

Health Savings Accounts



May 13, 2015



IRS Announces 2016 Increase to HSA Contribution Maximum

The IRS has announced an increase to health savings account (HSA) contribution maximum for family level coverage. The maximum contribution will increase by \$100 for family level coverage but remain unchanged for individual level coverage. This announcement was made on May 11 but will not take effect until 2016.

This increase will allow those with family level coverage to contribute up to \$6,750 per plan year. Those with individual level coverage can continue to contribute up to \$3,350.

An HSA allows participants to save pre-tax income that can be used to pay for qualified short- and long-term medical expenses. It complements a High-Deductible Health Plan (HDHP), giving you an additional method to save specifically for healthcare costs. For 2016, a high-deductible health plan is defined as a plan with an annual deductible of least \$1,300 for self-only coverage and \$2,600 for family coverage.

However, maximum out-of-pocket expenses will increase in 2016 for both categories. Maximum out-of-pocket employee expense, including deductibles, will rise \$100 next year to \$6,550 for individual coverage, and increase \$200 next year to \$13,100 for family coverage.

The reasoning behind increasing the both the maximum contribution and annual out-of-pocket maximum are said to be changes in the cost of living, which are detailed in Revenue Procedure 2015-30.

NEXT STEPS

- *Ensure your participants are contributing sufficient funds to become HSA savers instead of spenders so they can fully utilize the benefits of their account.*
- *Develop a plan to update your enrollment materials to reflect this important change. Coordinate with your Benefits Account Manager (if applicable) the best way to update your communications.*

Don't offer an HSA? Do you have questions? Baker Tilly Vantagen can help!

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HSA Maximum Contribution Limits			
	2015	2016	Change
Individual Coverage	\$3,350	\$3,350	None
Family Coverage	\$6,650	\$6,750	+ \$100

HDHP Out of Pocket Maximums			
	2015	2016	Change
Individual Coverage	\$6,450	\$6,550	+ \$100
Family Coverage	\$12,900	\$13,100	+ \$200