

# 2023 COLAs for Benefit Plans

October 2022

Each year, various federal regulators announce cost-of-living adjustments (COLAs) affecting tax, employee benefits dollar amounts and penalties for the upcoming calendar year. Highlights of adjustments for 2023 that are most relevant to health and benefits plans (including prior amounts from 2022) are listed below.

	2022	2023	Change
<b>Health Savings Accounts (HSAs): IRC § 223(b)(2)</b>			
Maximum Annual Contribution - Individual Coverage	\$3,650	\$3,850	+\$200
Maximum Annual Contribution - Family Coverage	\$7,300	\$7,750	+\$450
Catch-up Contribution - age 55 and over - IRC §223(b)(3)	\$1,000	\$1,000	No change
<b>High Deductible Health Plan HDHP/HSA IRC § 223(c)(2)(A)</b>			
Minimum Annual Deductible - Individual Coverage*	\$1,400	\$1,500	+\$100
Minimum Annual Deductible - Family Coverage*	\$2,800	\$3,000	+\$200
Maximum Out-of-Pocket Expenses - Individual Coverage	\$7,050	\$7,500	+\$450
Maximum Out-of-Pocket Expenses - Family Coverage	\$14,100	\$15,000	+\$900
<b>ACA cost-sharing limits for group health plans (all sizes)</b>			
Maximum Out-of-Pocket Expenses - Individual Coverage	\$8,700	\$9,100	+\$400
Maximum Out-of-Pocket Expenses - Family Coverage	\$17,400	\$18,200	+\$800
<b>Expanded HRAs</b>			
QSEHRA Max Reimbursement Allowed - Individual Coverage	\$5,450	\$5,850	+\$400
QSEHRA Max Reimbursement Allowed - Family Coverage	\$11,050	\$11,800	+\$750
EBHRA Max amount newly made available for a Plan Year	\$1,800	\$1,950	+150
ICHRA	No limits	No limits	No change

\* For individuals with family coverage, no amounts can be paid from the HDHP (other than for preventive care) until the required minimum annual deductible for family HDHP coverage has been satisfied. Thus, an HDHP is not qualified if there is an “embedded” individual deductible (i.e., an individual deductible within the family (“umbrella”) deductible) that is lower than the minimum required deductible for HDHP family coverage. For example, a minimum annual individual deductible for 2023, if embedded, must be at least \$3,000.00 (which is the 2023 minimum annual deductible for family coverage).

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	2022	2023	Change
<b>Health FSA and DCAP</b>			
Health FSA maximum contribution, regardless of marital status	\$2,850	\$3,050	+\$200
Health FSA carryover limit	\$570	\$610	+\$30
Dependent Care Assistance Plan (DCAP) maximum contribution, if employee is married and filing a joint return or is a single parent filing as “House of Household” - IRC § 129	\$5,000	\$5,000	No change
Dependent Care Assistance Plan (DCAP) maximum contribution, if employee is married but filing a separate return from spouse	\$2,500	\$2,500	No change
<b>Archer MSAs</b>			
Minimum HDHP Deductible - Individual Coverage	\$2,450	\$2,650	+\$200
Minimum HDHP Deductible - Family Coverage	\$4,950	\$5,300	+\$350
Maximum HDHP Deductible - Individual Coverage	\$3,700	\$3,950	+\$250
Maximum HDHP Deductible - Family Coverage	\$7,400	\$7,900	+\$500
Maximum HDHP Out-of-pocket - Individual Coverage	\$4,950	\$5,300	+\$350
Maximum HDHP Out-of-pocket - Family Coverage	\$9,050	\$9,650	+\$600
<b>Highly Compensated and Key Employee Thresholds</b>			
Highly Compensated Employee (HCE) Threshold - IRC §414(q)(1)(B)	\$135,000	<i>Not released yet</i>	-
Key Employee, Officer - IRC § 416(i)(1)(A)(i)	\$200,000	<i>Not released yet</i>	-
<b>Affordable Care Act Amounts</b>			
Annual 5000A(c) penalty for individual not having “minimum essential coverage” (MEC): greater of dollar amount or percentage of modified adjusted gross income (MAGI)	\$0	\$0	No change
Annual 4980H(a) penalty for large employer not offering MEC to at least 95% of full-time employees. Multiply penalty amount by total number of full-time employees minus 30.	\$2,750	\$2,880	+\$130
Annual 4980H(b) penalty for large employer not offering affordable minimum value coverage to all full-time employees. Penalty amount is per each full-time EE who qualifies for a subsidy to buy insurance in the marketplace.	\$4,120	\$4,320	+\$200
Affordability Percentage for Employer Shared Responsibility	9.61%	9.12%	-0.49%
Federal Poverty Line salary for household size of one	\$12,880	\$13,590	+\$710

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