

Benefits

BUZZ

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IRS Announces Second Change to HSA Family Contribution Limit

Earlier this year, a tax law change for 2018 reduced the health savings account (HSA) contribution limit for individuals with family high deductible health plan (HDHP) coverage from \$6,900 to \$6,850. On April 26, 2018, the IRS announced that, for 2018, taxpayers with family HDHP coverage may treat \$6,900 as the annual contribution limit to their HSAs.

Why was the limit changed again?

After the IRS reduced the HSA limit for individuals with family HDHP coverage, it received feedback from various stakeholders, including employers, that the change would be disruptive and costly to implement. For example, some individuals with family HDHP coverage

made the full \$6,900 HSA contribution before the limit was reduced, and many other individuals made annual salary reduction elections for HSA contributions through their employers' cafeteria plans based on the \$6,900 limit.

In response to these concerns and others, the IRS issued [Revenue Procedure 2018-27](#), which allows taxpayers with family HDHP coverage to use the original \$6,900 HSA contribution limit for 2018.

What are the next steps?

Employers with HDHPs may want to inform their employees about the HSA contribution limit change for family HDHP coverage. Employees who changed their HSA elections to comply with the reduced limit may wish to change their elections again for the \$6,900 limit.

After the reduction in the limit was announced, some HSA account holders may have received a distribution (with earnings) from their HSAs to correct an excess contribution, based on the \$6,850 limit. [Revenue Procedure 2018-27](#) addresses the tax consequences for these individuals. To avoid taxes and penalties, individuals can repay these distributions or use them for qualified medical expenses.

DID YOU KNOW?

The due date for the Patient-Centered Outcomes Research Institute Fees (PCORI fees) is just around the corner.

By July 31, 2018, issuers and plan sponsors will be required to pay the PCORI fees for plan years ending in 2017 on IRS Form 720.

Please contact Baldwin Krystyn Sherman Partners for additional information on PCORI fees.

DOL Releases New Resources for Mental Health Parity Compliance

The Department of Labor (DOL) has provided new resources to promote compliance with the Mental Health Parity and Addiction Equity Act (MHPAEA), including an updated self-compliance tool. The DOL has also identified [examples of nonquantitative treatment limitations \(NQTLs\)](#) that may violate the MHPAEA.

The MHPAEA requires parity between mental health and substance use disorder (MH/SUD) benefits and medical and surgical benefits.

Employers should work with their issuers and benefit administrators to confirm that their health plan's coverage of MH/SUD benefits complies with the MHPAEA, including any NQTLs. Employers should consider using the DOL's resources to understand the MHPAEA's requirements and review their plan designs.



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