

BENEFITS BREAKDOWN

September 2025



The OBBB Act and Employee Benefits Changes

President Donald Trump recently signed a major tax and spending bill, commonly referred to as the ["One Big Beautiful Bill Act" \(OBBB Act\)](#), into law. The OBBB Act includes changes for employee benefit plans, including:

- Health savings accounts (HSA) expansion—Effective Jan. 1, 2026, HSA eligibility will allow individuals with direct primary care (DPC) arrangements to make HSA contributions if their monthly fees are \$150 or less (\$300 or less for family coverage). Also, DPC fees will be treated as medical care expenses that can be paid using HSA funds.
- High deductible health plan (HDHP) telehealth exceptions—A pandemic-related relief measure temporarily allowed HDHPs to waive the deductible for telehealth services without impacting HSA eligibility. This relief expired at the end of the 2024 plan year. However, the OBBB Act permanently extends the ability of HDHPs to provide benefits for telehealth and other remote care services before plan deductibles have been met without jeopardizing HSA eligibility. This extension applies to plan years beginning after Dec. 31, 2024.
- Dependent care flexible spending accounts (FSAs)—Effective Jan. 1, 2026, the maximum annual limit for dependent care FSAs increases to \$7,500 for single individuals and married couples filing jointly and \$3,750 for married individuals filing separately (up from \$5,000 and \$2,500, respectively).
- Educational assistance programs—The option to use educational assistance programs for student loans was set to expire on Dec. 31, 2025. The OBBB Act permanently extends this option.
- Trump Accounts—Effective in 2026, "Trump Accounts" are a tax-advantaged savings account for children under age 18. Annual contributions are limited to \$5,000 per child, and employers may contribute up to \$2,500 to the account of an employee or an employee's dependent.

Report Projects 8.5% Medical Cost Trend Increase for 2026

The medical cost trend is the expected increase in health care costs by health plans. PwC's annual medical trend [report](#) projects that, for the third year in a row, medical cost trend will be 8.5% in 2026 for group health insurance. While medical trend dipped in 2022 coming out of the COVID-19 pandemic, costs are hovering again at rates similar to those 15 years ago.

PwC's report identified hospital costs, revenue cycle management, new therapeutics (like glucagon-like peptide-1 agonists) and behavioral health care spending as inflators driving the upward trend. Biosimilars and the cost of care management were outlined as deflators, which could have modest effects on medical trend in 2026. In addition to inflators and deflators, the PwC report also noted that federal policy shifts, especially the OBBB Act, could add to cost pressures in 2026. OBBB's implications include Medicaid eligibility, lapsing ACA subsidies and proposed tariffs on pharmaceutical imports.

Industry reports continue to predict that health care costs will continue to rise in 2026 and likely beyond. Many employers will focus on lowering costs and finding ways to balance the competing priorities of health care affordability for employees with the overall cost of health care coverage. Contact us for more resources.