

July 2019

HR News & Best Practices

IRS Releases Inflation-adjusted Limits for HSAs and HDHPs for 2020

On May 28, 2019, the IRS released [Revenue Procedure 2019-25](#) to announce the inflation-adjusted limits for health savings accounts (HSAs) and high deductible health plans (HDHPs) for 2020. These limits include:

- The maximum HSA contribution limit
- The minimum deductible amount for HDHPs
- 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.

HSA Contribution Limits for 2020

The IRS limits for HSA contributions increase for 2020. Eligible individuals with self-only HDHP coverage will be able to contribute up to \$3,550 for 2020, while eligible individuals with family HDHP coverage will be able to contribute up to \$7,100 for 2020. The \$1,000 catch-up contribution limit that applies to HSA-eligible individuals who are age 55 or older will remain unchanged.

HDHP Cost-sharing Limits for 2020

For self-only coverage in 2020, the HDHP minimum deductible will increase to \$1,400 and the out-of-pocket maximum will increase to \$6,900. For family coverage, these limits will increase to \$2,800 and \$13,800, respectively.

Action Steps

Because these limits change for 2020, employers that sponsor these plans may need to make plan design changes for plan years beginning in 2020.



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The HR Resource Every Business Needs

Whether you have 5 employees or 500, HR360 provides easy-to-understand guidelines that will help you remain compliant. With HR360, you'll find easy, step-by-step guidance on how to comply with a broad range of laws, from Health Care Reform, COBRA, and FMLA to how to interview, hire, and terminate employees. [Click here to learn more!](#)



Making Emotional Intelligence Work For You

Emotional intelligence (EQ) is the ability to understand and manage your emotions, as well as others'. It's similar to empathy, but the ability to manage the emotions effectively is key.

Many businesses are flocking to high-EQ individuals for their attractive leadership style.

Leaders with high EQ are able to communicate their feelings effectively, look at a situation from all perspectives and maintain a positive outlook regardless of the situation.

Do We Need EQ Here?

Effective managers tend to have higher EQ than others, so you may already have leaders like them on board. They have good people skills, can self-regulate and lead by example.

Managers who operate by more authoritarian practices get a much different view of their workplaces than high-EQ leaders.

Authoritarian managers are identified by their lack of self-awareness, making them hard to confide in. You want employees to feel comfortable talking to their managers.

If your managers have high EQ, they will likely have a better rapport with employees and be able to manage their needs more effectively.

Most importantly, fostering high EQ invites more democratic corporate management, which is critical for effectively managing differences in opinion. You don't have a shouting match when your leaders are able to have a mature discourse.

Don't Forget About PCORI Fees

The Affordable Care Act (ACA) imposes a fee on health insurance issuers and self-insured plan sponsors in order to fund comparative effectiveness research. These fees are widely known as Patient-Centered Outcomes Research Institute (PCORI) fees.

The PCORI fees were created to help patients, clinicians, payers and the public make informed health decisions by advancing comparative effectiveness research. Fees paid by health insurance issuers and sponsors of self-insured health plans fund the institute's research, in part. The PCORI fees apply for plan years ending on or after Oct. 1, 2012, but do not apply for plan years ending on or after Oct. 1, 2019. For calendar year plans, the fees will be effective for the 2012 through 2018 plan years. Therefore, the 2018 plan year is the last plan year that these fees will be effective, for calendar year plans.

Issuers and plan sponsors must pay PCORI fees annually on [IRS Form 720](#) by July 31 of each year. The fee will generally cover plan years that end during the preceding calendar year. For the 2018 plan year, PCORI fees are due by July 31, 2019.

How Much Are the PCORI Fees?

On Nov. 5, 2018, the IRS published [Notice 2018-85](#), which increased the PCORI fee amount for plan years ending on or after Oct. 1, 2018, and before Oct. 1, 2019 (that is, 2018 for calendar year plans), to \$2.45 multiplied by the average number of lives covered under the plan.

Who Must Pay the PCORI Fees?

The entity responsible for paying the PCORI fees depends on whether the plan is insured or self-insured.

- For insured health plans, the issuer of the health insurance policy is required to pay the fees.
- For self-insured health plans, the fees are to be paid by the plan sponsor.
- Although sponsors of fully insured plans are not responsible for paying PCORI fees, issuers may shift the fee cost to sponsors through a modest premium increase.

The Department of Labor (DOL) has advised that, because the PCORI fees are imposed on the plan sponsor under the ACA, it is not permissible to pay the fees from plan assets under ERISA, although special circumstances may exist in limited situations.



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On Jan. 24, 2013, the DOL issued a set of [frequently asked questions](#) regarding ACA implementation that include a limited exception allowing multiemployer plans to use plan assets to pay PCORI fees (unless the plan document specifies another source of payment for the fees).

What's Next?

PCORI fees are reported and paid annually using IRS Form 720 (Quarterly Federal Excise Tax Return). These fees are due each year by July 31 of the year following the last day of the plan year. This means that, for plan years ending in 2018, the PCORI fees are due by July 31, 2019. Covered employers should have reported and paid PCORI fees for 2017 by July 31, 2018.

Please note: Marshall & Sterling will provide participant counts and detailed instructions for making payment to our affected clients to assist with this filing via direct communication.

HR Action Steps for Employee Name Changes

With the summer wedding season underway, many employees may soon be changing their names. As a result, in the coming months, it is critical for employers to ensure that each employee's name is accurately reflected on required forms and internal records. Watch the video below to learn how to stay compliant.



For additional HR guidance, visit our [Human Resources](#) section.

Marshall & Sterling Insurance will continue to provide you with updates and information regarding important issues. Should you have specific questions or need more information, please contact us.

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