# cpi lights

Vol. XXXII • Issue 4 • Fall 2024 • 262.783.6161 voice • 262.783.5956 fax www.cyganiakplanning.com

## IN MEMORIUM

***Jon A. Cyganiak***

It is with heavy hearts that we share news about the passing of Jon A. Cyganiak this past August at the age of 84. Jon grew up on the south side of Milwaukee attending Notre Dame High School and then Marquette University. He was a first-generation college student who worked hard to pay his own way through school. Graduating in 1961 with a liberal arts degree, with an emphasis in philosophy, Jon tried several employment paths before transitioning into the insurance industry. While working at Connecticut Mutual he earned his Chartered Life Underwriters (CLU) designation. In 1973 he founded his own employee benefits agency where he worked at every day for the past fifty-one years. He respected and cherished the relationships he developed with his loyal employees and agents.

On September 14, 1968 Jon married the love of his life, Elizabeth Ansay. They built their lives in Thiensville and Mequon where they raised their four children. He attended almost all his children's school and sporting events and those of his seven grandchildren as well. Jon was a deeply spiritual man who loved God, his family and his country.

He was a golf aficionado and played many rounds over the years at The BOG. Additionally, Jon was a proud and generous supporter of Marquette University athletics which earned him the Service to Marquette University award in 2002. He also became a strong supporter of the University of Michigan women's tennis program and loved University of Michigan football. For over fifty years Jon was an avid member of the Milwaukee Athletic Club where he participated actively in the EMHAC group and earned the H.A. award in 1999.

Jon enjoyed sharing his good-hearted sense of humor and love with friends and family over the years and was generous to the community is many ways.

We all will miss Jon's gentle, caring, loving soul.


Everyone knows that Thanksgiving always falls on the fourth Thursday of November. But surprisingly it hasn't always been that way.

In 1863 Abraham Lincoln proclaimed Thanksgiving would be observed on the last Thursday of November.

Come 1939 November 30 was the last Thursday. Franklin Roosevelt was convinced to move Thanksgiving up a week to November 23 to help boost holiday retail sales amid an economy still creeping out of the Great Depression.

By 1941 states were split, celebrating the holiday on both the third and fourth Thursdays of November. The short-lived "Franksgiving" was officially dismissed when Roosevelt signed a congressional resolution making Thanksgiving a national holiday falling on the fourth Thursday of November beginning in 1942.

While there are issues dividing our country at the moment, we should remember the ideals that make our country great. We need to find the common ground to heal the fractures and find a way forward.

Remember what you are thankful for this holiday season. We are thankful for our clients and the trust you place in us. We are grateful for time to spend with friends and family. May 2025 be a happy and healthy year for you all.

*Managing Editor: Laura Bagin*

**Steve Flewellen**
Agent
CYGANIAK PLANNING INC

**The Medicare Modernization Act requires entities offering prescription drug coverage to notify Medicare-eligible policyholders whether their prescription drug coverage qualifies as creditable coverage.** This means that the prescription drug coverage offered by a group health plan is expected to pay, on average, at least as much as the standard Medicare Part D drug coverage.

In 2025 there will be changes in Medicare Part D plans that will impact the creditability of employer sponsored health plans. One significant change will be the reduction for the out-of-pocket spending cap on prescriptions from $8,000 to $2000. If an employer offers a plan that has a deductible and/or out-of-pocket greater than $2,000 the health plan will not be considered creditable coverage as it relates to Medicare eligible employees and dependents.

If a person is Medicare eligible and is on a group health plan that does not offer creditable coverage, they could be subject to payment of higher Part D premiums if there is a break in creditable coverage of 63 days or longer before obtaining a creditable plan. This surcharge is 1% per month until creditable coverage is acquired.

Medicare eligible members would be able to purchase a Medicare Part D plan that would provide that creditable coverage. Medicare's website does a great job comparing eligible plans in our area. Go to www.medicare.gov to review and compare plans.

Another option for those with little to no prescription expense is to enroll in Wisconsin's SeniorCare Rx. This program is intended to be a Part D drug plan for low-income folks, but also can be used as an inexpensive program that will meet the requirement for creditable Part D coverage for a Medicare Eligible person. SeniorCare Rx costs $30 a year. For more information go to https://www.dhs.wisconsin.gov/seniorcare/index.htm.

# DATES TO REMEMBER

Here are some important dates you will need to be aware of if you have Medicare or an Individual Health Plan. Any plan changes for 2025 will need to be completed within these dates.

**Annual Enrollment – Medicare**
*October 15 – December 7:* Medicare beneficiaries may change PDP or MA/PD for 2025. Members may also change from Original Medicare to MA/PD or MA/PD to Original Medicare. All effective dates will be January 1, 2025.

