Serving Colorado's Counties

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.

In May, the IRS issued Revenue Procedure 2020-32. 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 by $50 and the family HSA amount was raised by $100. Please consult the following table for specific amounts.

Table: HSA & HDHP Increases 2020 to 2021

	2020	2021
HSA contribution limit (employer + employee)	Self-only: $3,550 Family: $7,100	Self-only: $3,600 Family: $7,200
HSA catch-up contributions (age 55 or older)*	$1,000	$1,000
HDHP minimum deductibles	Self-only: $1,400 Family: $2,800	Self-only: $1,400 Family: $2,800
HDHP maximum out-of-pocket	Self-only: $6,900 Family: $13,800	Self-only: $7,000 Family: $14,000

* Catch-up contributions can be made any time during the year in which the HSA participant turns 55.

HDHP minimum deductibles were not raised for self-only or family plans. Maximum out-of-pocket amounts for HDHP increased by $150 for self-only and by $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.

CARES Act Changes

The Coronavirus Aid, Response and Economic Security (CARES) Act signed into law in March expanded HSA- and Flexible spending account (FSA)-eligible purchases to include over-the-counter medications without a prescription. Under the Act, menstrual care products such as tampons and pads are now classed as eligible medical expenses as well. These changes are permanent and retroactively and apply to purchases made from January 1, 2020.

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.