

COMPLIANCE OVERVIEW

Open Enrollment 2026 – Health Savings Accounts

Employers that sponsor high deductible health plans (HDHPs) that are compatible with health savings accounts (HSAs) should prepare for open enrollment by:

- Ensuring that employees understand how HSAs work, including the benefits of opening an HSA; and
- Updating their HDHPs' design and communicating any plan changes to employees.

There are many advantages to selecting an HDHP/HSA option at open enrollment time—for example, HSAs have three levels of tax savings, and HDHPs typically have lower monthly premiums. However, many employees may not be aware of these advantages or understand how the HSA rules apply to them. Employers should help their employees understand key HSA features during the open enrollment process.

In addition, to be compatible with HSAs, HDHPs must comply with IRS limits regarding the plan's annual deductible and out-of-pocket maximum. The IRS adjusts these limits for inflation each year. Employers should review their plan limits to make sure they comply with the limits for the plan year beginning on or after Jan. 1, 2026.

LINKS AND RESOURCES

- [IRS Publication 969](#), "Health Savings Accounts and Other Tax-favored Health Plans"
- [IRS Revenue Procedure 2025-19](#), which includes the inflation-adjusted HSA limits for 2026

HSA Features

Employers with HSA-compatible HDHPs should help their employees make informed decisions at open enrollment time by explaining the:

- Key advantages of HSAs, including their powerful tax savings;
- Eligibility rules for making HSA contributions; and
- HSA contribution limits for 2026.

HDHP Plan Design

To prepare for open enrollment, employers with HDHPs should:

- Review their plan's deductible and out-of-pocket limits to ensure they comply with the IRS' limits for 2026;
- Decide whether the plan will pay benefits for telehealth before the annual minimum deductible has been met; and
- Communicate any plan changes to employees.

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Communicating HSA Rules to Employees

As part of the open enrollment process, employers that offer HSA-compatible HDHPs should help their employees understand the benefits of opening an HSA and making tax-free contributions. Employees may be confused about the rules surrounding HSAs and may not realize all the advantages associated with these accounts.

Evolution of Benefits can provide sample resources for communicating the HSA rules to employees.

HSA Advantages

Open enrollment is an ideal time for employers to highlight to eligible employees the advantages of selecting an HDHP/HSA coverage option. These advantages include the following:

- **Lower premiums**—HDHPs typically have lower monthly premiums than health plans with lower deductibles, which makes them a cost-effective option for many employees. Employees who enroll in HDHPs can contribute to an HSA to help offset the higher deductible;
- **Tax savings**—HSAs have three levels of tax savings: (1) HSA contributions can be deducted from employee’s pay on a pre-tax basis, which means they are not subject to federal income and employment taxes; (2) HSA funds grow tax-free; and (3) HSA withdrawals are nontaxable if they are used for qualified medical expenses;
- **Employee ownership**—HSAs provide more flexibility than other medical savings accounts because they are individually owned accounts. For example, employees keep their HSAs even if they switch jobs. Also, employees can continue to use their HSA money on a tax-free basis to pay for medical expenses even when they no longer meet the eligibility criteria for making HSA contributions;
- **Savings opportunity**—There is no deadline for employees to use their HSA money. Unused HSA funds roll over from year to year, allowing employees to save for future medical expenses;
- **Ease of use**—HSA funds can be used on a tax-free basis to pay for a broad range of medical expenses, including over-the-counter medicine and drugs. In addition to their own medical expenses, employees can use their HSAs to pay medical expenses incurred by their spouses and dependent children; and
- **Open at any time**—During open enrollment, employers should encourage their HSA-eligible employees to set up an HSA if they have not done so already. However, an eligible employee can set up an HSA at any time, not just during open enrollment. Also, employees can generally elect to start making pre-tax contributions to their HSAs at any time during the plan year, even if they did not elect HSA contributions during open enrollment. This is an exception to the irrevocability (or “election lock”) rule that applies to most other pre-tax benefits.

