Franconia Insurance & Financial Services
KEYSTONE

Benefits Breakdown

June 2024

HSA/HDHP Limits Will Increase for 2025

The IRS released the inflation-adjusted limits for health savings accounts (HSAs) and high deductible health plans (HDHPs) for 2025. The IRS is required to publish these limits by June 1 of each year.

These limits vary based on whether an individual has self-only or family coverage under an HDHP. Eligible individuals with self-only HDHP coverage will be able to contribute **$4,300** to their HSAs for 2025, up from $4,150 for 2024. Eligible individuals with family HDHP coverage will be able to contribute **$8,550** to their HSAs for 2025, up from $8,300 for 2024. Individuals age 55 and older may make an additional $1,000 "catch-up" contribution to their HSAs.

The minimum deductible amount for HDHPs increases to **$1,650** for self-only coverage and **$3,300** for family coverage for 2025 (up from $1,600 for self-only coverage and $3,200 for family coverage for 2024). The HDHP maximum out-of-pocket expense limit increases to **$8,300** for self-only coverage and **$16,600** for family coverage for 2025 (up from $8,050 for self-only coverage and $16,100 for family coverage for 2024).

Employers sponsoring HDHPs should review their plan's cost-sharing limits (i.e., the minimum deductible amount and maximum out-of-pocket expense limit) when preparing for the plan year beginning in 2025. Also, employers allowing employees to make pre-tax HSA contributions should update their plan communications with the increased contribution limits. Contact us for more employee benefits information.

Group Health Plan Fiduciary Litigation on the Rise

Enforcement of the strict standards of fiduciary conduct outlined in the Employee Retirement Income Security Act (ERISA) has traditionally been reserved for retirement plan sponsors. However, a new class-action lawsuit against Johnson & Johnson highlights the importance of employers' adherence to their fiduciary duties when managing their group health plans. The lawsuit reminds employers that they must prudently select and monitor plan service providers, such as pharmacy benefit managers (PBMs). While it's the first case of its kind, more fiduciary litigation involving the management of prescription drug benefits is expected as the PBM industry faces increasing scrutiny and new transparency laws provide employees with more information regarding health care costs.

In light of health plan price transparency laws and increased scrutiny of the PBM industry, it's necessary for group health plan fiduciaries to reevaluate their fiduciary compliance to limit their liability. One way fiduciaries can demonstrate that they have carried out their responsibilities properly is by documenting the processes used to complete such duties. Considering new transparency laws, employers should also consult experienced ERISA counsel to ensure full compliance with their fiduciary obligations.