

COMPLIANCE ALERT

IRS Grants Relief for Reduction to 2018 HSA Tax Limits

April 27, 2018

The Internal Revenue Service announced Thursday, April 26, that it will be granting relief to individuals with family coverage under a high deductible health plan (HDHP) and who contribute to a health savings account (HSA). [Internal Revenue Bulletin 2018-27](#) has reversed prior guidance released in March and employees with family coverage under an HDHP will be able to contribute up to the \$6,900 annual limitation original provided under [Revenue Procedure 2017-37](#).

The [IRS New Release](#) provided that a change in the inflation adjustment calculations for 2018 under the Tax Cuts and Jobs Act reduced the maximum family deductible HSA contribution under a HDHP by \$50, to \$6,850 which impacted employer group health plans. [Internal Revenue Bulletin 2018-27](#) also includes guidance to individuals who received a distribution from their HSA due to an excess contribution based on the \$6,850 limit.

The following provides a summary of the 2018 high deductible health plan limits.

HDHP and Health Savings Account (HSA) Amounts

For the 2018 calendar year the maximum allowable annual contribution employees may make to their HSAs are \$3,450 for an individual with self-only coverage and \$6,900 for an individual with family coverage. The minimum deductible and maximum out-of-pocket limits for HDHPs remain the same. Effective for calendar year 2018:

- The minimum annual deductible for a plan to qualify as a HDHP is \$1,350 for self-only coverage and \$2,700 for family coverage;
- The maximum annual out-of-pocket limits allowable under an HDHP is \$6,650 for self-only coverage and \$13,300 for family coverage; and
- The maximum allowable annual contribution employees may make to their HSAs is \$3,450 for an individual with self-only coverage and \$6,900 for an individual with family coverage.

The 2018 HSA catch-up contribution limit for participants who are 55 or older on December 31, 2018, remains at an additional \$1,000 per year.

Next Step

Employers offering HDHP with HSA plans, and who may have acted on the March guidance should contact their benefit administrator to determine if programming changes have been made and if so, what steps may be required to reinstate the original 2018 maximum. Pending that confirmation of completion, employers should notify impacted participants whose annual elections have already been reduced that they may make a new election under the plan.

If you have any questions or need further details about the tax limit and how it will impact your employee benefit programs, please contact your Trion account team.

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