



update

Compliance News for Plan Sponsors

May 12, 2016

2017 Minimums and Maximums for Health Savings Accounts and High-Deductible Health Plans

The Internal Revenue Service (IRS) has released [Revenue Procedure 2016-28](#), which announces inflation-adjusted amounts for 2017 for the maximum annual contribution to Health Savings Accounts (HSAs) and the maximum out-of-pocket expense for High-Deductible Health Plans (HDHPs) for individual and family coverage. In general, the numbers are the same as 2016, with one exception: the HSA contribution limit for individuals will be higher. Revenue Procedure 2016-28 will be published in [Internal Revenue Bulletin](#) 2016-20 on May 16, 2016.

The 2017 Amounts

The 2017 numbers are shown in the table below with notes about how those numbers compare to the 2016 numbers. The IRS calculates the annual adjustments using the 12-month period ending March 31.



Health Compliance News Highlights:

- 2017 HSA contribution limits are slightly increased.
- HDHP deductibles and
- out-of-pocket limits are unchanged from 2016.
- More employers are expected to add HSA/HDHP options.

2017 Minimums and Maximums for HSAs* and HDHPs

	Individual Coverage	Family Coverage
Maximum Annual HSA Contribution**	\$3,400 (up \$50 from \$3,350 for 2016)	\$6,750 (unchanged from 2016)
Minimum HDHP Deductible	\$1,300 (unchanged from 2016)	\$2,600 (unchanged from 2016)
Maximum HDHP Out-of-Pocket Expense***	\$6,550 (unchanged from 2016)	\$13,100 (unchanged from 2016)

* HSAs, established by the Medicare Modernization Act (MMA) as of January 1, 2004, allow individuals or employers to contribute to an HSA as long as the individual is covered under an HDHP.

** Individuals age 55 or over can contribute an additional \$1,000 to their HSAs.

*** The out-of-pocket expense does *not* include premiums.

Reminder: The Affordable Care Act Out-of-Pocket Maximum for Non-Grandfathered Plans Is Not the Same as the HSA/HDHP Maximum

The Affordable Care Act requires non-grandfathered group health plans to limit the amount that participants (and their families) have to pay out of pocket for in-network essential health benefits. For the plan year beginning in 2014, the first year the requirement took effect, the limits were the same as those set by the IRS for HSAs combined with HDHPs.

Since 2015, the out-of-pocket limits have not been tied to the HSA limits, but are calculated by the Department of Health and Human Services based on a percentage increase from the previous year. For 2017, the out-of-pocket maximum for non-grandfathered plans will be \$7,150 for an individual and \$14,300 for a family, up from the 2016 amounts of \$6,850 and \$13,700, respectively.

Implications for Employers

Before next year, employers that offer HDHPs with HSAs will need to revise their plan design and documents to ensure compliance with 2017 amounts.

Employers considering an HSA need to look at both the HDHP design that they will offer and the amount that they will contribute to the accounts, if anything. However, implementing an HSA has become easier due to the maturity of the HSA market and deeper understanding of the regulations by the industry. In its annual census of HSA/HDHP plans, America's Health Insurance Plans (AHIP) reported that as of January 2015, large-group HSA/HDHP coverage had increased to 15.4 million people, up from 9.6 million people in 2013.¹ The Employee Benefits Research Institute (EBRI) has found that the number of employers expected to offer an HSA-qualified HDHP either as an option or as the only health plan choice is expected to continue to increase.²² EBRI concluded that just over one-half (52 percent) of HSA owners in its database received an employer contribution. About one-quarter (28 percent) had an employer contribution of \$100–\$999; 16 percent received an employer contribution of \$1,000–\$1,999; and 6 percent had an employer contribution of \$2,000 or more.

How Sibson Can Help

Plan sponsors interested in exploring an HSA should contact their Sibson consultant to determine whether that course of action is right for them. Employers should review both the benefits of an HDHP and the value of a HSA to their employees. If an HSA option is selected, a key consideration is how to communicate the HSA option, and whether or how much the employer should contribute to the account. Sibson can assist with both HDHP selection and HSA evaluation.

“Employers considering an HSA need to look at both the HDHP design that they will offer and the amount that they will contribute to the accounts, if anything.”

¹ America's Health Insurance Plans' Center for Policy and Research [2015 Census of Health Savings Account — High Deductible Health Plans](#) (November 11, 2015).

² Employee Benefit Research Institute [July 2015 Issue Brief, "Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2014: Estimates from the EBRI HSA Database."](#)

Questions?

For more information about how these new rules may affect your plan, please contact your Sibson consultant or the [Sibson office nearest you](#).

Update is Sibson Consulting's electronic newsletter summarizing compliance news. *Update* is for informational purposes only and should not be construed as legal advice. It is not intended to provide guidance on current laws or pending legislation. On all issues involving the interpretation or application of laws and regulations, plan sponsors should rely on their attorneys for legal advice.



Sibson Consulting is a member of [The Segal Group](#).

To receive *Update* and other Sibson publications, [join our email list](#).

Copyright © 2016 by The Segal Group, Inc. All rights reserved.