

HR 6311— *“Increasing Access to Lower Premium Plans and Expanding Health Savings Accounts Act of 2018”*

Section-By-Section

Section 1. Short Title; Table of Contents.

Sec. 2. Carryforward of Health Flexible Spending Arrangement Account Balances. This provision allows FSA balances to be carried over to the succeeding plan year so long as the balance in an account does not exceed three times the annual FSA contribution limit.

Sec. 3. Individuals Entitled to Part A of Medicare By Reason of Age Allowed to Contribute to Health Savings Accounts. This provision allows working seniors that are covered by an HSA-eligible HDHP and enrolled in Medicare Part A to contribute to an HSA.

Sec. 4. Maximum Contribution Limit to Health Savings Account Increased to Amount of Deductible and Out-Of-Pocket Limitation. Under current law, annual HSA contributions are limited. In 2018, the limit is \$3,450 for an individual and \$6,900 for family coverage. These limits are updated annually for inflation and are significantly less than the combined legal limit on annual out-of-pocket and deductible expenses. This provision would allow HSA-eligible individuals to contribute an amount equal to the combined annual limit on out-of-pocket and deductible expenses under their HSA-qualified insurance plan, which is \$6,650 for an individual and \$13,300 for a family in 2018.

Sec. 5. Allow Both Spouses to Make Catch-Up Contributions to the Same Health Savings Account. Under current law, if both spouses are HSA-eligible and age 55 or older, they must open separate HSA accounts for their respective “catch-up” contributions (an extra \$1,000 annually). This provision would allow both spouses to deposit their catch-up contributions into one account.

Sec. 6. Special Rule for Certain Medical Expenses Incurred Before Establishment of Health Savings Account. Under current law, taxpayers may use HSA funds only for qualified medical expenses incurred after the establishment of the HSA, which might occur after the establishment of the associated HDHP. If, for example, the taxpayer purchases an HDHP and then immediately incurs medical expenses before opening the HSA, the taxpayer may not use tax-favored HSA funds to pay the expenses. This provision would treat HSAs opened within 60 days after gaining coverage under a HDHP as having been opened on the same day as the HDHP. This would allow for a reasonable grace period between the time coverage begins through an HDHP and the establishment of an HSA.

Sec. 7. Allowance of Bronze and Catastrophic Plans in Connection with Health Savings Accounts. Under this provision, a new pathway for HSA eligibility is created by allowing health plans qualified as bronze and catastrophic to be eligible plans for the purpose of making HSA contributions.

Sec. 8. Allowing All Individuals Purchasing Health Insurance in The Individual Market the Option to Purchase A Lower Premium Copper Plan. Under current law, only those under age 30 or those that qualify for a hardship exemption are able to purchase catastrophic or “copper” health plans and the risk pool for catastrophic enrollees is segregated from the rest of the market. This section amends the law to allow anyone to purchase a lower-premium catastrophic plan and combines the risk pool with the rest of plans in the market.

Sec. 9. Delay of Reimposition Of Annual Fee on Health Insurance Providers. The annual fee on health insurers shall not be in effect for calendar years 2020 and 2021.

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Short Summary

H.R. 6311 would expand the utility and use of tax-preferred health accounts to help individual plan and save for their health care needs. Specifically, it would (1) allow for the carryforward of health flexible spending arrangement account balances; (2) allow individuals enrolled in a HDHP and Medicare Part A by reason of age to contribute to a health savings accounts; (3) increase the maximum contribution limit for HSAs to equal the amount of deductible and out-of-pocket limitation; (4) allow both spouses to make catch-up contributions to the same HSA; (5) create a special rule for certain medical expenses incurred before establishment of health savings account; and (6) allow all bronze and catastrophic plans to qualify as HSA-eligible. In addition, the bill removes restrictions on catastrophic health plans to allow anyone to purchase one. It also delays the reimposition of the health insurer tax for an additional two years.