

IRS RELEASES 2020 HEALTH SAVINGS ACCOUNT AND HIGH DEDUCTIBLE HEALTH PLAN LIMITS

June 1, 2019

The IRS recently released [Revenue Procedure 2019-25](#), which includes the 2020 inflation-adjusted amounts for health savings accounts (HSAs) and high deductible health plans (HDHPs). These limits include the maximum HSA contribution limit, the minimum deductible amount for HDHPs, and the maximum out-of-pocket expense limit for HDHPs. These limits vary based on whether an individual has self-only or family coverage under an HDHP. The IRS limits for HSA contributions and HDHP maximum out-of-pocket limits will increase effective January 1, 2020, while the HDHP limits will increase effective for plan years beginning on or after January 1, 2020.

The HSA annual contribution limit for an individual with self-only HDHP coverage will increase by \$50 to \$3,550 for 2020. The annual contribution limit for an individual with family HDHP coverage will increase by \$100 to \$7,100.

With respect to HSA-compatible HDHPs, the minimum required deductibles will also increase by \$50 to \$1,400 for self-only coverage and by \$100 to \$2,800 for family coverage. (The deductible does not apply to certain preventive care services.) The 2020 maximum out-of-pocket expense limit increases to \$6,900 for self-only coverage and to \$13,800 for family coverage.

The following table compares the 2019 and 2020 limits. It also includes the catch-up contribution limit that applies to HSA-eligible individuals who are age 55 or older, which is not adjusted for inflation and stays the same from year to year.

Type of Limit	2019		2020	
	Self-Only	Family	Self-Only	Family
▪ HSA Maximum Contribution	\$3,500	\$7,000	\$3,550	\$7,100
▪ HSA Maximum "Catch-up" Contribution (individuals age 55 or older)	\$1,000	\$1,000	\$1,000	\$1,000
▪ HDHP Minimum Deductible	\$1,350	\$2,700	\$1,400	\$2,800
▪ HDHP Maximum Out-of-Pocket Expense	\$6,750	\$13,500	\$6,900	\$13,800

COMPLIANCE MATTERS



ACTION STEPS

Because the cost-sharing limits for HDHPs will change for 2020, employers that sponsor these plans may need to make plan design changes for plan years beginning in 2020. Also, employers will need to update enrollment materials to reflect the increased limits that will apply for 2020.

EPIC Employee Benefits Compliance Services

For further information on this or any other topics, please contact your EPIC benefits consulting team.

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