**Open Enrollment – Individual Plans/FFM**

- *November 1 – December 15:* Individuals can enroll in or change their health insurance plan for January 1, 2025. If you have a current plan and make no changes you will be auto renewed for 2025 plan year.
- *December 16 – January 15, 2025:* Individuals who missed the December 15th deadline can still enroll in 2025 benefits for a February 1, 2025 effective date.
- *January 15, 2025:* Last day to enroll in or change a 2025 health plan. After this date, you can enroll in or change plans only if you qualify for a Special Enrollment Period.

**Creditable Coverage Notification** Deadline *October 15, 2024*: employers should have notified all employees regarding your group plan prescription drug Medicare Creditable Coverage status.

Other Dates to keep track of…

1094/1095 form filing: Due February 28 - March 2, 2025, for the 2024 tax year.

# 2025 HSA CONTRIBUTION LIMITS

Health Savings Accounts (HSAs) have become one of the most popular ways for Americans to manage their medical/dental and retirement spending. Every year the IRS evaluates, and usually increases, HSA contribution and benefit limits. 2025 is no exception. Here are the new amounts for the upcoming year so you can adjust your contributions accordingly.

| | Single | Family |
|---|---|---|
| Maximum Contribution Limit | $4,300 | $8,550 |
| Minimum Deductible Requirement | $1,650 | $3,300 |
| Maximum Out-of-Pocket Expense | $8,300 | $16,600 |
| Catch-Up Contribution (For those 55 and older) | $1,000 | $1,000 |

Annual limits for 2025 have gone up minimally. The annual deductible has increased only $50 for singles and $100 for families, and the maximum out of pocket expense, have gone up $250 for singles and $500 for families. The maximum contribution limits, which is the most that can be deposited into an HSA, increased $150 for singles and $250 for families.

Employers with a Post-Deductible HRA should confirm that the employee front-end deductible responsibility is at least $1,650 for single coverage and $3,300 for family coverage to maintain participant's eligibility for HSAs in 2025.

And if you also offer a Flexible Spending Account (FSA) no medical expense are eligible for reimbursement through it. However, employees who participate can contribute up to $3,300 for eligible non-medical expenses.

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. And HSA contributions may only be made by those under age 65.

HSA funds can be used to pay for out-of-pocket medical expenses like copayments, deductibles and coinsurance. It can also be used to pay for Medicare Part B, Part D and Medicare Advantage premiums for those 65 and older.

# ★ ★ ★ ★ ★ ★ LEGISLATIVE UPDATES ★ ★ ★ ★

***FEDERAL***

CMS annually adjusts the ACA's out-of-pocket maximum for inflation and publishes the limits by January of the year preceding the applicable benefit year. The ACA's cost-sharing limits apply to all non-grandfathered health plans, including self-insured health plans, level-funded health plans and fully insured health plans of any size. On Nov. 15, 2023, the Centers for Medicare and Medicaid Services (CMS) released the maximum cost-sharing limits for 2025 under the Affordable Care Act (ACA). For 2025, the maximum annual limitation on cost-sharing is **$9,200** for self-only coverage and **$18,400** for family coverage.

*********

There will be some key changes to the Medicare Part D prescription benefit in 2025.

- **Elimination of the Coverage Gap:** The Coverage Gap, also known as the donut hole, will be eliminated in 2025. This means that there will be no temporary limit on what the drug plan will cover for drug costs.

- **Out-of-pocket drug spending cap:** The out-of-pocket drug spending will be capped at $2,000 per year. This means that once you reach the deductible, you will pay 25% of your drug costs until you reach the $2,000 limit. After that you will enter Catastrophic coverage and pay no additional out-of-pocket for prescription drugs for the balance of the year.

These changes will also impact group health plans prescription benefit as it relates to creditable coverage.

*********

The House of Representatives introduced a bipartisan bill to expand the availability of 401(k)s to employees between 18-21. Currently ERISA requires employers to offer retirement benefits to employees over age 21.

The *Helping Young Americans Save for Retirement Act* strives to empower young Americans to start saving early for financial independence and retirement security. Currently ERISA testing requirements discourage employers from including younger employees on their retirement plans. This bill would help alleviate those testing provisions for employees ages 18-20 years old.

*Source: https://www.benefitspro.com/2024/08/13/house-introduces-new-401k-bill-to-help-employees-under-21-start-saving-for-retirement*

# ACA AFFORDABILITY PERCENTAGE INCREASE – 2025

**Jon I. Cyganiak**
*Agent/Vice President*
CYGANIAK PLANNING INC

The Internal Revenue Service (IRS) is increasing the safe harbor affordability threshold to 9.02% for the 2025 tax year. As a result, ALE (Applicable Large Employers) will have more flexibility in making their employee premiums meet the affordable safe harbor for next year as required under the Affordable Care Act (ACA).

