

Employer Compliance Alert



▶ IRS ANNOUNCES 2010 HSA AND HDHP DOLLAR AMOUNTS

Assuming a health savings account ("HSA") is paired with a high deductible health plan ("HDHP"), an individual's contributions to the HSA are tax-deductible. Section 223 of the Tax Code specifies a maximum annual HSA contribution, as well as both a *minimum* annual deductible and a *maximum* annual out-of-pocket amount for an HDHP. These calendar-year amounts are subject to annual inflation adjustments, based on the increase in the consumer price index ("CPI") during the 12-month period ending on the prior March 31st. This adjustment schedule allows each year's dollar amounts to be known in advance of the annual enrollment period for that year.

Based on the 2.8% increase in the CPI for the twelve months that ended March 31, 2009, the IRS has recently announced the HSA and HDHP dollar amounts for 2010. The applicable amounts for both individual and family coverage are shown in the following table. For purposes of comparison, the table also shows the 2009 amounts.

Annual Dollar Limit	2010 Amount	2009 Amount
Maximum HSA Contribution:		
Individual	\$3,050	\$3,000
Family	\$6,150	\$5,950
Minimum HDHP Deductible:		
Individual	\$1,200	\$1,150
Family	\$2,400	\$2,300
Maximum HDHP Out-of-Pocket Expense:		
Individual	\$5,950	\$5,800
Family	\$11,900	\$11,600

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In addition to the maximum HSA contribution shown above, any individual who will be age 55 or older by the end of 2010 may contribute an additional \$1,000. This “catch-up contribution” amount is unchanged from 2009 and is not subject to future inflation adjustments.

Employers that sponsor HSA / HDHP arrangements will want to update their enrollment materials to reflect these 2010 dollar amounts.

Kenneth A. Mason, Partner
Spencer Fane Britt & Browne LLP

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