cpi lights

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President

The Biden Administration recently finalized new rules pertaining to short-term health insurance policies. As of September 1, 2024 these temporary plans, which do not comply with ACA rules, will have policy terms no longer than four months. Previously the Trump Administration extended policy periods to a maximum of three years.

Part of the new regulations will require insurance carriers to be more transparent to make sure enrollees understand all policy limitations and exclusions. In addition, people may not buy successive plans issued by the same company within a one-year period.

Short-term health plans are designed to help people transition from one coverage to another but require medical underwriting. However, they tend to be more affordable than ACA compliant plans, in part because the carriers can assess and limit their risk.

These short-term contracts definitely play a useful role in the health insurance market. They are affordable options when funds may be limited. But there has long been discussion about how useful these policies are if they don't cover all medical situations, like traditional ACA compliant plans.

It is our job, as agents, to make sure our clients' needs are met, and that they understand the limitations of any policy they purchase. Whether a four month or 3-year policy is more appropriate depends on the specific need at the time. What we do know is the new regulations will once again change the health insurance landscape. Cost remains the driving factor with all plans. Until the high cost of health care, and by extension insurance premiums, is addressed lawmakers will only be addressing half the problem in the coverage game.

Thanks for continuing to read CPILights!

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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and Summer Hours

As The Beatles sang…"Here comes the sun." We welcome the summer warmth and the longer days. In addition Cyganiak Planning will change over to our annual Summer Hours schedule.

Beginning Monday, May 20th and running through Friday, September 2nd our business hours will be:

Monday – Thursday 8:00am – 4:30pm

Friday 7:30am – 1:00pm

Our offices will also be closed on Thursday July 4th in observance of the Fourth of July holiday.

If you or your employees need to reach us outside these revised business hours, you may leave a detailed message in our voicemail system. We will get back to you as soon as possible.

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HSAS AND WELLNESS EXPENSES
IRS Weighs In on What Isn't Covered

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The Internal Revenue Service ("IRS") is reminding taxpayers that expenses related to nutrition, wellness, and general health are not likely to qualify as reimbursable medical expenses under Internal Revenue Code ("Code") section 213.

Qualified medical expenses under Code section 213(d) can be reimbursed on a tax-favored basis by a health savings account ("HSA"), health flexible spending account ("FSA") or a health reimbursement arrangement ("HRA"). Generally, amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure of function of the body and are included under this definition. These expenses can include costs for legal medical services rendered by physicians, surgeons, dentists, and other medical practitioners. They include costs for equipment, supplies, and diagnostic devices needed for medical care. They also include costs for medicines and drugs prescribed by a physician or purchased over the counter. Medical expenses do not include personal expenses that are merely beneficial to general health.

The IRS has expressed concern that taxpayers may be misinformed about the circumstances in which food or wellness expenses can be medical expenses. On March 6, 2024, the IRS issued a press release to remind taxpayers that personal expenses are not reimbursable on a tax-favored basis through FSAs, HSAs, or HRAs.

The IRS also warned taxpayers about companies that are misleading taxpayers into believing nutrition, wellness, or general health expenses can be reimbursable simply by obtaining a note from a doctor that can be submitted with a claim for reimbursement. These companies offer to provide doctor's notes to taxpayers for a fee. In this news release, the IRS cautions documentation or a note from a doctor based on self-reported health information cannot convert personal expenses into medical expenses.

Examples of expenses that are NOT reimbursable as medical expenses include:

- Cost of exercise such as swimming or dancing lessons or memberships
- Cost of weight loss programs that do not treat a specific disease diagnosed by a physician.
- Cost of food or beverages for weight loss that satisfies normal nutritional needs.
- Cost of food or beverages that does not alleviate or treat an illness.
- Cost of food or beverages that is not prescribed by a physician.
- Cost of drugs that aren't prescribed by a physician.
- Cost of nutritional supplements that are not recommended as treatment for a specific medical condition diagnosed by a physician.

The proper treatment of medical expenses is required for an employer benefit plan that provides benefits through an FSA or HRA. FSA and HRA plans that reimburse expenses that are not eligible can risk the tax qualified status of the entire plan.

Employers that sponsor benefit plans that reimburse medical expenses should confirm with their service providers that the plans only reimburse qualified medical expenses and that all claims processed are properly substantiated prior to reimbursement.

Source: Emerson Rogers

RETIREMENT REIMAGINED

According to a survey from Fidelity Investments today's workforce is looking at retirement in a whole new way. They found that approximately two thirds of working Americans plan to "work for pleasure" when they leave their main career.

