INSIDE

cpi lights

Vol. XXX • Issue 4 • Fall 2022 • 262.783.6161 voice • 262.783.5956 fax www.cyganiakplanning.com

Jon A. Cyganiak, CLU
President

The market is down… inflation is up. Understandably people are feeling anxious and watching how much they spend. Cutting back on the unnecessary expenditures makes sense.

However, make sure not to cut corners when it comes to your retirement. Now more than ever we need to save for our Golden Years. The Baby Boomer generation is in the throes of retirement and most seem to have done reasonably well with their savings.

There is still time for Gen Xers, Millennials, and Gen Zers to make headway. According to a recent study the youth in the workforce are the best savers. Gen Z is saving on average 14% of their income, with their older counterparts not far behind at 12%. Considering most investors recommend saving 15% of income for a solid retirement future, the youth of our country seem to be on track.

The current financial atmosphere can feel daunting. While many Americans have the beginnings of a solid investment strategy only 63% feel they are on track for a comfortable retirement, which is down from last year.

Have a Happy Holiday season… and thanks for continuing to read CPI Lights!

As always, if you would like to submit an idea or comment in writing you can reach me at **Jcyganiaksr@cyganiakplanning.com**

Regards,

Jon A. Cyganiak

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Source: https://www.benefitspro.com/2022/07/15/health-insurance-illiteracy-costs-employees-study-finds/

Thanksgiving Wishes

Mother Nature has definitely been kind to us this Fall. Those summerlike days were a blessing. So too is the opportunity to gather with friends and family. We have learned not to take that for granted.

However, sometimes we overlook the little things life give us. It isn't about the big grand events, but the little everyday ones.

Don't ignore all the wonderful moments your daily life brings. Take time to really stop and savor every moment of joy, the expected but more importantly the unexpected ones.

All of us at Cyganiak Planning hope you and your family have a wonderful holiday season.

Managing Editor: Laura Bagin

2023 HSA/FSA CONTRIBUTION LIMITS

Once again, the IRS has made some slight changes for Health Savings Accounts contribution limits. In 2023 the new amounts are:

	Single	Family
Maximum Contribution Limit	$3,850	$7,750
Minimum Deductible Requirement	$1,500	$ 3,000
Maximum Out-of-Pocket Expense	$7,500	$15,000
Catch-Up Contribution (For those 55 and older)	$1,000	$ 1,000

The annual deductible has increased $100 for singles and $200 for families, and the maximum out of pocket expense, have gone up $450 for singles and $900 for families. The maximum contribution limits, which is the most that can be deposited into an HSA, increased $200 for singles and $450 for families.

Employers with a Post-Deductible HRA should confirm that the employee front-end deductible responsibility is at least $1,500 for single coverage and $3,000 for family coverage to maintain participant's eligibility for HSAs in 2023. And if you also offer a Flexible Spending Account (FSA) no medical expense are eligible for reimbursement through it.

Remember that the limits for HSA plans do differ from out-of-pocket limits for health insurance plans subject to the Affordable Care Act. The ACA cost-share limits are actually higher than what the HSA regulations mandate.

For those businesses offering Flexible Spending Account here are some of the new 2023 limits.

	2022	2023
Maximum Annual Employee Contribution	$2,850	$3,050
Maximum Annual Small Employer Contribution - Single	$5,450	$ 5,850
Maximum Annual Small Employer Contribution - Family	$11,050	$11,800

MEDICARE 2023 CHANGES

Every year Medicare adjusts their in-plan costs and the associated premiums and surcharges for those benefits.

In 2023 the annual Part B Deductible will decrease slightly from 2022 to $226 while the Part A Inpatient Hospital Deductible increases to $1600. The daily copays for inpatient stays beyond the 60th day, skilled nursing home stays, and lifetime reserve days also increase slightly.

Those with higher incomes have varying surcharges to their Part B and Part D premiums, based on 2021 tax returns. The 2023 income thresholds will increase again in the five lower income brackets.

Part B premiums, including IRMMA surcharges are slightly lower than last year's rates.

- $164.90/month: less than or equal to $97,000 (single)/ less than or equal to $194,000 (married)
- $230.80/month: $97,001-$123,000 (single)/ $194,001-$246,000 (married)
- $329.70/month: $123,001-$153,000 (single)/ $246,001-$306,000 (married)
- $428.60/month: $153,001-$183,000 (single)/ $306,001-$366,000 (married)
- $527.50/month: $183,001-$500,000 (single)/ $366,001-$750,000 (married)
- $560.50/month: more than $500,000 (single)/ more than $750,000 (married)

Part D fees are also slightly lower in 2023 compared to 2022.

