



MARTIN INSURANCE GROUP, LLP

CLIENT NEWS & ADVISORY

3rd QUARTER - 2023 ISSUE

Increasing Out of Pocket Limits and Savings Accounts

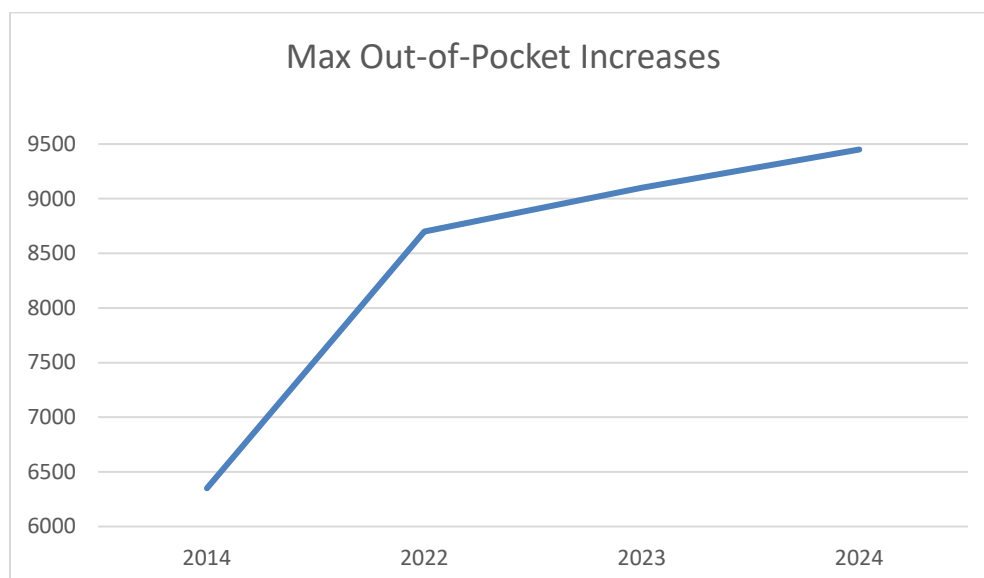
Hello Everyone,

We hope everyone is surviving the Texas heat this summer! I know it may not seem like it, but by the time this newsletter comes out, we will be halfway through Q3 of 2023 and the industry will be focusing on the last quarter of the year and beginning of 2024. With that said, there are changes in the medical insurance industry and with the laws surrounding it.

When the affordable care act originally came out, laws were put in place to create deductible and max out-of-pocket limits (MOP) on major medical plans. However, the law was written to allow future increases to these maximums to keep pace with inflation and medical trend. This has left us with the following figures:

- **Medical Plans Max out of Pocket (MOP).**
 - **2014:** \$6,350 IND and \$12,700 FAM. (Original limit under the Affordable Care Act)
 - **2022:** \$8,700 IND and \$17,400 FAM.
 - **2023:** \$9,100 IND and \$18,200 FAM.
 - **2024:** \$9,450 IND and \$18,900 FAM.

That's a 43% increase from inception in 2014 to present time in 2023. Keep in mind, carriers will still offer medical policies with lower MOP's, but due to the rate of both US currency and medical inflation, you will find that your medical renewal might include an increase in financial exposure via both higher MOP limits and premiums.



Qualified Savings Accounts:

Knowing the information on the previous page, it is natural to think “**what can we do to mitigate financial exposure when these limit increases are outpacing the average salary growth?**” The answer is to offer and utilize qualified savings accounts that are allowed by current IRS codes to get the most out of your dollar.

Below we will outline the different forms of these savings accounts, but **what they all have in common is the ability to invest on a PRE-tax basis** (as long as you have a Section 125 in place) **effectively lowering your taxable income and stretching your hard-earned money further. These funds are used to offset the cost of your deductible, coinsurance, applicable copays and approved OTC drugs and medical supplies.**

Health Savings Accounts (HSA): This is the most known and utilized savings account. It allows you to invest pre-tax dollars into an HSA account with a current cap of \$3,850 per IND per year, or \$7,750 per FAM per year. Per IRS rules you can only invest into this account when enrolled in a qualified high deductible health plan (HDHP)

Flexible Spending Account (FSA): Like its name, this policy is the most flexible due to its ability to be paired with any type of medical plan. The FSA’s are subject to a lower annual investment cap of \$3,050 regardless of whether you are single or covering dependents.

‘Limited-Purpose’ Flexible Spending Account (LPFSA): Same concept and annual investment limit/roll over as the regular FSA, but an LPFSA is ONLY able to be used with Dental and Vision. This is best for companies that do not offer a medical plan, or for individuals that already utilize an HSA.

‘Dependent Care’ Flexible Spending Account (DCFSA): Same rules as the FSA, but this account is to help fund childcare. Max annual investment limit is \$5,000. These accounts are increasingly growing in demand for young families.

Health Savings Account (HSA)	FSA (Flexible Spending Account)	Limited Purpose FSA (LPFSA)	Dependent Care FSA (DCFSA)
<i>2023 Overview of Qualified Savings Accounts</i>			
\$3,850 Indv Cap / \$7,750 Fam Cap - Annually	\$2,850 Indv Cap \$3,050 Cap - Annually	\$2,850 Indv Cap \$3,050 Cap - Annually	\$5,000 overall Cap - Annually
Ability to contribute pre-tax dollars	Ability to contribute pre-tax dollars	Ability to contribute pre-tax dollars	Ability to contribute pre-tax dollars
Must be enrolled on a qualified High Deductible Health Plan	Can be enrolled on any type of medical plan	Dental & Vision expenses ONLY	Care Expenses for qualified dependents
Full balance rolls over year to year	\$610 annual roll over max	\$610 annual roll over max	Unused funds are forfeited
Compatible with certain other Qualified Savings Accounts	NOT HSA Compatible	HSA Compatible	HSA Compatible
Individual or Employer Sponsored	Employer Sponsored ONLY	Employer Sponsored ONLY	Employer Sponsored ONLY

Employers can choose to contribute on any of the above policies or simply “host” the account via a licensed third-party administrator (TPA) on a voluntary basis. Once the accounts are set up the funds are accessible through debit cards provided by the TPA, account balances can be viewed by the employer and employee alike.

Contact us today for more in-depth information on these saving accounts, and to narrow which ones might be most beneficial to you and your employees!

Ph: 210-236-9821

Email: TaylorMartin@MIGLP.Com

Other Specialized Services:

- **PROPERTY & CASUALTY COVERAGE** – (through our alliance partners)

Auto/Property Insurance (Personal & Commercial)	
Workers Compensation	General Liability
Bonds – Fidelity, Surety, etc.	Umbrella Policies

Specialized Services for Individuals:

- **PERSONAL LIFE INSURANCE** -

Term Life	Whole Life
Indexed Universal Life	Joint Life Insurance

- **MEDICARE SUPPLEMENT & RETIREMENT-**

Medicare Supplements & RX Coverage	
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*Ted M. Martin, MPA, LUTFC, RHU, REBC, CLU
Founder & President*



*Taylor M. Martin, BA, REBC
Chief Executive Officer*



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13333 Blanco Road Suite 212, San Antonio, Texas 78216 – Telephone: 210-236-9821



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