

SpecialAlert

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2021 HDHP PLAN PARAMETERS AND HSA LIMITS

The IRS recently released the 2021 limits for High Deductible Health Plans (HDHPs) and Health Saving Accounts (HSAs). The limits were included in Revenue Procedure 2020-24.

HSAs can be paired with qualifying HDHPs in a consumer-driven approach to health benefits. Contributions to these accounts as well as distributions and accrued interest are tax-favored only when the employee uses these funds to pay for IRS-qualified medical expenses.

Employees must have a qualifying HDHP in order to contribute to an HSA. High deductible health plans must follow a number of rules in order to be considered qualifying. Anyone contributing to an HSA must also meet a number of eligibility requirements.

Contributions to HSAs and the provisions related to qualifying HDHPs are annually indexed. The rules allow for annual cost of living adjustments. The increases are determined by a formula applied to parameters in the Tax Code.

The parameters for HDHPs for 2020 and 2021 are shown in the table on page 2.

The contribution limits are also indexed annually. The contribution limits for 2020 and 2021 are shown in the table on page 2.

This updated information is important for employers planning to offer HSA-qualified HDHPs in 2021. Remember, the maximum out-of-pocket limits for qualifying HDHPs are lower than the maximum out-of-pocket limits set by the Affordable Care Act (ACA). For that reason, an HDHP could not adopt the ACA maximum out-of-pocket limits and still remain a qualifying HDHP. If you have any questions regarding HDHPs and HSAs, please contact your MMA-MI team leader.



We welcome your comments and suggestions regarding this issue of our Special Alert. For more information, please contact your Account Manager or visit our website at www.mma-mi.com.

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HDHP PARAMETERS

	2020	2021
Minimum Single Annual Deductible	\$1,400	\$1,400
Minimum Family Annual Deductible	\$2,800	\$2,800
Maximum Single Out-of-Pocket Limit	\$6,900	\$7,000
Maximum Family Out-of-Pocket Limit	\$13,800	\$14,000

CONTRIBUTION LIMITS

	2020	2021
Contribution Limit Single Coverage	\$3,550	\$3,600
Contribution Limit Family Coverage	\$7,100	\$7,200
Catch Up Contribution (55 and older)	\$1,000	\$1,000

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