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Correspondence Memorandum

Date: May 14, 2025

To: Group Insurance Board

From: Xiong Vang, HSA and ERA Accounts Program Manager
Luis Caracas, Health Plan Policy Advisor
Office of Strategic Health Policy

Subject: 2026 Cafeteria Plan Updates

This memo is for informational purposes only. No Board action is required.

Background

Each year, the Internal Revenue Service (IRS) issues inflation-adjusted contribution and limit amounts for pre-tax benefit programs, as defined under Sections 125 and 132 of the Internal Revenue Code (IRC). Plan sponsors may adopt these updated limits to allow members to maximize tax savings on eligible medical, dental, vision, and commuter expenses. Additionally, sponsors must ensure that High Deductible Health Plans (HDHPs) meet IRS minimum deductible requirements to remain compatible with Health Savings Accounts (HSAs).

HDHP Minimum Deductibles

On May 1, 2025, the IRS released [Rev. Proc. 2025-19](#), increasing HDHP minimum deductibles for 2026. The HDHP minimum deductible amount increased \$50 for individual coverage and \$100 for family coverage. To remain compliant, the Board's HDHP deductibles will increase as follows:

Table 1: 2025-2026 HDHP Minimum Deductibles

HDHP Coverage Level	2025	2026
Individual	\$1,650	\$1,700
Family	\$3,300	\$3,400

HSA Annual Contribution Changes

Rev. Proc. 2025-19 also includes 2026 HSA contribution limit increases by \$100 for individual coverage and \$200 for family coverage.

Reviewed and approved by Renee Walk, Director, Office of Strategic Health Policy
Electronically Signed 05/09/2025

Board	Mtg Date	Item #
GIB	05.21.25	13Q

Table 2: 2025-2026 HSA Contribution Limits

HSA Contribution Limits (Annually)	2025	2026
Individual	\$4,300	\$4,400
Family	\$8,550	\$8,750

ETF's Section 125 Cafeteria Plan will reflect these changes for 2026.

Flexible Spending Account (FSA) Annual Contribution Changes

Per [Rev. Proc. 2024-40](#), effective for the 2025 plan year, the IRS has increased FSA contribution limit from \$3,200 to \$3,300 and carryover limit from \$640 to \$660.

Table 3: 2025-2026 FSA Contribution Limits and Carryover

FSA Contribution Limits (Annually)	2025	2026
FSA Contribution Limit	\$3,200	\$3,300
Carryover Limit	\$640	\$660

ETF's Section 125 Cafeteria Plan will reflect these changes for 2026.

Commuter Benefits Monthly Contribution Changes

Under the same IRS guidance, Commuter benefits increased by \$10 for both parking and transit pass for transportation highway vehicles. Monthly pre-tax contribution limits for commuter benefits for 2026 are as follows:

Table 4: 2025-2026 Commuter Benefits Contribution Limits

Commuter Contributions Limits (Monthly)	2025	2026
Parking Account	\$315	\$325
Transit Account	\$315	\$325

ETF's Transit and Parking Plan Document will reflect these changes for 2026.

Conclusion

The Department of Employee Trust Funds (ETF), in coordination with TASC (the new third-party administrator for pre-tax savings programs), will update member and employer communications ahead of the 2026 open enrollment period. TASC will distribute official notifications of these updates in October 2025. ETF's Section 125 Cafeteria Plan will be revised to incorporate all contribution and carryover limit adjustments, which will take effect for the 2026 plan year.

Staff will be at the Board meeting to answer any questions.