- Plan premium: less than or equal to $97,000 (single)/ less than or equal to $194,000 (married)
- $12.20 + plan premium: $97,001-$123,000 (single)/ $194,001-$246,000 (married)
- $31.50 + plan premium: $123,001-$153,000 (single)/ $246,001-$306,000 (married)
- $50.70 + plan premium: $153,001-$183,000 (single)/ $306,001-$366,000 (married)
- $70.00 + plan premium: $183,001-$500,000 (single)/ $366,001-$750,000 (married)
- $76.40 + plan premium: more than $500,000 (single)/ more than $750,000 (married)

LEGISLATIVE UPDATES

FEDERAL

One of the most well-known components of the Affordable Care Act (ACA) is that it requires applicable large employers (ALEs) to either offer affordable, minimum value medical benefits to their full-time employees or pay tax penalties. The ACA defined a plan as being affordable if the lowest-cost, employee-only option costs less than 9.5% of the employee's household income. However, the percentage of income for this purpose is adjusted annually for inflation.

Recent guidance from the Internal Revenue Service (IRS) decreases the affordability percentage significantly from 9.61% for 2022 to **9.12% for 2023**.

Thus, for plan years beginning in 2023, employer-sponsored coverage will be considered affordable if the employee's required contribution for self-only coverage under the lowest-cost available plan does not exceed 9.12% of the full-time employee's income.

The 2023 affordability percentage is the lowest that the IRS has released since the ACA's inception. Most notably, it even falls below the statutory 9.5% affordability threshold upon which the annual inflation adjustments are based. This significant affordability percentage decrease for 2023 means that many employers will need to increase the amount that they contribute towards employee coverage to continue to meet the affordability standard. To avoid penalty exposure, ALEs should carefully analyze affordability in advance of open enrollment for their 2023 plan year.

Source: NAHU

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A bipartisan bill has been put forth in the House of Representatives with the aim to create a one-time special enrollment period for seniors. H.R.8791 would create the SEP for seniors enrolled in COBRA coverage and allow them to enroll in Medicare Part B without any penalty.

Seniors who are enrolled in COBRA coverage but are eligible for Medicare face financial penalties for not enrolling within the mandated timeframe. However, seniors who are enrolled in similar employer-sponsored plans are not penalized, as their coverage is considered creditable for Medicare.

One of the main benefits of COBRA is that it gives individuals the option to keep the exact same coverage they already had in place for an extended period. This makes it an attractive option for a person who has already met the plan's deductible or out-of-pocket expense limit for the plan year, or if the individual or the family member needs coverage of a specific prescription or treatment or is the midst of some type of extensive treatment or therapy. Electing COBRA can ensure complete continuity of care, whereas switching to a Medicare option could disrupt some medical services. There may also be a financial benefit to continue COBRA coverage when there are other family members on the plan.

H.R. 8791 would effectively treat COBRA as creditable coverage, allowing seniors the freedom to choose the right coverage options for them without facing a lifetime of financial consequences.

Source: NAHU

MARK YOUR CALENDAR

IMPORTANT 2023 DATES

There are a couple of important dates coming up that employers and individuals need to be aware of. Some will keep employers in compliance with ACA, and others are important dates to be aware of if you intend to make changes to any type of individual plan.

Annual Enrollment – Medicare

October 15 – December 7: Medicare beneficiaries may change PDP or MA/PD for 2023. Members may also change from Original Medicare to MA/PD or MA/PD to Original Medicare. All effective dates will be January 1, 2023.

Open Enrollment – Individual Plans/FFM

- *November 1 – December 15:* Individuals can enroll in or change their health insurance plan for January 1, 2023. If you have a current plan and make no changes you will be auto renewed for 2023 plan year.
- *December 16 – January 15, 2023:* Individuals who missed the December 15th deadline can still enroll in 2023 benefits for a February 1, 2023 effective date.
- *January 15, 2023:* Last day to enroll in or change a 2023 health plan. After this date, you can enroll in or change plans only if you qualify for a Special Enrollment Period.

Other Dates to keep track of…

1094/1095 form filing: Due February 28 - March 2, 2023 for the 2022 tax year.

BIDEN ADMINISTRATION ISSUES FINAL RULE

Ends the “Family Glitch”

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The Biden Administration issued a final regulation and a new IRS notice on October 11, 2022, which eliminate the Affordable Care Act’s (ACA) “family glitch” beginning on January 1, 2023. The “glitch” refers to the fact that the ACA’s current affordability standard is based on what a single person pays for employer-sponsored coverage in all circumstances. This results in many people with employer-sponsored group health insurance paying far more for family coverage than the ACA’s coverage affordability threshold (9.5% of their household income, as adjusted annually for inflation).

