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BLOG

House Bills Expand Tax-Favored Health Accounts

JULY 27, 2018

On July 25, 2018, the U.S. House of Representatives passed two health care bills, Increasing Access to Lower Premium Plans and Expanding Health Savings Accounts (H.R. 6311) and Restoring Access to Medication and Modernizing Health Savings Accounts Act (H.R. 6199), that relax the rules for health savings accounts (HSAs) and other tax-favored accounts.

Important features of the bills popular with employers include:

- Increases the maximum contribution limit to HSAs to $6,650 for an individual and $13,300 for a family, indexed;
- Allows Medicare Part A beneficiaries to contribute to HSAs;
- Allows both spouses to make catch-up contributions to the same HSA;
- Allows reimbursement of over-the-counter medicines;
- Permits first dollar coverage (up to certain limits) for primary care visits and telehealth services, and clarifies that coverage under direct primary care arrangements and retail and on-site clinics won’t disqualify an individual from making HSA contributions;
- Allows sports and fitness expenses, such as gym memberships and exercise equipment, to be paid for with tax-favored accounts;
- Allows an individual to remain HSA-eligible if their spouse has coverage under a health FSA, provided the FSA only reimburses expenses incurred by the spouse; and
- Permits employees to transfer up to a certain amount of FSA and HRA balances into HSAs upon enrolling in a HDHP.

Supporters of the bill argue that these reforms will promote consumer choice and flexibility; while others argue that they will further undermine the ACA and health insurance markets. Passage of the bills in the Senate is uncertain, but one can count on robust discussion of these reforms during this mid-term election year.

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