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Key Legislative Developments Affecting Your Human Resources US

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House Committee Considers HDHP/HSA Enhancements

Last week, the House Ways and Means Committee’s Subcommittee on Health held a hearing focusing on ways to improve access to and increase flexibility in establishing HSA-compatible, high-deductible health plans. While Congress is not likely to act on these proposals before mid-term elections in the fall, they could ultimately propel future legislation on this topic.

Background

Earlier this year, Congress considered bipartisan bills that would have made a number of significant enhancements to health savings accounts (HSAs) favorable to employers offering high-deductible health plans (HDHPs) coupled with HSA coverage. (See our [March 14, 2018](#) and [February 16, 2018](#) issues of *Legislate*.) However, these proposals were not included in the final spending bill that Congress passed in March. (See our [March 28, 2018](#) *Legislate*.)

Hearing on “Lowering Costs and Expanding Access”

On June 6, 2018, the House Ways and Means Subcommittee on Health held a [hearing](#) entitled “Lowering Costs and Expanding Access to Health Care through Consumer-Directed Health Plans.”

Three witnesses testified on how HDHP/HSAs lower health care spending and offered suggestions for making this type of coverage more accessible and attractive — raising many of the same ideas that were in the HSA-related bills proposed earlier this year. Specifically, [Roy Ramthun](#) of HSA Consulting Services, LLC recommended raising HSA contribution limits and using the actuarial value of the HDHP (rather than IRS minimum deductibles) as a way of determining HSA compatibility. [Matt Eyles](#) of American’s Health Insurance Plans (AHIP) said HSAs should provide pre-deductible coverage “for services that help Americans manage their chronic conditions just as they do for preventive care” and that the maximum HSA contribution limits should be increased to align with the maximum out-of-pocket expenditure limits. [Jody Dietel](#) of WageWorks, Inc. also emphasized that HSA eligibility rules currently limit employers’ ability to design plans that help individuals pay for specified chronic disease services and condition



management. Additionally, she presented data that the median income for an HSA holder with WageWorks is \$56,100 — contrasting it with the view that it is mostly highly paid employees who use HSAs.

A fourth witness, [Sherry Glied](#) of the Robert F. Wagner Graduate School of Public Service at New York University, testified that HDHP/HSAs are not effective tools for cost containment or increasing healthcare efficiency. According to Glied, these plans are of most value to higher-income taxpayers who have the most discretionary savings.

Subcommittee Republicans spoke in favor of HSAs as a tool for driving down healthcare spending, and expressed interest in, as Chairman Rep. Roskam, D-Ill., put it, looking at “various reform options that might expand access without increasing premiums or costs.” Subcommittee Democrats generally criticized HSAs as a tax shelter for the wealthy and doubted the practical potential of participants and beneficiaries to control costs through price shopping, although Earl Blumenauer, D-Ore., expressed support for expanding the types of coverage with which HSAs are compatible.

In related news ...

On June 7, 2018, the House Joint Economic Committee held a [hearing](#) on “The Potential for Health Care Savings Accounts to Engage Patients and Bend the Health Care Cost Curve.” Witnesses testified on employer use of HDHP/HSAs as an effective approach to addressing cost drivers like misplaced incentives, waste, uneven quality of care, and cost transparency.

Looking Ahead

While Congress is not likely to enact legislation that would enhance HDHP/HSA coverage before the mid-term elections this fall, support for these proposals may propel future legislation.

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