The move follows three years of decreases from 9.83% in 2021 to as low as 8.39% in 2024. Employers should plan accordingly to comply with the updated percentage for 2025.

**What This Means for Employers**
The ACA full time employee rules — requires that Applicable Large Employers (ALEs) offer affordable Minimum Essential Coverage (MEC) to at least 95% of their full-time employees, and their dependents. The coverage must meet Minimum Value (MV) and be affordable to employees.

Employers have several safe harbors afforded to them under the ACA, which are good to understand and utilize as necessary to avoid penalties.

**ACA Safe Harbors**
ALEs have three affordability safe harbors to demonstrate their coverage is affordable:

1. **Rate of pay (based on hourly rate or monthly salaried rate).** This safe harbor may be better suited for employers with high variable-hour workforces due to the inconsistent hours of service employees provide.

2. **W-2 form.** The W-2 Safe Harbor is a method for proving ACA affordability that involves the use of an employee's W-2 Box 1, gross income. It can be the trickiest safe harbor to use because it cannot be determined until the end of the year.

3. **Federal poverty line.** The Federal Poverty Line (FPL) Safe Harbor is a method for proving ACA affordability that is based on an employee's annual household income, which is a function of that employee's household size and is adjusted on an annual basis. For the 2025 ACA reporting year, the mainland 2024 FPL of $15,060 for a household size of one is used.

**Next Steps for Employers: Maintain Compliance**
It's important to stay up to date on changing compliance requirements associated with the ACA. Employers that fail to account for updated affordability thresholds for the 2025 tax year when selecting healthcare plans are at risk of costly IRS penalties.

*Source: ACA Times*

# *In the* SPOTLIGHT

## A WHO'S WHO IN SUCCESSFUL BUSINESS

Cyganiak Planning, Inc. would like to recognize the physical growth, as well as the accomplishments of our clients. If you are expanding your human resources or your facility, please let us know. If you are participating in some community outreach or volunteer effort or have recently been recognized with an award, please contact your agent (262-783-6161) and we will share your achievements with our readers.

CONGRATULATIONS to our client who was recognized in the 2024 BizTimes Media/MMAC Future 50 Companies.

**American Construction (West Bend), aka American Companies Great Lakes Rubber, aka Great Lakes Industrial**

The Future 50 program recognizes the fastest-growing, privately owned companies in the eight-county southeastern Wisconsin area that have been in business for at least three years and have shown significant revenue and employment growth.

By the end of this year the 2024 Future 50 companies are projected to have added a combined 2,123 jobs since the start of 2021. In addition, the Future 50 companies are projecting a combined revenue growth of $1.58 billion since the start of 2021, a 61% increase.

**Kraig Sadownikow,** president of American Construction Services, says specialization played a key role in their company's success. "Investing in people that can narrow down the job and really perform at a high level helped us get here today."

# THE Q & A CORNER

**Eric Pierson**
*Sales Associate*
CYGANIAK PLANNING INC

*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:** What is the Medical Loss Ratio (MLR) and how is it calculated?

**ANSWER:** The Medical Loss Ratio (MLR) rebate is a provision of the Affordable Care Act (ACA) that aims to ensure health insurance companies spend a significant portion of premium dollars on actual healthcare costs, rather than administrative expenses or profits. Here's how it works:

Calculation and Thresholds:

- **MLR Calculation:** The MLR is calculated as the percentage of premium revenue an insurer spends on medical claims and activities that improve healthcare quality.
- **Thresholds:** The ACA sets minimum MLR thresholds:
- **80% for small group and individual health plans**
- **85% for large group health plans**

Rebates:

- If an insurer's MLR falls below these thresholds, they are required to issue rebates to their customers.
- The rebate amount is proportional to the difference between the insurer's MLR and the required threshold.

*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.*

# RECRUITING AND HIRING

Employment in Wisconsin is presumed to be employed at-will, which means that the employment relationship may be terminated by either the employer or the employee at any time for any reason, except for an illegal or improper reason.

Employment offers or agreements lacking a durational term of employment are generally construed as at-will contracts. Employees hired for an indefinite term without a formal written employment contract are also considered at-will. For an employment contract to modify the at-will relationship and provide for permanent employment, additional consideration or benefit to the employer is generally required. Nevertheless, where an at-will relationship is desired, employers should use the offer letter and/or confirmation letter as an opportunity to reaffirm that the employment relationship is at-will.

