August 2025
Volume 13 | Issue 8

BENEFITS REPORT

HEFFERNAN INSURANCE BROKERS
Because You're Different

D.C. REPORT

THE 'ONE BIG BEAUTIFUL BILL' EXPANDS ON HSAS

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act into law, a sweeping tax and spending measure that includes implications for health savings accounts (HSAs) and employer-sponsored benefits.

While an early version of the bill passed by the House of Representatives promised broad reforms to group health insurance, most of those provisions were ultimately stripped from the final version.

What remained were a handful of updates — centered on HSAs — that will affect how employers structure and manage high-deductible health plans (HDHPs) and related benefits moving forward.

The final bill significantly expands access and flexibility for HSAs. These updates take effect in 2025 and 2026 and mark the most substantial set of HSA reforms since the accounts first hit the market in 2004..

Telehealth compatibility with HDHPs

Effective for plan years beginning on or after Jan. 1, 2025, HDHPs can now offer first-dollar coverage of telehealth services without jeopardizing HSA eligibility.

This provision makes permanent a temporary COVID-era relief measure that was previously set to expire. Employers can now continue offering or reintroduce $0 telehealth visits under their HDHPs without disqualifying employees from contributing to HSAs.

Direct primary care arrangements now HSA-Compatible

Beginning Jan. 1, 2026, individuals enrolled in direct primary care arrangements, which are subscription-based models for routine and preventive care, will remain eligible to contribute to HSAs.

The law sets monthly caps on reimbursable DPC fees: $150 per individual and $300 per family. DPC payments within those limits are also now classified as qualified medical expenses, meaning they can be reimbursed from HSA funds.

Marketplace plans HSA-eligible

Starting in 2026, individuals enrolled in Bronze or Catastrophic-level Affordable Care Act marketplace plans will be allowed to open and contribute to HSAs. This is a significant departure from current rules, which generally require enrollment in HDHPs that meet strict federal design criteria.

The change may be particularly relevant for employers offering Individual Coverage HRAs (ICHRAs) or Qualified Small Employer HRAs (QSEHRAs), as it expands the range of employee-selected plans that maintain HSA eligibility.

See 'Implications' on page 2

CONTACT US

If you have questions about your coverage or our products, please reach out to me:

Allison Redding
Employee Benefits Consultant

Heffernan Insurance Brokers
North Bay Branch
Direct: (707) 789-3048
Mobile: (925) 956-2587
Allisonr@heffins.com

CA License No.: 0564249

HDHP CHANGE

NEW LAW MAKES PERMANENT TELEHEALTH COVERAGE IN HDHPS

The One Big Beautiful Bill Act signed into law by President Trump on July 4, 2025, makes permanent the ability of high-deductible health plans (HDHPs) to offer pre-deductible coverage for telehealth and other remote care services without compromising employees' eligibility to contribute to health savings accounts (HSAs).

This change, effective for plan years beginning after Dec. 31, 2024, restores a popular pandemic-era flexibility that had otherwise expired at the end of 2024.

For employers that offer HDHPs with HSA options, they can now choose whether to incorporate first-dollar telehealth coverage to enhance their plan's value, reduce employee costs and improve access to care.

Brief background

Under longstanding federal law, to qualify for HSA contributions, a participant must be enrolled in a qualified HDHP and have no other "impermissible" health coverage — meaning no coverage that pays for non-preventive care before the deductible is met. Historically, this included most telehealth services.

That changed with the CARES Act in 2020, which allowed HDHPs to cover telehealth on a first-dollar basis without affecting HSA eligibility through Dec. 31, 2024.

Benefits of telehealth services

- **Convenience:** Workers in rural or remote areas, or those juggling caregiving responsibilities, no longer need to take time off work or travel to see a provider for routine care that can be handled virtually.
- **Lower costs:** First-dollar coverage for virtual visits can eliminate out-of-pocket expenses for common services like check-ups, prescription renewals or managing chronic conditions.
- **Chronic care support:** Individuals managing ongoing conditions such as diabetes or hypertension may find it easier to stay on top of treatment plans with telehealth check-ins.

Takeaway for employers

Employers looking to implement or reinstate telehealth coverage to their HDHPs should coordinate with their insurance carriers or third-party administrators and update plan documents, summary plan documents and employee communications accordingly.

If your 2025 plan has already started, you may need to send your enrollees special notices informing them of the change.

Continued from page 1

The Takeaway: Implications for Employer Plans

- **Strategic use of telehealth and primary care arrangements.** Employers can now build HDHPs that include robust virtual and telehealth access without affecting employee HSA eligibility. This flexibility may allow for more cost-efficient, employee-friendly benefit structures.
- **Expanded HSA access for ICHRA offerings.** For employers offering ICHRAs or QSEHRAs, the inclusion of Bronze and Catastrophic marketplace plans as HSA-eligible opens a wider range of plan options for employees, potentially improving satisfaction and adoption.
- **Administrative action required.** Employers choosing to take advantage of these new flexibilities must work with legal counsel, third-party administrators or their broker to ensure plan documents, enrollment materials and employee communications are updated ahead of the 2026 changes.

Do you have questions about how this may affect your coverage?

Call us today! (707) 789-3048

EMPLOYEE SUPPORT

MORE EMPLOYERS OFFER MENOPAUSE BENEFITS

A GROWING number of employers are adding menopause-related benefits to their health and wellness programs, recognizing both the personal and business impact of this phase of women's health.