Going from full time to part time, to retirement time seems to be the path Millennials and the Gen Zers see in their futures. Many don't think they will have the funds to have a traditional retirement but are willing to keep working in a field they enjoy, relocate, or even start a new business. All to keep a steady income, but still enjoy their later years.

Over 50% of these age groups are feeling the effects of the rising cost of living, inflation, and saving for emergencies. Younger Americans feel the pressures of having funds to buy homes, pay college tuitions and student loans, all while still finding funds to save for retirement. Baby boomers, Gen X, Millennials, Gen Z all started saving for retirement earlier than their previous generations. The one thing in common is they all wish they had started sooner.

Creativity in preparing for retirement is important these days. It could be a "passion" business, or a current side-hustle that inspires you. If you are concerned about not having enough income post retirement figuring out your path to income later in life should be part of your retirement plan now.

Source: https://www.financialadvisoriq.com/c/4451014/583474/every_want_work_pleasure_phased_retirement_fidelity

HOW GROUP MEDICAL AND MEDICARE COORDINATE

Eric Pierson
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These days many people decide to continue working past the age of 65. What happens when they decide to stay on the group health insurance, but also qualify for, and enroll in, Medicare? The employer group size will determine the primary and secondary payer for medical insurance.

What it means to pay primary/secondary

- The insurance that pays first (primary payer) pays up to the limits of its coverage.
- The insurance that pays second (secondary payer) only pays on costs the primary insurer didn't cover.
- The secondary payer (which may be Medicare) may not pay all the remaining costs.
- If your group health plan or retiree coverage is the secondary payer, you'll likely need to enroll in Medicare Part B before they will pay.

If the employer has 20 or more employees, then the group health plan pays first, and Medicare pays second. If the group health plan doesn't pay all the bill, the doctor or health care provider should send the bill to Medicare for secondary payment. The members may have to pay any costs Medicare, or the group health plan doesn't cover.

If the employer has less than 20 employees and isn't part of a multi-employer or multiple employer group health plan, then Medicare pays first, and the group health plan pays second. Employees will need to have part A and B in this instance, or the insurer will not coordinate claims payments correctly. They may either wait to pay until Medicare pays or pay based on what Medicare should have paid prior to them processing the claim. This will leave a giant hole in their medical coverage.

For age-based Medicare, employers with 20 or more employees for each working day in at least 20 weeks in the current or the preceding calendar year qualify for the small employer exception and may pay secondary to Medicare for active plan participants (including employees, spouses, and their dependents). It is up to the employer to determine their group size and the employer will need to make sure they are communicating this to the group insurance provider. This qualifier must be updated in their system for the coordination of benefits to take place accurately.

It is very important for you and your employees to know how your group health plan is set up, so members can make an informed decision on what is the right strategy for them.

Sources:

https://www.medicare.gov/supplements-other-insurance/how-medicare-works-with-other-insurance

https://www.amwinsconnect.com/news/overview-medicare-secondary-payer-msp-requirements#:~:text=For%20age%2Dbased%20Medicare%2C%20employers,%2C%20spouses%20and%20their%20dependents).

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FEDERAL

The second quarter Inflation Rebate prescriptions were released at the end of March. From April 1 to June 30, 2024 there are 45 prescriptions that people with traditional Medicare or Medicare Advantage plans who use these drugs may pay a reduced amount for this quarter only.

These rebates are part of the Inflation Reduction Act that requires drug companies to pay rebates to Medicare when prescription drug prices increase faster than the rate of inflation for certain medications.

DISABILITY INSURANCE
The Overlooked Benefit

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It can be argued that disability insurance is one of the most important parts of a benefit package. Two out of ten people between 25 and 65 will have a non-work-related accident or illness that will keep them out of work for 3 months or longer. Therefore, workers compensation will not cover them. So how can an employer protect his/her employees?

Group disability insurance is a benefit that will fill this need, and the workplace is the most common way people obtain the coverage. Group disability plans can cover between 50-70% of monthly salary, with 60% being the most common coverage. Long term disability plans will have a longer elimination period of 3 to 6 months before benefits are payable, hence the need for short term coverage.

Short term disability insurance can provide immediate coverage if an employee suffers an accident or illness that prevents them from working. It usually provides a partial income for 3-6 months. More employers offer this on a voluntary basis since it provides only a short-term need. Employees can usually find a way to withstand an income loss lasting a couple months.

