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2020 HEALTH FSA, OTHER HEALTH AND FRINGE BENEFIT LIMITS NOW SET

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IRS [Rev. Proc. 2019-44](#) gives the 2020 limits for salary-reduction contributions to health flexible spending arrangements (FSAs); Archer medical savings accounts (MSAs); and qualified small-employer health reimbursement arrangements (QSEHRAs), long-term care (LTC) policies, transportation fringe benefits and adoption assistance. The 2020 adjusted figures reflect the increase in the average chained Consumer Price Index for All Urban Consumers (C-CPI-U) for the 12 months ending Aug. 31, 2019, after applying statutory rounding rules. [Regulations](#) issued in June set the 2020 limit for excepted-benefit HRAs, which will also be subject to annual adjustment. Mercer's 2020 Quick Benefit Facts guide highlights other key health and retirement benefit amounts announced earlier this year.

HEALTH FSA, CERTAIN HRA, ARCHER MSA AND LTC LIMITS

The table below shows the 2020 adjusted amounts for health FSAs, QSEHRAs, Archer MSAs and qualified LTC policies set by Rev. Proc. 2019-44, along with the limits for 2019 and 2018. Also shown is the 2020 maximum annual benefit set by June regulations for the newly allowed excepted-benefit HRAs.

BENEFIT TYPE	2020	2019	2018
Health FSA Limit (IRC § 125(i))			
Maximum salary reduction contribution	\$2,750	\$2,700	\$2,650
Excepted-Benefit HRA Limit (26 CFR § 54.9831-1(c)(3)(viii)(B)(1))			
Maximum annual benefit	1,800	n/a	n/a
QSEHRA Limit (IRC § 9831(d))			
Maximum annual benefit			
Self-only coverage	5,250	5,150	5,050
Family coverage	10,600	10,450	10,250

BENEFIT TYPE	2020	2019	2018
Archer MSA Limits (IRC § 220(c)(2))			
Self-only coverage			
Minimum annual deductible	\$2,350	\$2,350	\$2,300
Maximum annual deductible	3,550	3,500	3,450
Maximum out-of-pocket limit	4,750	4,650	4,550
Family coverage			
Minimum annual deductible	4,750	4,650	4,550
Maximum annual deductible	7,100	7,000	6,850
Maximum out-of-pocket limit	8,650	8,550	8,400
Qualified LTC Policy Limits (IRC § 213(d) and 7702B(d)(4))			
Premium limits at age			
40 or younger	430	420	420
41–50	810	790	780
51–60	1,630	1,580	1,560
61–70	4,350	4,220	4,160
Older than 70	5,430	5,270	5,200
Per diem limit	380	370	360

The 2020 adjusted amounts for health savings accounts (HSAs), HSA-qualifying high-deductible health plans, certain nongrandfathered health plans and various indexed amounts for the Affordable Care Act’s employer-shared responsibility provision were announced earlier this year.

QUALIFIED TRANSPORTATION AND ADOPTION ASSISTANCE BENEFITS

This table shows the 2020 adjusted figures for qualified transportation fringe benefits and adoption assistance set by Rev. Proc. 2019-44, along with amounts for 2019 and 2018.

BENEFIT TYPE	2020	2019	2018
Tax-Free Qualified Transportation Fringe Benefits (IRC § 132(f))			
Monthly qualified parking, transit passes or commuter highway vehicles	\$270	\$265	\$260

BENEFIT TYPE	2020	2019	2018
Qualified Adoption Assistance Benefits (IRC § 137)			
Exclusion for child with special needs (regardless of expenses incurred)	\$14,300	\$14,080	\$13,810
Aggregate dollar limit for all taxable years	14,300	14,080	13,810
Phaseout begins at modified AGI of	214,520	211,160	207,140
Phaseout completed at modified AGI of	254,520	251,160	247,140

RELATED RESOURCES

Non-Mercer Resources

- [Rev. Proc. 2019-44](#) (IRS, Nov. 6, 2019)
- [Press Release: IRS Provides Tax Inflation Adjustments for Tax Year 2020](#) (IRS, Nov. 6, 2019)
- [Rev. Proc. 2019-29](#) (IRS, June 22, 2019)
- [Final Rule: Health Reimbursement Arrangements and Other Account-Based Group Health Plans](#) (Federal Register, June 20, 2019)
- [Rev. Proc. 2019-25](#) (IRS, May 28, 2019)
- [Final Rule: HHS Notice of Benefit and Payment Parameters for 2020](#) (Federal Register, April 25, 2019)

Mercer Law & Policy Resources

- [2020 Quick Benefit Facts](#) (Nov. 6, 2019)
- [2020 Qualified Transportation, Health FSA and Archer MSA Limits Projected](#) (Aug. 16, 2019)
- [2020 Affordable Percentage for Employer Health Coverage Shrinks](#) (July 23, 2019)
- [Final Rules Ease Restrictions on Health Reimbursement Arrangements](#) (June 14, 2019)
- [2020 Health Savings Account, High-Deductible Health Plan Figures Issued](#) (May 28, 2019)
- [2020 ACA Cost-Sharing Caps Set, Play-or-Pay Penalties Projected](#) (May 8, 2019)
- [Quick Benefit Facts and COLA Resources for Benefit Plans](#) (April 8, 2019)

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