According to a 2023 Mayo Clinic report, menopause-related symptoms are responsible for an estimated $1.8 billion in lost workdays annually in the U.S., largely due to absenteeism and diminished productivity.

As a result, employers such as Microsoft, IBM and several large financial institutions have already launched menopause initiatives. A 2024 Mercer report found that 15% of U.S. employers now offer menopause-specific benefits, compared to virtually none just a few years ago.

The rise of menopause benefits

Menopause is defined as the point when a woman has gone 12 months without a menstrual period, typically around age 52.

But the transition often begins much earlier. Perimenopause, the lead-up phase, can last several years and bring with it a wave of challenging symptoms: hot flashes, brain fog, insomnia, mood swings and more — that interfere with daily life and work performance.

Besides helping retain top talent and improving productivity, offering menopause benefits may help companies comply with workplace protections under laws like the Pregnant Workers Fairness Act. It can also help improve the employer's brand.

What employers are providing

Flexible work arrangements. This includes remote options, reduced hours or flexible schedules to help manage symptoms.
Access to virtual care. These services provide access to menopause-trained providers, including reproductive specialists.
Mental health support. This can be offered through your employee assistance program and mental health platforms.
Hormone replacement therapy coverage. Financial benefits like flexible spending accounts and health savings accounts allow employees to use tax-advantaged funds for services such as HRT, which is typically not covered by group health plans. Self-insured employers can choose to include coverage in their plans.
Environmental accommodations. This can include providing portable fans, relaxed dress codes, wellness rooms and more.
Educational resources. Provide access to digital content on menopause health and treatment options, including webinars, videos, podcasts, journals and articles.

Communication is key

Employers can get the word out among their staff by:

- Hosting sessions about menopause support programs.
- Training managers on how to speak sensitively about menopause in the workplace.
- Highlighting these benefits in enrollment materials.
- Ensuring that digital portals and HR systems clearly identify menopause-related resources.

INSURANCE OPTIONS

ALTERNATIVE GROUP PLAN FUNDING GETS A SECOND LOOK

WATCHING THEIR group health plan premiums climb higher with each passing year, some employers have started looking into alternative funding strategies in hopes they can get a better handle on their employees' health costs.

While group plans are the standard, larger employers have typically had more options for funding their group health coverage. But now even small and medium-sized employers – even companies with fewer than 100 employees – can benefit from alternative funding approaches.

There are three main types of alternative funding strategies that are available to employers:

- Captives
- Private exchanges
- Full and partial self-funding

Captives

With a captive, multiple employers pool their resources and share the risk in providing health insurance to their employees. It is essentially a self-insured pool built into a captive insurance company (an insurer that is owned by the entity that created it). The captive has staff that will administer the health plan.

Captives are also multi-year agreements, so once an employer commits to make it worth their investment, they need to stick with it for a period of time.

Group captives will often have a specific funding mechanism that is broken down into four layers:
Layer 1: The employer is responsible for the first $25,000 of any claim made by one of its employees.
Layer 2: All employers involved in the captive will share the costs of that claim if it exceeds $25,000, up to $250,000.
Layer 3: For claims that cost more than $250,000, the captive will secure reinsurance coverage to cover amounts above that level. This reinsurance is also called "stop-loss" insurance.
Layer 4: Another layer of protection — "aggregate stop-loss" coverage — protects each employer in the captive for the total claims of their employees, ranging from 115% to 125% of expected claim costs in a year.

Private exchanges

Typically, businesses using a private exchange will offer employees a credit that can be applied toward the purchase of a health plan. Employees can then access a variety of health plans through an online portal and enroll in plans that meet their needs.

Private exchanges are run by insurance carriers or consultancies, and plans on the exchange are regulated as group coverage. Employees shopping on these exchanges are not eligible for the Affordable Care Act's tax credits or cost-sharing subsidies.

Most employers currently using private exchanges are large; therefore, most private exchange plans are regulated as large-group coverage and are not part of the ACA's single risk pool.

However, to the extent that smaller employers participate in private exchanges, they are subject to the ACA's small-group rating regulations and risk-pool requirements.

Self-insuring

There are many different types of self-insurance, from minimum-premium or risk-sharing arrangements to a fully self-funded plan, in which the employer is responsible for all claims.

Employers can choose from:
Retrospective premium arrangements – The insurer will credit back a portion of the unused premium to the employer (typically as a credit for the following year). This is often used in a fully insured arrangement.
Minimum premium arrangements – The employer pays fixed costs (administration charges, stop-loss insurance and network access fees) and claim costs up to a maximum liability each month.
Partial self-funding – The employer takes on more liability and pays fixed costs (administration, network access, stop-loss premiums and some fees and taxes). It's partial self-funding because the employer will purchase individual stop-loss insurance, which caps the employer's liability on any given claim to a certain amount, say $50,000. That way, the employer is self-insuring most of their employees' medical needs, but is protected in case some of those claims become catastrophic.
Full self-funding – This is like partial self-funding except that there is no stop-loss insurance and the employer is responsible for all costs that are not shared by its employees. This kind of arrangement is usually only available to large employers.

The takeaway

These alternative funding approaches are what is available now. But the industry is innovating to making health care and insurance more affordable for all involved.