

IRS Releases 2019 HSA Contribution Limits and HDHP Deductible and Out-of-Pocket Limits



Client Alert

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In [Rev. Proc. 2018-30](#), the IRS released the inflation adjusted amounts for 2019 relevant to HSAs and high deductible health plans (HDHPs). The table below summarizes those adjustments and other applicable limits.

	2019	2018	Change
Annual HSA Contribution Limit (employer and employee)	Self-only: \$3,500 Family: \$7,000	Self-only: \$3,450 Family: \$6,900*	Self-only: +\$50 Family: +\$100
HSA catch-up contributions (age 55 or older)	\$1,000	\$1,000	No change
Minimum Annual HDHP Deductible	Self-only: \$1,350 Family: \$2,700	Self-only: \$1,350 Family: \$2,700	No change
Maximum Out-of-Pocket for HDHP (deductibles, co-payment & other amounts except premiums)	Self-only: \$6,750 Family: \$13,500	Self-only: \$6,650 Family: \$13,300	Self-only: +\$100 Family: +\$200

* After reducing the cap \$50 in [Rev. Proc. 2018-18](#) in March 2018 due to changes made by the Tax Cuts and Jobs Act, the IRS granted relief in [Rev. Proc. 2018-27](#), restoring the limit back to the original 2018 level. We do not anticipate that the 2019 HSA annual family contribution limit will change as it did for this year.

Out-of-Pocket Limits Applicable to Non-Grandfathered Plans

The ACA's out-of-pocket limits for in-network essential health benefits have also been [announced](#) and have increased for 2019.

	2019	2018	Change
ACA Maximum Out-of-Pocket	Self-only: \$7,900 Family: \$15,800	Self-only: \$7,350 Family: \$14,700	Self-only: +\$550 Family: +\$1,100

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Note that all non-grandfathered group health plans must contain an embedded individual out-of-pocket limit within family coverage, if the family out-of-pocket limit is above \$7,900 (2019 plan years) or \$7,350 (2018 plan years). Exceptions to the ACA's out-of-pocket limit rule are available for certain small group plans eligible for transition relief (referred to as "Grandmothered" plans). A one-year extension of transition relief was recently announced extending the transition relief to policy years beginning on or before October 1, 2019, provided that all policies end by December 31, 2019.

Next Steps for Employers

As employers prepare for the **2019 plan year**, they should keep in mind the following rules and ensure that any plan materials and participant communications reflect the new limits:

- HDHPs cannot have an embedded family deductible that is lower than the minimum HDHP family deductible of \$2,700.
- The out-of-pocket maximum for family coverage for an HDHP cannot be higher than \$13,500.
- All non-grandfathered plans (whether HDHP or non-HDHP) must cap out-of-pocket spending at \$7,900 for any covered person. A family plan with an out-of-pocket maximum in excess of \$7,900 can satisfy this rule by embedding an individual out-of-pocket maximum in the plan that is no higher than \$7,900. This means that for the 2019 plan year, an HDHP subject to the ACA out-of-pocket limit rules may have a \$6,750 (self-only)/\$13,500 (family) out-of-pocket limit (and be HSA-compliant) so long as there is an embedded individual out-of-pocket limit in the family tier no greater than \$7,900 (so that it is also ACA-compliant).

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