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Lower HSA contribution limits proving disruptive

Plans have been relying on higher limits from prior guidance

WASHINGTON, DC – “The newly reduced limit for health savings account (HSA) contributions was an unwelcome surprise to the employers who offer and administer these health plans,” American Benefits Council Senior Counsel, Health Policy, Kathryn Wilber, said today.

“For months, companies have been relying on the HSA limits announced in [Internal Revenue Service \(IRS\) Revenue Procedure 2017-37](#), which pegged the 2018 limit for family coverage in a high-deductible health plan to \$6,900,” Wilber said.

“Unfortunately, an IRS update of these limits ([Internal Revenue Bulletin 2018-10](#)) based on the new ‘chained CPI’ indexing method – as required under the new tax law – lowered the 2018 limit to \$6,850. It may not seem like much, but this \$50 difference creates a host of problems for employers and employees who contribute to the accounts,” Wilber said. “In fact, many taxpayers may already have made a contribution that exceeds this new limit.”

The Council intends to work with Congress and the IRS to find a practical solution to this problem resulting from Internal Revenue Bulletin 2018-10. “The new limit puts both employers and employees in a bind,” Wilber said. “Working together to fix this issue is the critical next step.”

For more information on health policy matters, or to arrange an interview with Wilber, contact Jason Hammersla, Council vice president, communications, at jhammersla@abcstaff.org or by phone at 202-289-6700 (office) or (202) 422-4652 (cell).

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The American Benefits Council is the national trade association for companies concerned about federal legislation and regulations affecting all aspects of the employee benefits system. The Council's members represent the entire spectrum of the private employee benefits community and either sponsor directly or administer retirement and health plans covering more than 100 million Americans.