Franconia Insurance & Financial Services

KEYSTONE

# BENEFITS BREAKDOWN

June 2025

## HSA/HDHP Limits Will Increase for 2026

The IRS released the inflation-adjusted limits for health savings accounts (HSAs) and high deductible health plans (HDHPs) for 2026. The IRS is required to publish these limits by June 1 of each year. These limits vary based on whether an individual has self-only or family coverage under an HDHP. Eligible individuals with self-only HDHP coverage will be able to contribute **$4,400** to their HSAs for 2026, up from $4,300 for 2025. Eligible individuals with family HDHP coverage will be able to contribute **$8,750** to their HSAs for 2026, up from $8,550 for 2025. Individuals age 55 and older may make an additional $1,000 "catch-up" contribution to their HSAs.

The minimum deductible amount for HDHPs will increase to **$1,700** for self-only coverage and **$3,400** for family coverage for 2026 (up from $1,650 for self-only coverage and $3,300 for family coverage for 2025). The HDHP maximum out-of-pocket expense limit will increase to **$8,500** for self-only coverage and **$17,000** for family coverage for 2026 (up from $8,300 for self-only coverage and $16,600 for family coverage for 2025).

Employers sponsoring HDHPs should review their plan's cost-sharing limits (i.e., the minimum deductible amount and maximum out-of-pocket expense limit) when preparing for the plan year beginning in 2025. Also, employers allowing employees to make pre-tax HSA contributions should update their plan communications with the increased contribution limits. Contact us for more employee benefits information.

## Biosimilar Market Trends to Monitor in 2025

A decade after the first biosimilar approval, these medications are still gaining approval from the U.S. Food and Drug Administration (FDA) and entering the market each year. Biologics come from living organisms, such as sugars, proteins and DNA. These treatments are similar to a reference drug, which is an existing biologic that the FDA previously approved. For a biosimilar to be approved, there must be no meaningful differences in safety and effectiveness from the original biologic. Here are some of the latest biosimilar trends to monitor:

- Cost savings—Prices for biosimilars are often up to 50% lower than their respective brand-name biologics. The next five years are expected to increase savings to $181 billion, more than four times the savings over the past five years. This cost reduction is crucial for health care systems and patients struggling with the high price tags associated with biologic treatments.
- Approvals—The FDA approved 19 new biosimilar drugs in 2024, compared to five in the preceding year. Ten biosimilars have been approved so far in 2025. This trend is expected to continue, with predictions indicating that at least 10 new biosimilars will be approved annually over the next five years.
- Regulatory challenges—Although there's been movement, the rollout of these medications has been slower than initially predicted. The biosimilar approval process is lengthy and requires extensive analytical, preclinical and clinical data to demonstrate their similarity to the reference product.
- Lapsing patents—Ninety percent of the 118 biologics will lose their exclusivity in the next decade. Even when a biosimilar is approved, the matching biologic must lose exclusivity rights before the biosimilar can be marketed. These exclusivity rights last for 12 years. With most biologics coming off patents and about to lose exclusivity, this could make it possible for new biosimilars to finally reach the market.

As the potential for biosimilars grows, employers should monitor how these alternatives to standard biologics will impact their health care plans, coverage and formularies. Contact us to learn more about prescription drugs.