HSA Eligibility

Employers should help employees understand the eligibility rules for HSAs so they can make an informed decision about their health coverage during open enrollment. There are strict rules for HSA eligibility that employees should consider before electing coverage under an HDHP and setting up an HSA. To be eligible for an HSA, an employee must:

- ✓ Be covered by an HDHP;
- ✓ Not be covered by other health coverage that is not an HDHP, including coverage under a traditional health flexible spending account (FSA) or health reimbursement arrangement (HRA), with certain limited exceptions;
- ✓ Not be enrolled in Medicare; and

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- ✓ Not be eligible to be claimed as a dependent on another person’s tax return.

New for 2026, the [One Big Beautiful Bill Act](#) (OBBA Act) expands HSA eligibility by allowing individuals with **direct primary care (DPC) arrangements** to make HSA contributions if their monthly fees are \$150 or less (\$300 or less for family coverage). These dollar limits will be adjusted annually for inflation. A DPC arrangement is a subscription-based health care delivery model where an individual is charged a fixed periodic fee for access to medical care consisting solely of primary care services. To be HSA-compatible, primary care services cannot include procedures that require general anesthesia, prescription drugs (other than vaccines) and laboratory services not typically administered in an ambulatory primary care setting. In addition, the OBBA Act treats DPC fees as medical care expenses that can be paid using HSA funds.

HSA Contribution Limits

At open enrollment time, employers should communicate the HSA contribution limits to employees. These limits are adjusted for inflation each year and vary based on whether an employee has self-only or family coverage under an HDHP. Self-only HDHP coverage is HDHP coverage for only one HSA-eligible individual. Family HDHP coverage is HDHP coverage for one HSA-eligible individual and at least one other individual (regardless of whether the other individual is HSA-eligible).

Effective Jan. 1, 2026, the annual HSA contribution limits are:

- **\$4,400** for individuals with self-only HDHP coverage; and
- **\$8,750** for individuals with family HDHP coverage.

In addition, individuals who are age 55 or older by the end of the year are permitted to make additional HSA contributions, called “catch-up contributions.” The maximum annual catch-up contribution is \$1,000. The catch-up contribution limit is not adjusted for inflation, which means it remains the same year after year.

In general, all HSA contributions made by or on behalf of an HSA-eligible individual are aggregated for purposes of applying the maximum contribution limit.

Updating HDHP Plan Design

To prepare for open enrollment, employers should update their HDHPs’ designs to ensure they comply with the IRS’ adjusted cost-sharing limits for 2026. Employers should also be aware that the pre-deductible coverage option for telehealth services has been permanently extended. Any changes to the plan design should be communicated to plan participants through an updated Summary Plan Description (SPD) or Summary of Material Modifications (SMM).

Cost-sharing Limits

Employers must confirm that their HDHPs’ cost-sharing limits comply with the IRS’ adjusted limits for 2026. These limits include a minimum deductible and an out-of-pocket maximum and are effective for plan years beginning on or after Jan. 1, 2026. The following table contains the HDHP limits for 2026 compared to 2025.

Type of Limit		2025	2026	Change
HDHP Minimum Deductibles	Self-only	\$1,650	\$1,700	Up \$50
	Family	\$3,300	\$3,400	Up \$100

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Type of Limit		2025	2026	Change
HDHP Maximum Out-of-Pocket Expense Limits <i>(deductibles, copayments and other amounts, but not premiums)</i>	Self-only	\$8,300	\$8,500	Up \$200
	Family	\$16,600	\$17,000	Up \$400

Permanent Design Option for Telehealth Services

To be eligible for HSA contributions, individuals cannot be covered by a health plan that provides benefits, except preventive care benefits, before the minimum HDHP deductible is satisfied for the year. Historically, individuals who were covered by telehealth programs that provided free or reduced-cost medical benefits were not eligible for HSA contributions. A pandemic-related relief measure temporarily allowed HDHPs to waive the deductible for telehealth services without impacting HSA eligibility. This relief expired at the end of the 2024 plan year. However, the OBBB Act **permanently extends** the ability of HDHPs to provide benefits for telehealth and other remote care services before plan deductibles have been met without jeopardizing HSA eligibility. This extension applies retroactively to plan years beginning after Dec. 31, 2024.

Due to these changes, employers with HDHPs should take these steps for plan years beginning in 2026:

- ✓ Determine whether the HDHP will waive the deductible for telehealth services for the plan year beginning in 2026; and
- ✓ Notify plan participants of any cost-sharing changes for telehealth services through an updated SPD or SMM.