Inside EDGE

Employee Benefits Services Group

THE RESOURCE FOR PUBLIC EMPLOYERS MANAGING EMPLOYEE BENEFIT PROGRAMS

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*Visit our **Financial Wellness** website. It is a free, unbiased educational resource providing a broad range of self-help tools and articles to help guide individuals on their journey to achieving financial wellness.*

Why Promote Workplace Wellness?

According to a 2015 study by the Kaiser Family Foundation and the Health Research and Education Trust, 81 percent of large employers and 49 percent of small employers offer wellness programs to their employees. These programs aim to improve employees' well-being by encouraging them to lose weight, stop smoking or make other positive lifestyle changes.

What is Workplace Wellness? Workplace wellness refers to the education and activities that a worksite may sponsor in order to promote healthy lifestyles for their employees and their families. Examples of wellness initiatives include health education classes, subsidized use of fitness facilities and internal policies or programs that promote healthy behavior.

Do Wellness Programs Really Work? When sponsoring a wellness program, the main hurdle to success is employee engagement. The benefits of wellness programs can only be realized if a significant number of your employees take part in your efforts. In order to gain buy-in, some businesses offer employees an incentive for participating or reaching certain health goals.

Why Workplace Wellness? Wellness affects your company's bottom line in many ways—in particular, it can lower health care costs, increase productivity, decrease absenteeism and raise employee morale. Because employees spend many of their waking hours at work, the workplace is an ideal setting to address health and wellness issues. The U.S. Centers for Disease Control and Prevention (CDC) promotes the formation of workplace wellness programs because, according to one of its studies, employees in companies with "a strong culture of health" are three times more likely to actively strive to improve their health.

- **Control Health Insurance Costs**: Health care costs can be a significant portion of a company's budget, so strategically targeting this expense can improve an employer's bottom line. Employees with more health risk factors, including being overweight, being a smoker and having diabetes, cost more to insure, and they pay more for health care than employees with fewer risk factors. A wellness program can help employees with high risk factors make the lifestyle changes to improve their quality of life and reduce their health care costs, while also helping employees with fewer risk factors stay healthy.

- **Reduce Workers' Compensation and Disability Costs**: Employees who make healthy changes and lower their health risk factors often have a reduced chance of a workplace injury, illness or disability. This, in turn, can save employers money, not just on insurance premiums and benefits paid out, but also on the costs of recruiting and training a new worker to replace an employee who is out of work for health reasons.

- **Increase Employee Productivity and Fewer Missed Days**: Healthier employees mean fewer sick days, which is another benefit companies can achieve through wellness programs. Plus, employees' healthier behaviors may translate into better family choices, so employees may also miss less work caring for ill family members. In addition, healthier employees tend to be more productive since they are not coming to work ill or are worried about their health problems. Increased productivity and reduced absenteeism can yield significant cost savings.

Please contact a U.S. Employee Benefits Services Group office for more information on this or any other employee benefit-related topic.

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IRS Announces HSA/HDHP Limits for 2018

On May 5, 2017, the Internal Revenue Service (IRS) released Revenue Procedure 2017-37 to announce the inflation-adjusted limits for health savings accounts (HSAs) and high deductible health plans (HDHPs) for 2018. These limits include:

- The maximum HSA contribution limit;
- The minimum deductible amount for HDHPs; and
- The maximum out-of-pocket expense limit for HDHPs.

These limits vary based on whether an individual has self-only or family coverage under an HDHP.

The IRS limits for HSA contributions and HDHP cost-sharing will all increase for 2018. The HSA contribution limits will increase effective Jan. 1, 2018, while the HDHP limits will increase effective for plan years beginning on or after Jan. 1, 2018.

ACTION STEPS

Because the cost-sharing limits for HDHPs (minimum deductible and maximum out-of-pocket) will change for 2018, employers that sponsor these plans may need to make plan design changes for plan years beginning in 2018. Also, if an employer communicates the HSA contribution limits to

employees as part of the enrollment process, these enrollment materials should be updated to reflect the increased limits that apply for 2018.

HSA/HDHP Limits

The following chart shows the HSA/HDHP limits for 2018 as compared to 2017. It also includes the catch-up contribution limit that applies to HSA-eligible individuals who are age 55 or older, which is not adjusted for inflation and stays the same from year to year.

Type of Limit		2017	2018	Change
HSA Contribution Limit	Self-only	$3,400	$3,450	**Up $50**
	Family	$6,750	$6,900	**Up $150**
HSA Catch-up Contributions *(not subject to adjustment for inflation)*	Age 55 or older	$1,000	$1,000	No change
HDHP Minimum Deductible	Self-only	$1,300	$1,350	**Up $50**
	Family	$2,600	$2,700	**Up $100**
HDHP Maximum Out-of-pocket Expense Limit *(deductibles, copayments and other amounts, but not premiums)*	Self-only	$6,550	$6,650	**Up $100**
	Family	$13,100	$13,300	**Up $200**

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Telemedicine - Impact on HSA Eligibility

Telemedicine is becoming a popular method of providing a variety of medical services. Some employers offer a telemedicine benefit that allows employees to interact with health care professionals via phone, video chat, email or text for diagnosis, consultation and treatment.

Employers that offer high deductible health plans (HDHPs) that are compatible with health savings accounts (HSAs) should consider how a telemedicine benefit may impact participants' HSA eligibility.

The Internal Revenue Service (IRS) has not specifically addressed the impact of telemedicine on HSA eligibility. However, the general rules for HSA contributions strictly limit the types of health plan coverage that eligible individuals may have. Whether telemedicine is disqualifying coverage for HSA purposes depends on how the telemedicine benefit is structured. Employers that want to offer a telemedicine benefit while preserving HSA eligibility will need to make sure that the telemedicine benefit is designed in a way that is HSA–compatible.

HSA ELIGIBILITY RULES

To be HSA-eligible, an individual must:

- Be covered by an HDHP;
- Not be covered by other health plan coverage that is not an HDHP (with certain exceptions);
- Not be enrolled in Medicare; and
- Not be eligible to be claimed as a dependent on another person's tax return.

DISQUALIFYING COVERAGE

- Health plan coverage that provides benefits before the HDHP deductible is met will typically disqualify an individual from making HSA contributions.
- As a general rule, telemedicine programs that provide free or reduced-cost medical benefits before the HDHP deductible is satisfied are disqualifying coverage for purposes of HSA eligibility.

To learn more about Telemedicine and eligibility requirements, contact a U.S. Employee Benefits Services Group office near you.

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