benefits to compete for talent in the tight job market spawned by the COVID-19 pandemic.

Additionally, virtual care is expected to become an essential and long-lasting feature of employers' health insurance and employee benefits strategies over the next few years, according to the "2022 Emerging Trends in Healthcare Survey" by Willis Towers Watson.

The focus on health care and insurance costs, mental health and expanded telehealth comes as employers continue pulling out all the stops to compete in a tight job market, but face health care inflation headwinds.

Here's the direction many employers are going:

Dealing with rising costs

In light of continuing rising health insurance costs, 94% of employers surveyed said they are redoubling their efforts to make benefits more affordable for their workers.

Nearly two-thirds of employers (64%) said they will take steps to address employee health care affordability over the next two years. Steps they are considering include:

- Improving quality and outcomes to lower overall cost.
- Adding low- or no-cost coverage for certain benefits.
- Making changes to their employees' out-of-pocket costs.
- Increasing the amount they contribute towards their employees' health insurance premium.

Mental health

Eighty-seven percent of employers said that enhancing mental health benefits will be a priority for them.

That's in response to numerous studies and reports indicating that the COVID-19 pandemic has spurred a mental health crisis.

Mental Health, Stress Taking Its Toll

- 83% of CEOs and 70% of employees report missing at least one day of work because of stress, burnout and mental health challenges.
- 28% of workers report feeling "very engaged" in their work.
- Top stressors for employees are COVID-19; burnout because of increased workload or lack of staff; poor work-life balance; and poor management and leadership.
- Remote workers are feeling increasingly isolated.

Source: Headspace Health "Workforce Attitudes Toward Mental Health" report.

In response to the mental health crisis, 66% of employers said that ensuring that their health and well-being programs support remote workers will be a key priority of their strategy over the next two years.

