THE RJC GROUP, LLC June 2017

# Employee Benefits Newsletter

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**REMINDER**
**FILING OF PCORI FEE DUE**
**JULY 31, 2017**

For plan years ending on or after 10/01/16 and before 10/01/17, the PCORI fee is $2.26 per covered life

For plan years ending on or after 10/01/15 and before 10/01/16, the PCORI fee is $2.17 per covered life

Form 720 must be filed annually by July 31 to report and pay the PCORI fee.

**Form 720 and instructions are available on the IRS website:**
**https://www.irs.gov/pub/irs-pdf/f720.pdf**

## 2018 INFLATION ADJUSTMENTS FOR HEALTH SAVINGS ACCOUNTS RELEASED

The IRS has released the 2018 inflation-adjusted amounts for health savings accounts under Code Sec. 223.


For calendar year 2018, the annual limitation on deductions under Code Sec. 223(b)(2) for an individual with self-only coverage under a high-deductible plan is $3,450 ($6,900 for an individual with family coverage).

A "high-deductible health plan" is defined in Code Sec. 223(c)(2)(A) as a health plan with an annual deductible that is not less than $1,350 for self-only coverage or $2,700 for family coverage and annual out-of-pocket expense limits (deductibles, copayments and other amounts, but not premiums) that do not exceed $6,650 for self-only coverage or $13,300 for family coverage.

Daily Document Update, Employee Benefits Management, 2106A, "2018 Inflation Adjustments For Health Savings Accounts Released", (May 9, 2017)

### Comparison of the 2018 to 2017 HSA contribution limits

| | 2018 | Change from 2017 |
|---|---|---|
| **HSA contribution limit** (employer + employee) | Individual: $3,450<br>Family: $6,900 | Individual: +$50<br>Family: +$150 |
| **HSA catch-up contributions** (age 55 or older) | $1,000 | No change |
| **HDHP minimum deductibles** | Individual: $1,350<br>Family: $2,700 | Individual: +$50<br>Family: +$100 |
| **HDHP maximum out-of-pocket amounts** (deductibles, co-payments and other amounts, but not premiums) | Individual: $6,650<br>Family: $13,300 | Individual: +$100<br>Family: +$200 |

# EMPLOYERS CONTINUE TO ADDRESS HEALTH CARE COST INCREASES


To reduce health care costs, employers are primarily focused on offering high-deductible health plans (HDHPs) (69 percent), targeting wellness programs (58 percent), and increasing employee cost-sharing (49 percent), according to recent research from the Midwest Business Group on Health (MBGH).

The survey found that the employer share of premiums continues to drop, with 50 percent of employees now offered 75 percent/25 percent cost sharing.

"While the future of the Patient Protection and Affordable Care Act continues to evolve, even in this uncertain environment, employers are moving forward with strategies to reduce unnecessary health care costs, while finding ways to improve the health of their covered populations," said Larry Boress, MBGH President and CEO.

The survey found that high-deductible health plans are now being offered at the same rate as preferred provider organizations (PPO), with health savings accounts (HSA) the dominate plan type offered among high-deductible health plans (65 percent for health savings accounts versus 15 percent for health reimbursement arrangements).

In addition, employers continue to try to motivate employees toward healthy behaviors and identifying risk factors by offering incentives for tobacco cessation (61 percent), completing risk assessments (42 percent), and participating in biometric screenings (38 percent).

The survey also found the following:

- Despite the potential of change, over 40 percent of employers still place a high priority on avoiding the 2020 excise tax.

- There's high priority by 73 percent of employers to increase engagement in their programs—51 percent will offer telemedicine services, 55 percent of employers are committed to create more effective communications, 47 percent plan to focus on creating a culture of health, and 43 percent see managing specialty drugs as their highest priority.

- Strategies to optimize providers are expanding, with 75 percent of employers promoting use of Centers of Excellence, 31 percent offering smaller, high performance networks, and 34 percent offering onsite health centers.

Spencer's Benefits: What's New, "Employers Continue To Address Health Care Cost Increases", (May 18, 2017) , Healthinsurancenews HDHPnews Wellnessnews Surveynews

# PREECLAMPSIA SCREENING MUST NOW BE COVERED BY GROUP HEALTH PLANS

The U.S. Preventive Services Task Force (Task Force) has published a final recommendation statement and evidence summary on screening for preeclampsia. The Task Force recommends screening pregnant women for preeclampsia with blood pressure measurements throughout pregnancy. This is a B recommendation, and, as such, non-grandfathered group health plans may not impose any cost-sharing requirements (such as a copayment, coinsurance, or a deductible) and must provide coverage with respect to preeclampsia screening (ERISA Reg. §2590.715-2713(a)(1)).

Preeclampsia is associated with high blood pressure in pregnant women after 20 weeks of pregnancy. It is one of the most serious health problems affecting pregnant women and is a leading cause of preterm delivery and low birth weight in the U.S.

This final recommendation applies to pregnant women without a current diagnosis of preeclampsia and with no signs or symptoms of preeclampsia or hypertension. It updates the 1996 final recommendation and is consistent with the 2016 draft recommendation.

This recommendation statement can be viewed on the Task Force Web site:www.uspreventiveservicestaskforce.org. A draft version of the recommendation statement was available for public comment from September 27 to October 24, 2016. The Task Force is an independent, volunteer panel of national experts in prevention and evidence-based medicine that makes evidence-based recommendations about clinical preventive services such as screenings, counseling services, and preventive medications on behalf of the American people.

Employee Benefits Management Directions Headlines, Report No. 634, "Preeclampsia Screening Must Now Be Covered By Group Health Plans", (May 16, 2017)

**QUESTION OF THE MONTH**
**HSA Eligibility**

**Q. Is an employee who enrolled in Medicare eligible for an HSA ?**

A. No. The IRS has issued an information letter verifying that individuals are ineligible to contribute to a health savings account (HSA) if they are enrolled in Medicare. The letter is in response to an individual who retired from his job and enrolled in Medicare Parts A and B. Several months later, the individual returned to work, enrolled in his employer's health plan, and was provided with an HSA.

When the individual learned that his Medicare enrollment disqualified him from eligibility for an HSA, he tried to cancel his Medicare enrollment, but has not received a decision on his request.

**IRS confirms ineligibility**. To be eligible for an HSA, an individual must:

- be covered under a high-deductible health plan (HDHP) on the first day of the month;
- not be covered by any other health plan that is not an HDHP (with certain limited exceptions);
- not be entitled to benefits under Medicare; and
- not be claimed as a dependent on another person's tax return.

The IRS specified in the information letter that "entitled to benefits under Medicare" means enrolled in Medicare. Therefore, if an individual is enrolled and receiving benefits from any part of Medicare, he or she cannot contribute to an HSA.

The IRS noted that the individual in question "never had a valid HSA because he was never eligible to establish an HSA. Accordingly, he must withdraw the funds from his account and include them in his income. This withdrawal will not be subject to a fine."

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