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# Health Savings Account Improvements – A Window of Opportunity To Better Align With Value Based Design



# Speakers



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# Introduction

- 20 million Americans in HDHP + HSA plans
  - Many may not even realize they are in these plans (editorial note not for inclusion... Booz Allen switched last year to only offering HDHPs, and most of the employees - including those in the health market-didn't realize what happened or what it meant!)
  - Number of enrollees growing VERY fast
- HSA regulations have not kept up with realities of prolific HDHP + HSA plans and advances in care delivery
  - Definition of "dependent" does not include non-tax-dependent adult children or domestic partners
  - Confusing rules around when deductibles must be met before HSA funds can be used for chronic disease management
  - Confusing rules around how families can manage consumer-directed accounts when they have access to different types of accounts
- Not about tax shelters; it's about true and meaningful consumer-directed care

# 2018 Funding Bill: Possible employer health legislative victory

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It is possible that the long-term spending bill could include ERIC's slate of **HSA improvements** currently being negotiated by a bipartisan group of House and Senate members.

Challenges include building enough support, getting finalized language ASAP to get deficit scores, and demonstrating strong bipartisan support in both the House and Senate.

Opportunity: The bill may well include individual market stabilization.

This is going to come together, or not, VERY quickly. Action must be taken prior to March 23<sup>rd</sup> to prevent a government shutdown – after that, we enter election season, with few other “*must-pass*” bills that will include health provisions.



# 2018 Funding Bill: Possible HSA Improvements

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The first milestone was reached on Friday, 02/09, when Senators Thune (R-SD) and Carper (D-DE), along with Reps. Black (R-TN) and Blumenauer (D-OR) introduced identical legislation:

**The Chronic Disease Management Act of 2018** allows HDHPs to cover certain chronic disease management services and medications prior to the beneficiary hitting the deductible.

This is the most important change, the game-changer. This turns HSAs into a value-driven insurance design on steroids. And employers have the power to shape them.

# 2018 Funding Bill: Other possible HSA Improvements

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- Rebrand HDHPs to something less toxic like “HSA-Qualified Plan” or “HSA Flexible Health Plan”
- Allow HSA contributions if spouse has FSA
- Streamline interaction of HSA with FSA/HRA (including conversions, rollovers, streamlining)



# 2018 Funding Bill: Other possible HSA Improvements

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- Ensure all excepted benefits are allowed without jeopardizing HSA contribution eligibility, including [subsidized] telehealth & onsite/retail clinics
- Make direct primary care arrangements an allowable expense (and except the benefit in the case of capitation agreements)
- Fix the “adult child” glitch (possibly also allow domestic partners or other non-traditional tax dependents)

# 2018 Funding Bill: Other possible HSA Improvements

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- Allow a limited amount of HSA funds to be used on stuff like gym/exercise equipment, classes, physical activity (PHIT Act)
- Allow spouses to make catch-up contributions to the same account (from AHCA)
- Allow a limited grace period in between enrolling in HDHP and establishing the HSA (from AHCA)



# 2018 Funding Bill: Other possible HSA Improvements

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The next milestones will be introduction of bills containing most or all of these provisions. We expect the leads to be Senators Cassidy (R-LA) and Carper (D-DE), as well as Reps. Kelly (R-PA) and Blumenauer (D-OR). This needs to happen quickly.

The only remaining vehicle is the next funding bill. If these provisions are not included, there is virtually no chance that HSA provisions will be acted upon this year.

**When this legislation is introduced, we need bipartisan cosponsors as quickly as possible.**

# 2018 Funding Bill: Other possible HSA Improvements

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It is critical that these provisions move together as a package, or it is unlikely that any of them will make it through. And if one or two do and the others fail, don't expect Congress to revisit HSAs any time soon. Why?

Fitness Groups: **Only care about PHIT**

Provider Groups: **Only care about Direct Primary Care**

Telehealth Advocates: **Only care about excepted benefits**

**You get the picture – it's a loose coalition.**



*"We must, indeed, all hang together, or most assuredly we shall all hang separately."*

# HSA Improvements: What we need to do now

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To achieve victory, we will need to engage in the following:

- 1) **Voice support for HSAs** – sign letters, draft and place op-eds, LTEs, social media
- 2) **Contact Congress** – meetings, letters, phone calls, emails, social media
- 3) **Gather anecdotes** – a company that would like to cover insulin for diabetics, a family that would benefit if adult children could use HSA funds
- 4) Share info about the legislation with your network, businesses, allies, other stakeholders

# HSA Improvements: Talking points for maximum impact

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- 1) “This is not about tax shelters for the rich – this is about making life better for the 20 million Americans who have an HSA+HDHP, whether they chose it or not.”
- 2) “HSAs were invented in 2003. It’s time to bring them into the modern era and equip them for the needs of the modern workforce and health system.”
- 3) “It’s not just about managing utilization – it’s about maximizing the use of needed high-value care, while minimizing low value care. It’s about keeping people healthy.”
- 4) “These are modest, bipartisan improvements that can help working families get the most benefit out of HSAs and HDHPs. More and more employers are offering HDHPs or moving to full replacement. We should take action now to help those who are or will be in these plans over the coming years.”

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# Questions or comments?

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