

Memorandum

To: Federal & State Advocacy Teams

Date: September 21, 2023, updated November 6, 2023

SUBJ: Supported HSA Legislation in the 118th Congress; Previously Supported Proposals & 2022 Demographic Background Information

As we saw in 2018, the current House has been working to advance several bi-partisan proposals - including a proposal to allow working seniors on Medicare Part A to keep their HSA - to the benefit of the tens of millions of Americans who finance their family's healthcare with Health Savings Account (HSA)-qualified insurance.

What follows is a non-exclusive list of bills from the House and Senate the HSA Council supports, in some cases for more than a decade, that we recommend be voted upon favorably.

Supported Legislative Proposals – 118th Congress

Encouragingly, the House Ways & Means Committee passed two proposals we have long supported in June on a bi-partisan basis:

[H.R. 1843](#), [S.1001](#), introduced in the Senate by Senator Daines (R-MT) and in the House by Rep. Michelle Steel (R-CA), where it passed by a vote of 30-12 (including 5 democratic votes in favor). The bills amend the Internal Revenue Code of 1986 to permanently extend the exemption for telehealth services from certain high deductible health plan rules; and,

[H.R. 3800](#), [S.655](#), introduced in the Senate by Senators Thune (R-SD) and Carper (D-DE) and the House by Rep. Brad Wenstrup (R-OH) where it passed by a vote of 34-6, which included a supporting vote from Ranking Member Richard Neal (D-MA). Both bills codify Internal Revenue Service guidance relating to treatment of certain services and items for chronic conditions as meeting the preventive care deductible safe harbor for purposes of high deductible health plans in connection with health savings accounts.

Other proposals we hope to see enacted this congress include:

[H.R. 3029](#), [S.628](#), introduced in the Senate by Senator Cassidy (R-LA) and in the House by Reps Lloyd Smucker (R-PA) and Earl Blumenauer (D-OR), amends the Internal Revenue

Code of 1986 to allow individuals with direct primary care service arrangements to remain eligible individuals for purposes of health savings accounts.

[H.R. 3426](#), introduced by Rep. Mike Kelly (R-PA), amends the Internal Revenue Code of 1986 to include expenses relating to membership in health care sharing ministries to qualify for the deduction for medical expenses.

[H.R. 4794](#), introduced by Rep. Darin LaHood (R-IL), which amends the Internal Revenue Code of 1986 to permit expenditures from health savings accounts, flexible spending arrangements, and health reimbursement arrangements for dietary supplements;

[H.R. 4803](#), introduced by Rep. Chip Roy (R-TX), which amends the Internal Revenue Code of 1986 to comprehensively expand and improve health savings accounts;

[H.R. 5287](#), introduced by Rep. Chip Roy (R-TX), which directs the Secretary of Veterans Affairs to establish a pilot program to provide veteran health savings accounts to allow veterans to receive primary care furnished under non-Department direct primary care service arrangements;

[H.R. 5317](#), introduced by Rep. Michelle Steel (R-CA), which amends the Internal Revenue Code of 1986 to allow distributions from a health flexible spending arrangement or health reimbursement arrangement directly to a health savings account in connection with establishing coverage under a high deductible health plan;

[H.R. 5546](#), introduced by Rep. John Moolenaar (R-MI), which amends the Internal Revenue Code of 1986 to allow Americans receiving benefits under Indian Health Service arrangements to be HSA eligible;

[H.R. 3796](#), introduced in the **116th** Congress by Reps Ami Bera (D-CA) and current House Ways & Means Committee Chairman, Jason Smith (R-MO), amends the Internal Revenue Code of 1986 such that Medicare beneficiaries would be able to open and fund an HSA;

[H.R. 5607](#), introduced by Rep. Greg Steube (R-FL), which To amend the Internal Revenue Code of 1986 to allow both spouses to make catch-up contribution to the same health savings account.

[H.R. 5608](#), introduced by Rep. Greg Steube (R-FL) and Rep. Kat Cammack (R-FL), which would allow up to 5 million lower-income enrollees in ACA-qualified health plans to receive the amount of their cost-sharing reduction (CSR) subsidies in the form of a cash deposit to their HSA; and,

[H.R. 5690](#), introduced by Rep. Blake Moore (R-UT), which amends the Internal Revenue Code of 1986 to allow HSA dollars to be used for qualified medical expenses incurred before the HSA was established if it is within 60 days of when the enrollee's HDHP coverage began.

