

Broker News

For brokers and producers only

Date: December 8, 2022

Markets: All (except Medicare Advantage and Medicaid)

2023 Index Figures, PHE, Notice 2022-41, and Compliance Reminder for Cafeteria Plans

Further by HealthEquity has shared the below updates around recent legislative changes that may impact consumer-directed benefits.

Internal Revenue Service (IRS) Releases 2023 Index Figures

On October 18, 2022, the Internal Revenue Service (IRS) announced the official 2023 Healthcare Flexible Spending Account (HCFSA), Limited Purpose FSA (LPFSA), commuter, and adoption contribution limits. This is good news for accounts wanting to add value to their benefits programs and allow employees additional tax savings.

2023 employee salary reduction contribution limits:

- 2023 Healthcare FSA/Limited Purpose FSA—\$3,050 **(Increase of \$200 from 2022)**
 - If the cafeteria plan permits, the maximum FSA carryover from 2023 to 2024 = \$610 **(Increase of \$40 from 2022)**
- 2023 Dependent Care FSA **(No Change for 2023)**
 - \$5,000 (Family)
 - \$2,500 (Married filing separately)
- 2023 Commuter (Parking and Transit)—\$300/month **(Increase of \$20 from 2022)**
- 2023 Adoption limit—\$15,950 **(Increase of \$1,060 from 2022)**

Please note: If you are currently at the 2022 IRS maximum, your HCFSA and Commuter limits will be automatically updated to the new 2023 maximums for your new plan year. Please communicate with your Further by HealthEquity contact as soon as possible if you do not wish to be updated to the new 2023 maximum. If you are not currently at the 2022 IRS maximum, your 2023 HCFSA and Commuter limits will not be automatically updated for your new plan year.

The full compliance alert from Further, which includes a complete listing of the 2023 Index Figures, is available [here](#).

New Cafeteria Plan Election Change Allowed Fix to “Family Glitch”

On October 11, 2022, the Department of the Treasury and the IRS released finalized regulations¹ that revise a previous interpretation of an affordability test for employer-sponsored minimum essential coverage for purposes of premium tax credit eligibility under the Affordable Care Act (ACA).

The final regulations clarify that, for taxable years beginning in 2023, the affordability test for family members is to be based on the cost of family (rather than employee-only) coverage. Based on this revision, employer-sponsored minimum essential coverage is considered affordable for family members if the required employee contribution for *family* coverage is less than 9.5% of household income.

The full compliance alert from Further is available [here](#).

COVID-19 Public Health Emergency Extended

On October 13, 2022, the Department of Health and Human Services (HHS) announced, as was expected, that the Public Health Emergency (PHE) has again been extended for another 90 days.

Originally scheduled to expire on April 26, 2020, HHS has renewed these periods at around the end of each 90-day period. This latest 90-day period is currently scheduled to expire on January 11, 2023.

You can review our full compliance alert [here](#) for more details on the extension of the PHE (and “Family Glitch” fix).

Compliance Reminders for Cafeteria Plans and Health Reimbursement Arrangements

In the compliance world of never-ending change, Further will provide a refresher course for employers on two of the compliance requirements of Internal Revenue Code (IRC) §125 cafeteria plans and IRC §105 that haven’t changed: *nondiscrimination testing and Form 5500 filing obligations*.

The full compliance alert, which includes more details on this compliance refresher around nondiscrimination testing and Form 5500 filing obligations, is available [here](#).

These summaries are intended to educate employers and plan sponsors on the potential effects of recent government guidance on employee benefit plans. These summaries are not and should not be construed as legal or tax advice. The government’s guidance is complex and very fact specific.

Employers and plan sponsors are encouraged to consult competent legal or benefits counsel for all guidance on how the actions apply in their circumstances.

For more information

If you have any questions, please contact your broker account consultant.

¹ <https://www.govinfo.gov/content/pkg/FR-2022-10-13/pdf/2022-22184.pdf>