HSA Expansion Proposals

Roy Ramthun
HSA Consulting Services
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HSAs: Centerpiece of ACA Reform?

- 30+ HSA-related bills pending in the 115th 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

<table>
<thead>
<tr>
<th>Tier</th>
<th>Target AV</th>
<th>Allowed Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronze</td>
<td>60%</td>
<td>56-65%</td>
</tr>
<tr>
<td>Silver</td>
<td>70%</td>
<td>66-72%</td>
</tr>
<tr>
<td>Gold</td>
<td>80%</td>
<td>76-82%</td>
</tr>
<tr>
<td>Platinum</td>
<td>90%</td>
<td>86-92%</td>
</tr>
</tbody>
</table>
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

Roy Ramthun, “Mr. HSA”
roy@hsaconsultingservices.com
(202) 747-4467
askmrhsa.com