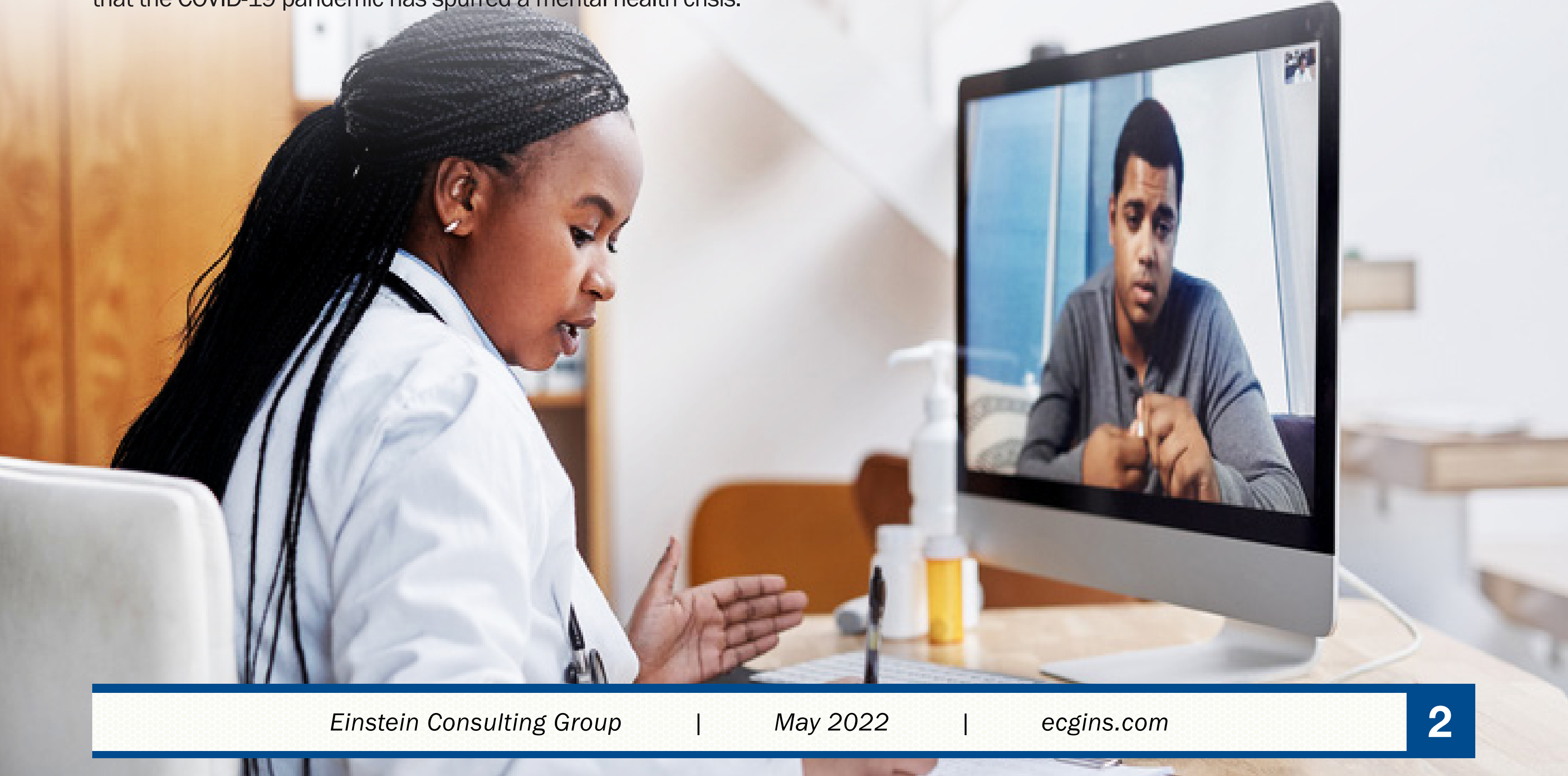
Virtual care

In response to the pandemic, Congress passed laws allowing health insurers to cover telemedicine as they would other visits to a doctor. And now telemedicine is poised to be a permanent fixture of employers' health care strategies.

Willis Towers Watson found that by the end of 2023:

- 95% of employers expect to offer virtual care for medical and behavioral health issues,
- 61% expect to offer lower cost-sharing for virtual care,
- 53% of employers expect the expansion of telemedicine to help decrease costs in the long run, and
- 50% believe virtual care will improve health outcomes.

Fortunately for employers, a number of companies have cropped up during the last few years that focus on delivering state-of-the art telemedicine platforms. ❖



Better Choices

All-Year Benefits Education Helps Your Staff Get It Right

WHILE MOST organizations ramp up their benefits communications about a month before open enrollment starts, the efforts often drop off at the start of the year.

That's a shame because many employees are woefully unaware of how their benefits function and are often not taking full advantage of what their employer and they are paying for. Employees that don't understand their benefits fully may end up paying out of pocket for services that are covered.

With surveys showing that three in five employees have only a basic understanding of the benefits they receive from their employer, it's important that you continue to educate your staff about their benefits, coverage changes brought on by recent regulations and how to get the most out of their current benefits.

If you enlighten them about what they have and how to use those benefits, they will be more likely to stay with you.

Keep it going

The month or two prior to open enrollment is when most companies kick their benefits communications into high gear. They start sending their employees e-mails, mail and memos making them aware of open enrollment and that they can start researching plans.

Most companies will hold at least one meeting with the troops to answer questions and explain any changes that are being made. But after open enrollment ends, communications often go into hibernation until the prelude to the next open enrollment.

You can fill that void by regularly "dripping" information to them over the course of the year. Each drip can be a short benefits meeting or educational information that is sent out to your employees.

For example, under a Biden administration executive order, as of Jan. 15, all health insurers are required to reimburse covered individuals for up to eight at-home COVID-19 tests per month. By keeping your staff informed of developments like these, they can save money and take advantage of this benefit more fully. Here's how:

Be proactive

It's important that you communicate benefit developments to your staff, and that requires that your human resources or benefits team stays on top of changes.

It's the team's responsibility to proactively alert employees about changes and updates about their benefits, as well as reminders about how certain benefits work. By sending out these reminders, or holding meetings, you can educate your workers in making the right benefit and coverage decisions.

Leverage technology

One key part of educating your employees requires tapping technology by offering an online hub that houses all of the information about each of the benefits you offer. This way, they can go to this source first if they have questions. It's also more convenient for them as they can access it in the privacy of their homes.

Many health plans now also have apps for enrollees that give them a plethora of information about their coverage, including how much they have paid in deductibles over the year and other information about their health insurance.

Plan communications for the year

Design a content calendar that focuses on putting out timely information and reminders. For example, remind employees about how their health savings account works and what they can spend the funds on.

During flu season, send out reminders on preventative measures they can take, including how their health insurance can help them get a flu shot.

