

Making a List, Checking it Twice ... for Benefit Changes

December 11, 2008

Many people are making a list and checking it twice, for very different reasons than the holiday season. Instead of shopping for two turtle doves and a partridge in a pear tree, this season is about ensuring that benefit plans are ready for 2009.

Open Enrollment applies to each COBRA Qualified Beneficiary (QB). They are entitled to the same options and benefits as similarly situated active employees, including notifications, rate changes and the ability to switch to another plan, if applicable. If an outside administrator provides COBRA premium billing for QBs, remember to notify the administrator of new plans, changes in rates and changes that QBs have made during open enrollment.

Grace Periods are available for Health and/or Dependent Care Flexible Spending Accounts (FSAs). Employers with calendar-year plans, who are adopting grace periods for the first time, must amend plan documents before the end of 2008. Employers adopting a Dependent Care FSA grace period may continue to report the amount of 2008 deductions in Box 10 on the W-2, which generally must be distributed by January 31, 2009.

Plan Changes to ERISA plans will require notification to affected participants in the form of a Summary of Material Modifications or an updated Summary Plan Description.

Health Savings Accounts (HSAs)/High-Deductible Health Plans (HDHPs) for 2009, the HSA annual contribution maximums will increase for individual (\$2,900 to \$3,000) and family (\$5,800 to \$5,950) coverage. For HSA-compatible HDHPs, the annual out-of-pocket spending limits will increase for individual (\$5,600 to \$5,800) and family (\$11,200 to \$11,600) coverage. The HDHP minimum deductibles will also change for individual (\$1,100 to \$1,150) and family (\$2,200 to \$2,300) coverage.

Mileage Rates for 2009 for reimbursable medical expenses in Health FSAs and Health Reimbursement Accounts (HRAs) is \$.24 per mile.

Transportation Plans in 2009 benefits for parking will be \$230. The combined limit for transit passes and vanpooling will be \$120.

Nondiscrimination Testing for 2009 with regards to Health and Dependent Care FSAs and HRAs for key employees will increase from \$150,000 to \$160,000. The limitation for highly compensated employees will change to \$110,000 from \$105,000.