

Comparison of Selected House HSA Bills and Proposals for Improving HSAs

Proposals to Improve Health Savings Accounts (HSAs)	“The Tax Free Health Savings Act of 2006” H.R. 5262, introduced by Rep. Eric Cantor (R-VA), May 2, 2006.	“The Health Savings Accounts Improvement and Expansion Act of 2006” H.R. 5743, introduced by Rep. Paul Ryan (R-WI), June 30, 2006. ¹
Proposals recommended by the Steering Committee of the HSA Working Group		
Allow an employer to offer flexible spending arrangements (FSAs) and/or health reimbursement arrangements (HRAs) in combination with HSAs.	V ²	
Permit early adopters of health reimbursement arrangements (HRAs) to convert to HSAs.	V ³	V
Increase the limit on HSA contributions.	V	V
Permit early retirees to pay for health insurance coverage with their HSA funds.	V ⁴	V
Permit individual family members to satisfy the individual deductible for HSA-compatible high deductible health plans (HDHPs) (\$1050) rather than the family deductible (\$2100).		V

¹ Companion bill, S. 3585 was introduced by Senator Orrin Hatch (R-UT) on June 27, 2006.

² Provision expires after 2011.

³ Provision expires after 2011.

⁴ Provision limited to non-group HDHP coverage.

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<p>Permit an employee to contribute to an HSA even if her spouse has an FSA.</p>		<p align="center">V</p>
<p>Permit individuals who enroll in an HDHP mid-year and are subject to the full annual deductible, to make the full annual contribution to their HSA.</p>		<p align="center">V</p>
<p>Require the Treasury Department to provide earlier inflation indexing of statutory annual deductible, out-of-pocket and contribution limit amounts.</p>		<p align="center">V</p>
<p>Permit employees over age 65 to continue to contribute to an HSA.</p>		<p align="center">V</p>
<p>Conform ERISA to exempt HSAs from COBRA coverage continuation, consistent with the exemption that currently exists in the Internal Revenue Code.</p>		
<p>Permit an employer to contribute more to the HSAs of lower-paid employees.</p>		
<p>Permit prescription drug coverage to be offered without a high deductible.</p>		

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A. Additional Noteworthy Proposals (No position taken by HSA Working Group)		
Allows HSA distributions to be used for qualified medical expenses that are incurred before establishment of the HSA. The expenses must be incurred in the taxable year (or preceding taxable year) the HSA was established.	V	V
Permits employers to make higher HSA contributions to employees with chronic conditions.	V	
Permits veterans who receive Veterans Affairs medical benefits for service-connected disabilities to contribute to HSAs.		V
Allows HSAs to be “seeded” with a one-time distribution from an individual retirement account (IRA).		V

Note: Several single provision HSA bills have also been introduced in the House. These include H.R. 3873 (Rep. Jeff Fortenberry (R-NE)) and H.R. 2063 (Rep. Bill Shuster (R-VA)) allows distributions from retirement plans to HSAs; H.R. 4551 (Rep. Marsha Blackburn (R-TN)) permits Medicare beneficiaries to elect a voucher for an HSA rather than regular Medicare benefits; H.R. 5586 (Rep. Sam Johnson (R-TX)) allows HSAs to be used to pay non-group HDHP premiums; H.R. 37 (Rep. Steve King (R-IA)) allows an “above-the-line” deduction for HDHP premiums; and H.R. 5475 (Rep. Mike Rogers (R-MI)) allows HDHPs as an alternative to guaranteed issue of health insurance in small group market.