

Benefits Buzz

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DID YOU KNOW?

The IRS has announced that HSA limits will remain the same in 2011 as they are now:

- Maximum HSA contribution: \$3,050 (single), \$6,150 (family)
- Minimum plan deductible: \$1,200 (single), \$2,400 (family)
- Maximum out-of-pocket for employee expenses: \$5,950 (single), \$11,900 (family)



Survey: Group Health Insurance Rates Climbing

A survey released recently by the Council of Insurance Agents & Brokers reveals that group health insurance rates are increasing on a wide scale for 2011 renewals.

- For small accounts (50 or fewer employees), 86 percent saw increases and half of those increased 11 to 20 percent.
- 58 percent of medium-sized accounts (51-500 employees) are seeing increases of 6 to 15 percent.
- Of large group accounts (501 or more employees) 51 percent saw rate increases of 6 to 15 percent.

Employers of all sizes are looking at plan design changes in response to the rate increases, including strategies to shift more cost to employees and implementing consumer-driven plans.

Grandfathered Plans – New Regulations

The recent health care reform law provides that certain “grandfathered” plans are exempt from some of the new requirements under the law. Recently, the Departments of Health and Human Services, Labor and Treasury issued regulations to clarify which plans could retain grandfathered status.

Making significant changes to reduce benefits or increase costs will cause a plan to lose its grandfathered status, including the following changes:

- *Significantly cutting or reducing benefits* - such as no longer covering care for certain diseases
- *Significantly raising co-payment charges* - cannot raise more than \$5, adjusted annually for medical inflation
- *Raising co-insurance percentages*
- *Significantly raising deductibles* - can only increase by a percentage equal to medical inflation plus 15 percentage points – based on recent inflation rates, about 19-20 percent annual increases would be allowed
- *Significantly reducing employer contributions* - cannot decrease these contributions by more than 5 percentage points
- *Adding or tightening an annual limit on what the insurer pays* - plans without an annual limit cannot add one, and plans with a limit cannot decrease it
- *Changing insurance companies* switching insurers removes grandfathered status