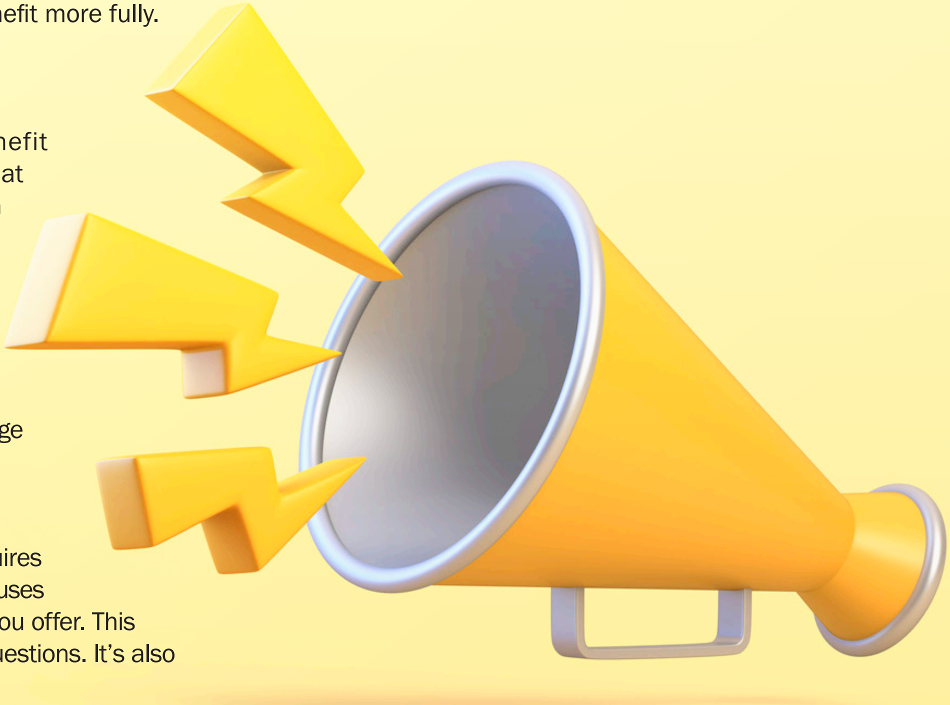
Another topic could be instructions on adding spouses to their plans or notifications about Medicare for employees who are nearing 65 years old.

The key is to stay in front of your staff and always encourage them to come to your benefits team with any questions they have. One e-mail to your team could result in reminding one of them to come to you for clarification about their coverage.

The takeaway

By regularly communicating about your benefits to your staff, you can provide them with the confidence that they have the information they need about their benefits – and that if they don't, they know how to get it. That in turn helps them make the best decisions for themselves and their families.

And your organization will also benefit as regular engagement gives you the opportunity to better evaluate your benefits offerings and identify areas where you can improve or expand. ❖



Employee Benefits

Gen Z, Millennials Grow Disillusioned with Their Insurance

SURPRISE BILLS and medical billing errors are driving dissatisfaction among Millennials and Gen Zers with their health insurance, a new study has found.

HealthCare.com's "2022 Medical Debt Survey" found that about one in four Gen Zers and Millennials with medical debt skipped rent or mortgage payments because of their debt. That's compared with 21% for Gen Xers and 12% for baby boomers.

The study reflects the increasing burden that health insurers' policies for out-of-network care and higher deductibles are having on Americans, particularly those who are the most recent entrants to the job market.

To help these generations of workers, consider offering them educational sessions on how to choose health plans, coupled with training on how to avoid unexpected health care bills by going to in-network providers, and how to shop around in advance for scheduled procedures.

What They Are Saying

- 68% of Gen Zers who have health insurance but still incurred medical debt said their health insurance plan didn't cover the service they received (or they received services out of network).
- 39% of Millennials are unsatisfied with their insurance options.
- About three in 10 Gen Zers (31%) and Millennials (27%) with medical debt believe that their debt is the result of a billing error.
- 48% of Millennials have received a surprise medical bill.
- 35% of Millennials have received a mistaken bill or had a claim denied.
- 26% of Millennials have medical debt.

Affordability of health insurance is also a big consideration. Some 54% of Millennials say their health insurance is somewhat or very affordable.

How Millennials Use Their Plans

- 48% say they have used an urgent care center in the past. These visits can often cost more than a typical visit, but not as much as going to the emergency room.
- 35% have used telehealth services for physical ailments.
- 26% have sought mental health services through telehealth platforms.
- 27% have used discount pharmacy apps.

The takeaway

The key to improving your younger generation workers' understanding of their health benefits and how best to use them is through education. It starts with perhaps having a special session during each open enrollment focusing on what type of health plans are best suited for their generation.

If you offer high-deductible health plans, educate your staff on the importance of putting money aside in health savings accounts so they have money to pay for those unexpected expenses.

They should also be educated in how to use their health insurance to avoid larger costs, and the ramifications of using providers not in their health plan's network.

The education should also cover the costs of going to an emergency room compared to scheduling an appointment with their doctor or going to an evening clinic at their office. ❖