

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 54.9831-1. Special rules relating to group health plans.

Rev. Proc. 2020-43

SECTION 1. PURPOSE AND SCOPE

This revenue procedure provides the maximum amount allowed to be newly made available for plan years beginning after December 31, 2020, and before January 1, 2022, for excepted benefit health reimbursement arrangements provided under § 54.9831-1(c)(3)(viii). The maximum amount indexed pursuant to § 54.9831-1(c)(3)(viii)(B)(1) will not change for plan years beginning after December 31, 2020, and before January 1, 2022, and remains \$1,800.

SECTION 2. BACKGROUND

Under § 54.9831-1(c)(3), certain group health plans qualify as limited excepted benefits that are not subject to the requirements of Chapter 100 of the Internal Revenue Code. Section 54.9831-1(c)(3)(viii) provides rules for health reimbursement arrangements (HRAs) and other account-based group health plans to qualify as limited excepted benefits. Section 54.9831-1(c)(3)(viii)(B) provides that amounts newly made available for each plan year under the HRA or other account-based group health plan (excepted benefit HRA) may not exceed \$1,800. For plan years beginning after December 31, 2020, the \$1,800 dollar amount is increased by an amount equal to \$1,800 multiplied by the applicable cost-of-living adjustment.

The applicable cost-of-living adjustment for plan years beginning after December 31, 2020, and before January 1, 2022, is the percentage (if any) by which the Chained Consumer Price Index for All Urban Consumers (C-CPI-U), as published by the Bureau of Labor Statistics of the Department of Labor, for the preceding year exceeds the C-CPI-U for calendar year 2019. The C-CPI-U for any calendar year is the average of the C-CPI-U as of the close of the 12-month period ending on March 31 of that calendar year. Any increase that is not a multiple of \$50 is rounded down to the next lowest multiple of \$50.

SECTION 3. PROCEDURE

For plan years beginning after December 31, 2020, and before January 1, 2022, the maximum amount that may be made newly available for the plan year for an excepted benefit HRA under § 54.9831-1(c)(3)(viii) is \$1,800. The Department of the Treasury and the Internal Revenue Service intend to publish, by June 1, 2021, the adjusted amount for plan years beginning after December 31, 2021, and before January 1, 2023.

SECTION 4. EFFECTIVE DATE

The effective date of this revenue procedure is the date of publication of this revenue procedure in the Internal Revenue Bulletin.

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Christopher Dellana of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this revenue procedure, contact Mr. Dellana at (202) 317-5500 (not a toll-free call).