Technical Update

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Contributions for Health Savings Accounts Rise

A health savings account (HSA) is an employer-established benefit often offered in conjunction with employer-provided health plans. The plans are designed to help offset the costs of high-deductible health plans (HDHP). In order to enroll in a HSA, you must also be part of a HDHP that meets the minimum deductible and out-of-pocket limits.

On May 4th, the IRS issued Revenue Procedure 2017-37. The procedure adjusted the amounts that individuals can contribute annually to their HSAs. The adjusted amounts are meant to reflect inflation and any cost-of-living increases. The self-only HSA contribution amount was raised $50 and the family HSA amount was raised by $150. Please consult the following table for specific amounts.

Table: HSA & HDHP Increases 2017 to 2018

	2018	2017
HSA contribution limit (employer + employee)	Self-only: $3,450 Family: $6,900	Self-only: $3,400 Family: $6,750
HSA catch-up contributions (age 55 or older)*	$1,000	$1,000
HDHP minimum deductibles	Self-only: $1,350 Family: $2,700	Self-only: $1,300 Family: $2,600
HDHP maximum out-of-pocket	Self-only: $6,650 Family: $13,300	Self-only: $6,550 Family: $13,100

* Catch-up contributions can be made any time during the year in which the HSA participant turns 55. Source: CEBS May 5, 2017.

HDHP minimum deductibles were also raised by $50 for self-only plans and $100 for family plans. Maximum out-of-pocket amounts for HDHP also increased by $100 for self-only and $200 for family plans.

Catch-up Limits

If you are or will be 55 or older by the end of the year, you may add an additional $1,000 to your HSA. This catch-up contribution is available to individual account holders. Because there are no joint HSA accounts, the account holder must be over 55 by the end of the year to make the extra contribution, even for family HSA accounts. If you and your spouse are both over 55, then you must have two separate HSA accounts in order for both of you to contribute the extra $1,000.

Dependent Coverage

The IRS defines dependents eligible for HSA coverage as follows:

- Has the same principle place of abode as the covered employee for more than one-half of the taxable year.
- Has not provided more than one-half of his or her own support during the taxable year.
- Is not yet 19 (or, if a student, not yet 24) at the end of the tax year, or is permanently and totally disabled.

Note that the age of student dependents is different for HSAs than it is for insurance coverage under the Affordable Care Act (up to 26 years of age). Funds from a HSA cannot be used on dependents over the age of 24.

What This Means for Counties

Employers should evaluate their HDHPs and HSAs to ensure that they meet the new federal guidelines. For more information about these types of plans, please contact CTSI at (303)-861-0507.