Supported Legislative Proposals – 116th /117th Congress

To refresh, the Republican-led House passed three bills in July 2018 with meaningful Democratic support. On July 24, 2018, the House passed [H.R. 1476](#) by voice vote. This bill

sponsored by Rep. Moolenaar (R-MI) would eliminate HSA eligibility issues for Native Americans that access medical services through the Indian Health Service.

We remain in support of this proposal and its 118th congressional version, H.R. 5546, is listed above.

On July 25, 2018, the House passed two larger measures:

- [H.R. 6199](#) (passed 277-142 with the backing of 46 Democrats), would allow people with health savings accounts to count gym memberships, the purchase of certain sports equipment and certain over-the-counter medications as qualified medical expenses. It would also allow spouses to make catch-up contributions to their partner's HSA.
- [H.R. 6311](#) (passed 242-176 with the backing of a dozen Democrats, including Senators Rosen and Sinema when they served in the House), would increase the maximum contribution to health savings accounts, allow working seniors to contribute to HSAs and let balances on flexible savings accounts be carried over.

Previously, we have also supported the following proposals:

Expand Insurance Products which are HSA-Qualified

Support S. 2099, Health Savings Account Expansion Act of 2021, a safe harbor for plans with an actuarial value of 80% or less (Sasse)

HSA's for Veterans, Military and Native Americans

Allow individuals with HSA qualified plans to have access to VA, TriCare and Indian Health Services and still be HSA qualified;

Harmonize HSA and ACA Out-of-Pocket Limits

Use the same OOP limit for HSA-qualified and ACA-qualified plans

HSA's for retirement

Increase the HSA contributions to the OOP maximum limits

Expand Pre-Deductible Use of Certain Services

Support S. 1424 / H.R. 3563, the Chronic Disease Management Act

Support S. 1704 / H.R. 5981, the Telehealth Expansion Act

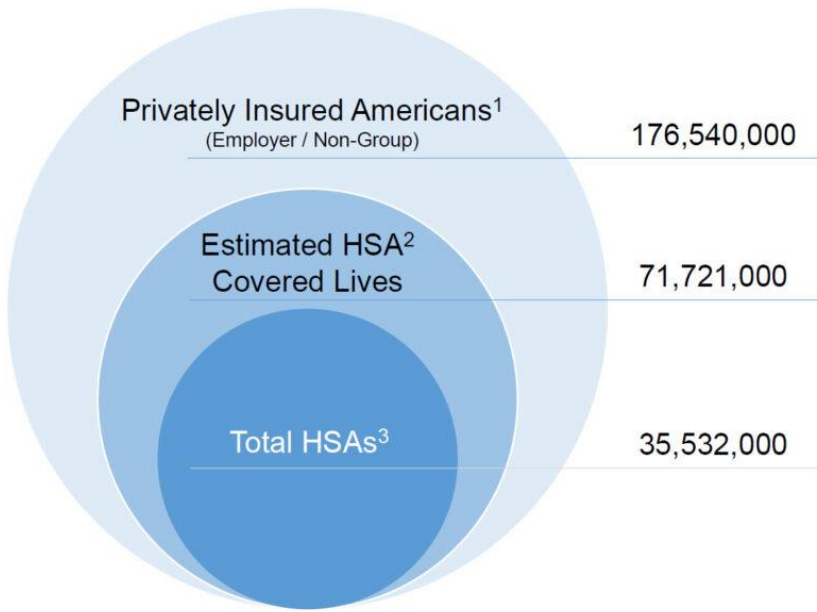
Support S.2999, Primary Care Enhancement Act – Direct Primary Care

Support S.3200, The Chronic Care Enhancement Act – expanded preventive care

Support H.R. 5541, Primary and Virtual Care Affordability Act

Background

In July of this year, the ABA HSA Council and Devenir Research concluded their 2022 demographic [study](#) and estimated that almost 72 million Americans used more than 35 million HSAs to pay for their out-of-pocket medical expenses.



¹ Health Insurance Coverage of the Total Population | KFF

² Calculations from 2022 Devenir & HSA Council Demographic Survey, 2022 Year-End Devenir HSA Market Survey, & U.S. Census Bureau

³ 2022 Year-End Devenir HSA Research Report

Disproportionately, our study found that more than 68% of HSAs are owned by Americans under 40, and that 75% of HSAs are owned by Americans who reside in zipcodes where median earnings are less than \$100,000.

Distribution of Median Household Income for Health Savings Account Holders

