

## IRS Announces 2024 Limits for High Deductible Health Plans and HSA Accounts

The Internal Revenue Service (IRS) recently announced the 2024 cost-of-living adjustments to the applicable dollar limits for health savings accounts (HSAs), high-deductible health plans (HDHPs) and excepted benefit health reimbursement arrangements (HRAs). Plan sponsors should update payroll and plan administration systems for the 2024 adjustments and incorporate the new limits into all necessary participant communications, including open enrollment and communication materials, plan documents and summary plan descriptions.

HEALTH AND WELFARE PLAN LIMITS	2023	Δ	2024
<b>HDHP – Maximum annual out-of-pocket limit (excluding premiums)</b>			
Self-only coverage	\$7,500	↑	\$8,050
Family coverage	\$15,000	↑	\$16,100
<b>HDHP – Minimum annual deductible</b>			
Self-only coverage	\$1,500	↑	\$1,600
Family coverage	\$3,000	↑	\$3,200
<b>HSA – Annual contribution limit</b>			
Self-only coverage	\$3,850	↑	\$4,150
Family coverage	\$7,750	↑	\$8,300
Catch-up contributions (ages 55 and older)	\$1,000	=	\$1,000

IRS Release <https://bit.ly/3MLWQ04>

## ACA Preventive Services Temporarily Spared

The legal battle over the 2010 ACA continues. In March 2023, the US District Court based in Texas blocked a health plan’s requirement to cover US Preventive Services Task Force (USPSTF) recommended preventive services with no cost sharing. This applied ONLY to those preventive services recommended by the USPSTF after March 23, 2010. The decision did not apply to the original preventive list included in the ACA. The plaintiff, “Braidwood”, contends the appointments of members to the USPS Task Force were not made by the President and approved by the Senate and therefore violate the US Constitution. In addition, Braidwood contends that the requirement to cover HIV PrEP drugs as a preventive drug violates the Religious Freedom Restoration Act.

In May 2023, the US Court of Appeals for the 5th Circuit temporarily stayed the nationwide injunction issued by the Texas US District Court. In addition, the DOL (jointly with Health and Human Services and the Treasury, “the departments”), issued these clarifications:

- The court did not block payment of preventive services as recommended by the Advisory Committee on Immunization Practices.
- The decision does not prevent states from enforcing their own laws regarding USPSTF recommendations.
- High Deductible plans may continue to provide coverage for USPSTF recommendations before deductibles are met.

Additional information from:

Slevin & Hart, P.C.: <https://bit.ly/3CcN9TM> & KFF: <https://bit.ly/45NjrCm>



Follow Nixon Benefits on LinkedIn & Twitter @NixonBenefits

www.nixon-benefits.com | news@nixon-benefits.com | 800.458.2186



### IRS Provides Guidance on the Definition of “Medical Expenses”

The IRS has issued a series of “FAQs” to provide guidance as to whether certain costs related to nutrition, wellness, and general health are medical expenses eligible to be paid or reimbursed on a tax-exempt basis under a group health plan, health savings account (“HSA”), health flexible spending arrangement (“FSA”), or health reimbursement arrangement (“HRA”).

Background: For the cost of item to be deductible or subject to tax-exempt reimbursement it must generally meet the definition of “medical care” expenses under IRS Code Section 213(d). This section defines medical expenses as amounts paid for the diagnosis, cure, mitigation, treatment or prevention of disease, or for the purpose of affecting a structure or function of the body. An expense may qualify only if it is “primarily” for the prevention or alleviation of a physical or mental defect or illness, and only if the expense would not have been incurred but for the disease or condition.

The FAQs reiterate that dental and eye care examinations and physicals are all medical expenses since they provide a diagnosis of whether a disease or illness is present. Treatments for alcoholism, substance abuse and smoking cessation are all considered medical expenses because they treat a disease. An amount paid for therapy to treat a diagnosed mental illness is a medical expense, but an amount paid for marital counseling is not.

Except for the cost of insulin, the cost of a drug that isn’t prescribed by a physician is not a medical expense that is deductible under Code Section 213. However, the cost of over-the-counter drugs and also menstrual care products may be paid or reimbursed by a group health plan, HSA, FSA, or HRA.

Nutritional counseling is a medical expense only if it treats a specific disease diagnosed by a physician (such as obesity, diabetes, hypertension or heart disease). Similarly, weight loss programs are a medical expense only if the program treats a specific disease diagnosed by a physician. Otherwise, the cost of a weight loss program is not a medical expense. Nutritional supplements are medical expenses only if the supplements are recommended as treatment for a specific medical condition diagnosed by a physician.

A gym membership is a medical expense only if it was purchased for the sole purpose of affecting a structure or function of the body (such as a prescribed plan for physical therapy to treat an injury) or the sole purpose of treating a specific disease diagnosed by a physician (such as obesity, hypertension, or heart disease). The cost of an exercise program for the improvement of general health is not a medical expense.

The cost of food or beverages purchased for weight loss or other health reasons is a medical expense, only if: (1) the food or beverage doesn’t satisfy normal nutritional needs; (2) the food or beverage alleviates or treats an illness; and (3) the need for the food or beverage is substantiated by a physician. The medical expense is limited to the amount by which the cost of the food or beverage exceeds the cost of a product that satisfies normal nutritional needs. If any of the three requirements are not met, the cost of food or beverages is not a medical expense. The IRS FAQs are available at: <https://bit.ly/43POKe5>



The Wagner Law Group <https://bit.ly/3MSsl8U>

Follow Nixon Benefits on LinkedIn & Twitter @NixonBenefits

www.nixon-benefits.com | news@nixon-benefits.com | 800.458.2186