It is the long-term loss that can become devastating. With medical insurance premiums rising employers are trying to stretch their benefit dollars further. Many employers see the benefit of providing long term disability insurance (LTD) for their employees, and many still provide this benefit at no cost. However, it can also be offered as a shared expense or as a voluntary benefit. Group long term disability plans typically pay out two to five years. Although some carriers offer extended benefit periods that can pay out until age 65, or the Social Security Normal Retirement Age.

It is important to make sure employees use post- tax dollars if they are to pay any part of the premium. Otherwise, the benefits received will be taxable. Employer paid plans will always provide taxable benefits.

Employees need to be full time to be eligible for coverage. Most group disability plans also offer return to work incentives including partial disability benefits and rehabilitation assistance. Returning to work quickly and safely is in everyone's best interest.

Disability insurance provides just as important a benefit a medical insurance, often at a time when you cannot afford to be without an income. Don't overlook disability benefits for your workforce. Whether you provide an employer paid program, shared cost or voluntary plan at least offer something. Your employees will appreciate it more than you know.

HEALTH INSURANCE TERMS

Deductible, coinsurance, copayment, out of pocket maximum. These are all terms that describe money you may be required to pay when you have some sort of medical event.

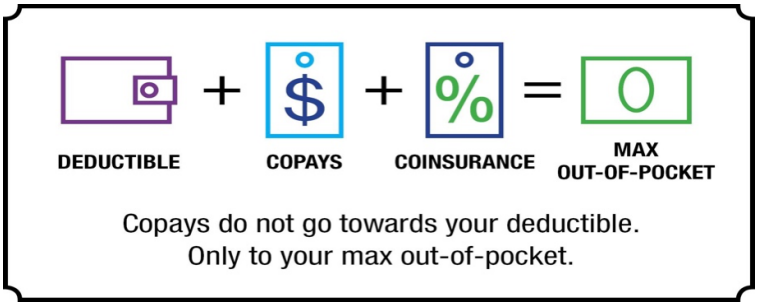
But they are all very different things, and it is important to understand these terms to make sure you fully understand how your health insurance works.

A **deductible** is the amount of money you pay for any covered expense before the insurance company pays anything.

Coinsurance is a percentage that is paid by the insurance carrier after the deductible has been met. If a policy pays 80% coinsurance that means the insurance company will pay 80% of the covered expense and you are responsible for the remaining 20%.

Copayments are a fixed dollar amount for a specific service such as an office visit, lab work or prescriptions. They are paid in lieu of deductibles and coinsurance.

The policy **out of pocket maximum** is the total amount of money you will be responsible for within the give policy period, often a calendar year. It is made up of the deductible, coinsurance, and copayments.



HEALTH SCREENING FOR THE AGES

People have become more health conscience over the years. But somehow the adage "doctors are for sick people" seems to still resonate with many. Part of living a healthy lifestyle should include regular visits to the doctor to make sure you are healthy. Annual preventive health visits are the key to diagnosing medical conditions early so they don't become life threatening, or to getting ahead of a chronic disease so it can be managed better.

What needs to be checked in your 20's is much different than what doctors are looking at in your 60's.

Here is a brief guide to what experts say you should be checking off to help maintain good physical health throughout your lifetime.

In your 20's you should

- Make sure you are up to date on any vaccinations such as chickenpox, flu, Hepatitis B and Tdap (tetanus, diphtheria, and whooping cough).
- Have baseline screenings for cholesterol, diabetes and blood pressure.
- Have mental health screenings.
- Get periodic Cancer (cervical and testicular) and STI screenings
- Have regular dental check ups

In your 30's you should

- Stay current on any vaccinations like Td (tetanus and diphtheria), and flu
- Continue cancer and sexual health screenings
- Continue mental health screenings
- Begin heart health screenings
- Begin skin health screenings
- Continue eye exam and screenings
- Maintain regular dental check ups

In your 40's you should

- Continue all previous general health screenings
- Begin colorectal cancer screenings
- Start mammograms for women
- Begin blood pressure and cholesterol screenings, if you haven't already
- Start diabetes screenings

In your 50's you should

- Continue general health screenings and vaccinations
- Get a shingles vaccination
- Have a lung cancer screening
- Start prostate cancer screening for men

In your 60's you should

- Keep up with general health screenings from previous years
- Make sure you are up-to-date on vaccinations, but include pneumococcal and RSV vaccines
- Have osteoporosis screening for women
- Get an abdominal aortic aneurysm check via ultrasound

All of these are simply recommendations. If you have any indications of disease or other medical issue make sure to seek advice from a medical professional as soon as possible.

Source: https://www.cbsnews.com/news/preventative-health-screenings-guide-age-groups/