

IRS Announces 2016 HSA/HDHP Limits

The IRS has released the 2016 limits for health savings accounts and high-deductible health plans. Out-of-pocket and contribution amounts have increased over the 2015 amounts, but deductible amounts have not changed.

2016 Limits

In [Revenue Procedure 2015-30](#), the IRS issued calendar year 2016 inflation-adjusted contribution limits for health savings accounts (HSAs) along with minimum deductible and out-of-pocket (OOP) limits for high-deductible health plans (HDHPs). The limits are determined under Code Section 223's cost-of-living adjustment and rounding rules.

The following chart sets out the limits for 2016 as compared to 2015, and includes the catch-up contribution limit, which is prescribed by statute and not indexed for inflation.

	2015	2016	Change
HDHP minimum deductible amount			
Self-only	\$ 1,300	\$ 1,300	No change
Family	2,600	2,600	No change
HDHP maximum out-of-pocket amount			
Self-only	\$ 6,450	\$ 6,550	\$ +100
Family	12,900	13,100	+200
HSA statutory contribution amount			
Self-only	\$ 3,350	\$ 3,350	No change
Family	6,650	6,750	\$ +100
Catch-up contribution (age 55 or older)	\$ 1,000	\$ 1,000	No change

Notably, the HDHP OOP maximums for HSA/HDHP plans are lower than the Affordable Care Act (ACA) OOP maximums. For 2016, the ACA's OOP maximum is \$6,850 for self-only coverage and \$13,700 for other than self-only coverage. (See our [March 25, 2015 For Your Information](#).) Employers offering HSA/HDHP plans will need to ensure they satisfy the lower HDHP OOP maximums.

Comment. Under recent guidance from the Department of Health and Human Services (HHS), a plan must apply the annual limitation on cost sharing for self-only coverage to OOP maximums for each individual in a family plan — even if this amount is below the family OOP maximum. HHS initially posted an FAQ stating that this requirement applies similarly to deductibles for each individual in the plan, even if this amount is below the family deductible; however, HHS later removed that FAQ from its website without explanation. Thus, although it is not clear, a plan that applies a family deductible that exceeds the ACA self-only OOP limit (of \$6,850 for 2016) may need to apply an embedded self-only deductible not exceeding that amount. While it appears that these requirements apply to large employer and self-insured plans, further clarification from HHS is needed.

In Closing

Plan sponsors should review current and proposed HSA/HDHP arrangements, and update plan documents and enrollment materials as needed to reflect the new limits.

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