Under this final regulation, if the employee’s cost for dependent coverage exceeds the ACA’s affordability threshold, then the affected dependents may be eligible for subsidized coverage through an exchange. The accompanying IRS notice allows employers to amend their Section 125 Cafeteria Plans to permit eligible dependents to drop their group coverage midyear in favor of subsidized individual exchange coverage.

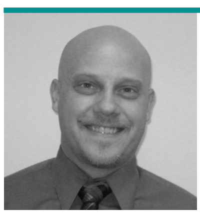
Importantly, the final rule makes it clear that this change will not affect the coverage affordability requirements for applicable large employers (ALEs) subject to the ACA’s employer shared responsibility provisions (i.e., the employer mandate). The general rule that ALEs offer their full-time employees affordable coverage and the associated affordability Safe Harbors remain in place. ALEs will NOT be required to offer affordable coverage to dependents.

The preamble to the final rule also explicitly states that the policy change will not impact ACA reporting for either ALEs or health insurance issuers. It remains unclear how the IRS and the health insurance exchanges will verify the cost of employer-sponsored dependent coverage or if an employee has an affordable offer of employer-sponsored coverage based on their family income.

Source: NAHU

INFLATION REDUCTION ACT

Some Medicare Drug Benefits starting in 2023



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There are a lot of pieces to the Inflation Reduction Act and some beneficiaries will start to see savings next year. On January 1st of 2023 the $35 cap for a 1-month supply of insulin (covered in Medicare Part D) and the $0 out-of-pocket copay for recommended vaccines goes into effect. The vaccine benefit can really help, especially for those that would have had to pay out-of-pocket for expensive vaccines like the shingles vaccine.

Other changes are planned and on September 1,2023 Medicare will announce the first 10 drugs whose prices will be negotiated under the Medicare drug price negotiation provision of the new law. In September of 2024 HHS will publish the maximum fair price negotiated for those 10 drugs (to take effect in 2026) and in 2025 the $2000 out-of-pocket cap for beneficiaries’ drug costs in Medicare Part D and Medicare Advantage will take effect.

**Source –https://www.medpagetoday.com/publichealthpolicy/medicare/101102 - HHS Outlines Timeline for Medicare Drug Benefits in the Inflation Reduction Act*

THE Q & A CORNER

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The Cyganiak Planning Q & A Corner takes questions that our agents and sales/service associates were asked and provides detailed guidance to help you understand and resolve similar scenarios at your workplace, should they ever arise.

QUESTION: I have an employer that offers a Level Funded health insurance contract. They mistakenly offered COBRA continuation to a former employee who accepted the enrollment, but they do not qualify (less than 20 EEs). What ramifications could be presented?

ANSWER: As the employer is not subject to state mini-COBRA (due to self-funding) or federal COBRA (due to size), and as the carrier will not honor this COBRA election, the only recourse is to communicate this error as soon as possible to prevent them from incurring medical expenses or losing the opportunity to enroll elsewhere using this life event.

For the latter issue, they very may have lost the chance to elect under another employer's plan or other options available as they are over 30 days out from the loss. However, they may still be able to enroll in the federal Exchange which has a 60-day Special Enrollment Period (SEP) and the ability to request permission to enroll for complex circumstances such as this.

It also goes without saying they should also review their HR practices regarding exit interviews and offering benefits.

Disclaimer: Guidance provided above is opinion gathered from Cyganiak Planning Inc.'s Human Resources Advocacy Firm based on their research of specified topics and cannot be considered as legal opinion or legal fact. Please consult with your legal counsel for any specific and final guidance in any situation pertaining to your own company.

WISCONSIN 2ND IN MARKETPLACE OPTIONS

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Wisconsin's health insurance Marketplace has started its 10th Open Enrollment on November 1st. And it does so with many options.

According to a survey done by Kaiser Family Foundation, Wisconsin ranks second in the number of individual insurance carriers offered on their individual health insurance exchange. Wisconsinites have thirteen different carriers statewide to select from. This is a close second behind Texas, which offers 15 carriers.

It is important to note that all counties have at least three different health insurance carriers to consider on HealthCare.gov. Check here to see what carriers are available in your county.

In addition, Wisconsin Healthcare Stability Plan (WIHSP), a bipartisan law aimed at keeping Marketplace premiums down, has been successful in keeping rates down for the fourth year running. In 2019 WIHSP provided a 4.2% decrease in rates instead of the anticipated 10% increase. In 2020, rates were an additional 3.2% lower than in 2019. In 2021, rates were 3.4% lower than those in 2020, and 2022 rates were 14.5% lower than they would have been without WIHSP. For plan year 2023, the weighted average rate increase is 13.7% lower than it would have been without WIHSP.

Wisconsin is a great place to be if you're looking for coverage through our Marketplace.