

Publications

Labor and Employment Alert: 2016 HSA and HDHP Limits

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The IRS announced the 2016 indexed amounts for health savings accounts (HSAs) and high deductible health plans (HDHPs).

The 2016 annual limits on HSA contributions are:

- \$3,350 for single coverage (unchanged from 2015); and
- \$6,750 for family coverage (increased \$100 from 2015).

The 2016 minimum deductibles for a HDHP are:

- \$1,300 for single coverage (unchanged from 2015); and
- \$2,600 for family coverage (unchanged from 2015).

The maximum in-network out-of-pocket (OOP) limit for a HDHP is:

- \$6,550 for single coverage (increased \$100 from 2015); and
- \$13,100 for family coverage (increased \$200 from 2015).

HHS interpretation of OOP Limit complicates HDHP design

The Department of Health and Human Services (HHS) seems to have reinterpreted the Affordable Care Act (ACA) group health plan cap on OOP limits. Under the ACA, a group health plan cannot have an in-network OOP limit in excess of \$6,850 for single coverage and \$13,700 for family coverage in 2016 (\$6,600 for single coverage and \$13,200 for family coverage in 2015). In the preamble to [regulations](#) published February 27, 2015, HHS said that, in 2016, family coverage must also have an embedded \$6,850 OOP limit for each member within the family unit. Note that this “rule” does not appear in the actual HHS regulations and we have yet to hear from the IRS and DOL on the issue. Nonetheless, if you are planning on an in-network family OOP limit in excess of \$6,850 in 2016, you will want to monitor this issue; starting in 2016, family coverage may need to have an embedded OOP limit for each family member that is: (1) for an HSA-compatible HDHP, at least the minimum in-network family deductible (\$2,600); and (2) for all

plans, not more than the maximum in-network OOP limit for single coverage under the ACA as interpreted by HHS (\$6,850). **2016 HSA-compatible HDHP -- Internal Revenue Code requires: Group health plan (including HDHP) -- ACA requires:** Minimum in-network deductible: \$1,300 single / \$2,600 family*

* For family coverage, each family member must have a deductible that is at least \$2,600 Not applicable
Maximum in-network deductible: Not applicable (but cannot exceed the maximum in-network OOP limit
Not applicable to large group insurance or self-insured plans Maximum in-network OOP limit: \$6,550
single / \$13,100 family \$6,850 single / \$13,700 family*

* [According to HHS] For family coverage, each family member must have an OOP limit that does not exceed \$6,850

Other Employee Benefit News: More Guidance on Coverage of Contraceptives

DOL [FAQs Part XXVI](#) (May 11, 2015) further interprets the mandate for non-grandfathered plans to provide first dollar coverage of contraceptives. The DOL explains that a non-grandfathered health plan must cover, without participant cost sharing, at least one form of contraception in each of the 18 methods of contraception identified by the FDA (The 18 methods of contraception identified by the FDA are identified in footnote 12 to the FAQs). A plan may apply cost sharing to alternative forms of contraception within each of the 18 categories unless the participant's provider states that an alternative is medically necessary. This means that many plans will need to rethink their plan's contraceptive coverage structure and cost containment tools will be significantly weakened.

Because plans may not have anticipated the current interpretation of the scope of covered contraceptive services, the DOL and IRS will only enforce it for plan years beginning on or after July 10, 2015 (60 days after publication of the FAQs).