

Legal Alert

IRS Releases 2024 HSA Contribution Limits and HDHP Deductible and Out-of-Pocket Limits

In [Rev. Proc. 2023-23](#), the IRS released the inflation adjusted amounts for 2024 relevant to Health Savings Accounts (HSAs) and high deductible health plans (HDHPs). The table below summarizes those adjustments and other applicable limits.

	2024	2023	Change
Annual HSA Contribution Limit (Employer and employee)	Self-only: \$4,150 Family: \$8,300	Self-only: \$3,850 Family: \$7,750	Self-only: +\$300 Family: +\$550
HSA catch-up contributions (Age 55 or older)	\$1,000	\$1,000	No change
Minimum Annual HDHP Deductible	Self-only: \$1,600 Family: \$3,200	Self-only: \$1,500 Family: \$3,000	Self-only: +\$100 Family: +\$200
Maximum Out-of-Pocket for HDHP (Deductibles, co-payment and other amounts except premiums)	Self-only: \$8,050 Family: \$16,100	Self-only: \$7,500 Family: \$15,000	Self-only: +\$550 Family: +\$1,100

Out-of-Pocket Limits Applicable to Non-Grandfathered Plans

The ACA’s out-of-pocket limits for in-network essential health benefits have also been announced and have increased for 2024.

	2024	2023	Change
ACA Maximum Out-of-Pocket	Self-only: \$9,450 Family: \$18,900	Self-only: \$9,100 Family: \$18,200	Self-only: +\$350 Family: +\$700

Note that all non-grandfathered group health plans must contain an embedded individual out-of-pocket limit within family coverage if the family out-of-pocket limit is above \$9,450 (2024 plan years) or \$9,100 (2023 plan years). Exceptions to the ACA’s out-of-pocket limit rule have been available for certain non-grandfathered small group plans eligible for transition relief (referred to as “grandmothered” plans) since policy years renewed on or after January 1, 2014. Each year, CMS has extended this transition relief for any grandmothered plans that have been continually renewed since on or after January 1, 2014. However, in its March 23, [2022 Insurance Standards Bulletin](#), CMS announced that the limited nonenforcement policy will remain in effect until CMS announces that such coverage must come into compliance with relevant requirements. Thus, we will no longer see annual transition relief announced.

Next Steps for Employers

As employers prepare for the 2024 plan year, they should keep in mind the following rules and ensure that any plan materials and participant communications reflect the new limits:

- HSA-qualified family HDHPs cannot have an embedded individual deductible that is lower than the minimum family deductible of \$3,200.
- The out-of-pocket maximum for family coverage for an HSA-qualified HDHP cannot be higher than \$16,100.

All non-grandfathered plans (whether HDHP or non-HDHP) must cap out-of-pocket spending at \$9,450 for any covered person. A family plan with an out-of-pocket maximum in excess of \$9,450 can satisfy this rule by embedding an individual out-of-pocket maximum in the plan that is no higher than \$9,450. This means that for the 2024 plan year, an HDHP subject to the ACA out-of-pocket limit rules may have a \$8,050 (self-only) / \$18,900 (family) out-of-pocket limit (and be HSA-compliant) so long as there is an embedded individual out-of-pocket limit in the family tier no greater than \$9,450 (so that it is also ACA-compliant).

Your Contact

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