HSA Expansion Moves Forward in the House

By Michelle Cammayo
Bolton & Company
www.boltonco.com

The House adopted two health care bills on July 25, 2018. The bills—H.R. 6199 and H.R. 6311—are collectively being referred to as the HSA Expansion Act.

HSAs, health reimbursement accounts (HRAs) and flexible spending accounts (FSAs) are deemed tax-advantage health care accounts. All three accounts allow for pre-tax contributions to purchase eligible medical expenses listed in IRS Code Section 213(d). A few notable examples of proposed changes include:

- Individuals would now be able to purchase over-the-counter (OTC) medications with an HSA, FSA, or HRA without being required to obtain a prescription for eligibility purposes.
- Menstrual care products would become qualified medical expenses that could be purchased with all tax-advantaged health care accounts.
- Certain sports and fitness expenses—including gym memberships and the cost to participate in certain physical exercise programs—would be treated as qualified medical expenses up to a limit of $500 a year for an individual and $1,000 a year for a joint return.

H.R. 6311 proposes to increase HSA contributions to $6,650 for individuals and $13,300 for families which mirrors the annual out-of-pocket and deductible expenses on HSA-qualified insurance plans. This represents an almost 200 percent increase to the current HSA contribution limits. A few other changes include:

- Individuals would no longer be barred from contributing to an HSA if his/her spouse is enrolled in a medical FSA.
- Working seniors in Medicare Part A and covered by a qualifying HDHP would now be able to contribute to an HSA.
- Balances on FSAs could be carried over to the succeeding plan year with certain restrictions.

Next Steps — Each bill must pass the Senate in *identical* form. The Senate is expected to vote on these bills right after the Labor Day break. Skopos Labs, a technology company that uses A.I. powered research to make predictions, gives these bills a 37% or less chance of passing in the Senate. The biggest factor for its projected failure is the text of the overall bill.

Arguments — Those opposed to their passing cite two major reasons: 1) both bills would add to the national debt and 2) HSAs don't adequately serve the working class. It's unlikely either bill will pass, but it won't be the last we hear on this subject as the Trump Administration is likely to pursue similar bills in the future.

Should your employer consider adopting one of these tax-advantaged plans to capitalize on potential changes? Check out my October 2017 article here: *Alphabet Soup: Determining if HRA, HSA or FSA is Right for Your Company*

Michelle Cammayo *has more than a decade of Employee Benefits experience specializing in all lines of health and welfare benefits, including Medical, Dental, Vision, Basic and Voluntary Life, Short and Long-Term Disability and Employee Assistance Programs. Her primary roles and responsibilities include carrier negotiations, strategic oversight, and educating HR staff and employees with regards to employee benefit packages and/or solutions.*

With an established track record of providing solutions to clients' unique challenges, Michelle leads with a forward-thinking philosophy and proactive approach to all areas of benefit program management. She has driven the process on Wellness Initiatives, Health Fairs, Employee Benefit Communication Campaigns and Technology Solutions for several clients, and has implemented and serviced alternative funding contracts, including level funding, graded preferred funding, self-funding with stop loss, minimum premium contracts and participating contracts. She also has extensive, hands-on experience with several HRIS systems. For questions, contact Michelle here.