

EY Payroll NewsFlash Workforce Tax Services

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IRS releases Health Savings Account limits for 2023

In [Revenue Procedure 2022-24](#), the IRS announced the inflation adjustments that will apply to Health Savings Accounts (HSAs) under IRC Section 223 effective for calendar year 2023.

Health savings account limit type	2023	2022
Contribution *		
Self (IRC Section 223(b)(2)(A))	\$3,850	\$3,650
Family (IRC Section 223(b)(2)(B))	\$7,750	\$7,300
Out-of-pocket		
Self (IRC Section 223(c)(2)(A))	\$7,500	\$7,050
Family (IRC Section 223(c)(2)(A))	\$15,000	\$14,100
Deductible (high-deductible health plan)		
Self (IRC Section 223(c)(2)(A))	\$1,500	\$1,400
Family (IRC Section 223(c)(2)(A))	\$3,000	\$2,800

*An additional contribution of \$1,000 is permitted for individuals aged 55 and older. Those enrolled in Medicare are not eligible to participate. For plan years beginning in 2023, the maximum amount that may be made newly available for the plan year for an excepted Health Reimbursement Arrangement (HRA) under Reg. Section 54.9831-1(c)(3)(viii) is \$1,950.

Form W-2 reporting reminder

Employer contributions and employee pre-tax contributions to an HSA are required to be reported on Form W-2, box 12, Code W. Employer and employee pretax contributions that, when combined, exceed the annual calendar year limit, are required to be treated as taxable wages and reported in Form W-2, boxes 1, 3 (up to the Social

Security limit) and 5 (2022 Form W-2 instructions, [page 11](#)). Additionally, excess contributions to an HSA are subject to an excise tax.

Ernst & Young LLP insights

HRA- and HSA-eligible health plans constitute what are called “consumer-driven” health plans (CDHPs) because they give employees the choice of electing health plan options that best meet their projected out-of-pocket medical expenses. CDHPs also raise payroll challenges because the rules governing each of these medical reimbursement account options (FSA, HRA, HSA and MSA) are unique in terms of their tax treatment and reporting.

How companies name their health plans might not clearly communicate the type of medical reimbursement vehicle that applies, causing time-consuming and potentially costly errors in payroll system configurations.

To avoid year-end reporting complications, now is a good time to review employee elections and how they are being handled in your payroll system.

Contact us for more information

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