

# **HSA Expansion Proposals**

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## HSA: Centerpiece of ACA Reform?

- 30+ HSA-related bills pending in the 115<sup>th</sup> Congress
- HSA Industry “gold standard” bill (S. 403 / H.R. 1075) introduced by Sen. Hatch (R-UT) and Rep. Paulsen (R-MN) on February 16, 2017
  - Most of the provisions of the AHCA/BCRA taken from this bill



# HSAs: Centerpiece of ACA Reform??

## ■ Possible Changes

- Allow more Americans to have HSAs
- Move to a more flexible health plan standard for HSAs
- Raise HSA annual contribution limits
- Allow greater flexibility for uses of HSA funds
- Provide federal bankruptcy protections for HSAs (equivalent to IRAs)



# Hatch-Paulsen Bill

- Other Provisions in the “Gold Standard” Bill (not in AHCA)
- General Changes
  - Changes the name of “High Deductible Health Plan” to “HSA-Qualified Health Plan”
  - Provides bankruptcy protections for Health Savings Accounts equivalent to retirement funds
  - Carves out employee HSA contributions from the Cadillac Tax
  - Allows both spouses to make catch-up contributions to same HSA account



# Hatch-Paulsen Bill



- **Newly HSA-Eligible Individuals**
  - Seniors enrolled in Medicare Part A only
  - Individuals with access to Indian Health Services
  - Veterans
  - Members of healthcare sharing ministries
  
- **Other Eligibility-Related Changes**
  - Expands access to on-site medical clinics
  - Clarifies eligibility for plans with embedded deductibles



# Hatch-Paulsen Bill



- Greater Flexibility When Using HSA Funds
  - Health insurance premiums
  - Certain exercise equipment and physical fitness programs
  - Some diet and nutritional supplements
  - Fees associated with direct primary care practices



# American Health Care Act (H.R. 1628)



- HSA Provisions
  - Repeal provisions created by the ACA
    - Rx requirement for OTC medicine distributions from HSAs
    - Higher penalty for non-qualified distributions (reverts back to 10%)
  - Other common sense provisions supported by industry
    - Raise HSA contribution limits to HSA-qualified plan OOP Max
    - Allow spouses to make catch-up contributions to the same HSA
    - Expenses incurred within 60 days of HDHP coverage but before HSA account is established

NOTE: All of these provisions were included in the Hatch-Paulsen “gold standard” bill



# American Health Care Act (H.R. 1628)



- Other Provisions Impacting HSAs
  - Delay (but not repeal) of Cadillac tax to 2026
- Better Care Reconciliation Act (Senate version)
  - Identical HSA provisions to AHCA (based on draft language)





# 2018 Exchange Permitted AV Variation

<b>Tier</b>	<b>Target AV</b>	<b>Allowed Variation</b>
Bronze	60%	56-65%
Silver	70%	66-72%
Gold	80%	76-82%
Platinum	90%	86-92%



# HSA Plans that Meet “Bronze” Tier

## ➤ Option 1 (AV = 60.22%)\*

- Deductible = \$6,650
- Coinsurance = 0%
- OOP Max = \$6,650

## ➤ Option 2 (AV = 64.78%)

- Deductible = \$5,100
- Coinsurance = 0%
- OOP Max = \$5,100

## ➤ Option 3 (AV = 60.37%)

- Deductible = \$6,000
- Coinsurance = 50%
- OOP Max = \$6,650

## ➤ Option 4 (AV = 64.74%)

- Deductible = \$3,600
- Coinsurance = 20%
- OOP Max = \$6,650

\*NOTE: Cannot create an HSA-qualified plan with a lower AV because HSA-qualified plan deductibles cannot exceed \$6,650 for 2018



# HSA Plans that Meet “Silver Tier”

## ➤ Option 1 (AV = 71.82%)

- Deductible = \$3,600
- Coinsurance = 0%
- OOP Max = \$3,600

## ➤ Option 2 (AV = 66.29%)

- Deductible = \$5,000
- Coinsurance = 0%
- OOP Max = \$5,000

## ➤ Option 3 (AV = 71.95%)

- Deductible = \$1,900
- Coinsurance = 20%
- OOP Max = \$6,650

## ➤ Option 4 (AV = 66.00%)

- Deductible = \$3,500
- Coinsurance = 20%
- OOP Max = \$6,650



# HSA Plans that Meet “Gold” Tier

## ➤ Option 1 (AV = 81.83%)

- Deductible = \$1,850
- Coinsurance = 0%
- OOP Max = \$1,850

## ➤ Option 2 (AV = 76.11%)

- Deductible = \$2,800
- Coinsurance = 0%
- OOP Max = \$2,800

## ➤ Option 3 (AV = 81.84%)

- Deductible = \$1,350
- Coinsurance = 20%
- OOP Max = \$2,050

## ➤ Option 4 (AV = 76.08%)

- Deductible = \$1,350
- Coinsurance = 20%
- OOP Max = \$5,400



# HSA Plans that Meet “Platinum” Tier

## ➤ Option 1 (AV = 86.18%)

- Deductible = \$1,350
- Coinsurance = 0%
- OOP Max = \$1,350

NOTE: 2018 will be the first year that a Platinum tier plan can be HSA-qualified, and only because HHS expanded the AV range.



# Contact Info



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