**Wisconsin: Employment Offer**

- Although an employer is not required to provide a newly hired employee with an offer letter or confirmation letter, employers are encouraged to provide new employees with a confirmation letter setting forth the wages, hours and other terms and conditions of employment.
- Where an at-will employment relationship is intended, a confirmation letter provides the employer with an opportunity to reaffirm the employment at-will relationship.
- Conditional employment offers are permitted under Wisconsin law.
- Restrictive covenants should be signed as part of the offer process.

**Employment Offers**

Wisconsin law does not require that the terms and conditions of the employment relationship be set forth in writing to the employee. However, to avoid any ambiguity or future disputes as to the terms and/or conditions of employment when making an employment offer, employers are encouraged to provide a confirmation letter to employees setting forth the following terms and conditions:

- Job title;
- Start date;
- Work location;
- Rate of pay;
- Hours of employment;
- Wage payment schedule (i.e., weekly, bi-weekly, semi-monthly, monthly);
- Benefits; and
- Duration (i.e., employment at-will).

If a written offer or confirmation letter is provided, it should be placed in the employee's personnel file. Wisconsin employees have the right to make a request, which the employer can require to be in writing, to inspect any personnel documents that have been used in determining that employee's qualifications for employment, promotion, transfer, additional compensation, termination, or other disciplinary action, including medical records.

*Source: HRWS*

# MEDICARE 2025 PREMIUM UPDATE

Every year Medicare reviews the premiums, surcharges, and copayments it assesses beneficiaries. As is the usual case, the 2025 numbers are going up from last year's charges.

In 2025 the annual Part B deductible will see a slight increase to $257 while the Part A Inpatient Hospital deductible increases to $1676 The daily copays for inpatient stays beyond the 60th day, skilled nursing home stays, and lifetime reserve days have also increased from 2024 charges.

Part B premiums, including the income related monthly adjustment amount (IRMMA) surcharges have again increased from 2024. Those with higher incomes have varying surcharges to their Part B and Part D premiums. Incomes are based on 2023 tax returns.

- $185.00/month: less than or equal to $106,000 (single)/less than or equal to $212,000 (married)
- $259.00/month: $106,001-$133,000 (single)/$212,001-$266,000 (married)
- $370.00/month: $133,001-$167,000 (single)/$266,001-$334,000 (married)
- $480.90/month: $167,001-$200,000 (single)/$334,001-$400,000 (married)
- $591.90/month: $200,001-$499,999 (single)/$400,001-$749,999 (married)
- $628.90/month: more than $500,000 (single)/more than $750,000 (married)


Part D fees are also slightly higher in 2025 compared to 2024.

- Plan premium: less than or equal to $106,000 (single)/less than or equal to $212,000 (married)
- $13.70 + plan premium: $106,001-$133,000 (single)/$212,001-$266,000 (married)
- $35.30 + plan premium: $133,001-$167,000 (single)/$266,001-$334,000 (married)
- $57.00 + plan premium: $167,001-$200,000 (single)/$334,001-$400,000 (married)
- $78.60 + plan premium: $200,001-$499,000 (single)/$400,001-$749,999 (married)
- $85.80 + plan premium: more than $500,000 (single)/more than $750,000 (married)

# MAKING TIME TO SAVE TIME

This time of year we are busy with holiday preparations, parties and shopping. Often it feels like we need another 5 hours to our day. But what if it we did more of the mundane things with intention? Perhaps it would feel like we were able to get some of the extra time added back into our days.

**PLAN TO COOK DINNER.** Spend an hour each week to organize your meals and make a shopping list. Not only will you know what you need to make each evening, you will have all the healthier ingredients on hand, and will avoid unplanned dinners out. Saving time and money.

**DO LIKE THINGS TOGETHER.** It is easier, and more efficient, to group your similar tasks together. Sit down and pay your bills once or twice a month. Run as many of your errands as you can while you are already out. Make extra when cooking casseroles, stews or other large serving dishes so you can freeze it. When you have an especially busy day you can just have to thaw, heat and serve.

**SET AT TIMER.** Relaxing is important, especially as our time gets pulled into so many directions. But it is also easy to get lost in that relaxation time. So if it is easy for you to get lost surfing on your phone, reading a book, or playing video games set an alarm or timer for a hard stop time to keep you on track with your other tasks.

**TOSS IT.** We get so much junk mail these days it is easy for it to pile up. Make things easy on yourself and just toss those unwanted fliers on your way in the house. Then take a couple minuets to go through the pieces that are actually important and deal with them right away as well.

None of these suggestions will give you a 27 hour day, but they may just help you find extra time in you day to minimize stress and feel a like your day's tasks were all complete by the time the day is over.

*Source: United Healthcare Healthy Mind Healthy Body, 11/6/2015*