

HR 6199 – “Restoring Access to Medication and Modernizing Health Savings Accounts Act of 2018”

Section-by-Section

**Sec 1. Short Title; Table of Contents.**

**Sec. 2. First Dollar Coverage Flexibility for High Deductible Health Plans.** Health plans can provide coverage for services before the deductible is met up to \$250 a year for an individual and \$500 a year for family coverage. This change will allow insurers to provide coverage for and incentivize the use of services that can reduce health care costs more broadly, such as primary care visits and telehealth services.

**Sec. 3. Treatment of Direct Primary Care Service Arrangements.** Under this proposal, a Direct Primary Care (DPC) service arrangement would not be treated as a health plan that would disqualify an individual from contributing to an HSA. For this purpose, a DPC arrangement is an arrangement under which an individual is provided primary care services by primary care practitioners and the sole compensation for such care is a fixed periodic fee that does not exceed an aggregate of \$150 a month for an individual and \$300 a month for a family. In addition, the fees for the arrangement are treated as qualified medical expenses.

**Sec. 4. Certain Employment Related Services Not Treated as Disqualifying Coverage For Purposes of Health Savings Accounts.** This section allows employers to offer free or discounted services at on-site or retail medical clinics without disqualifying an HDHP enrollee from contributing to an HSA so long as significant medical care benefits are not provided.

**Sec. 5. Contributions Permitted If Spouse Has A Health Flexible Spending Account.** Under current law, FSAs can be used to reimburse expenses for an individual and their spouses and dependents. This eligibility for FSA benefits disqualifies an otherwise eligible FSA enrollee’s spouse from contributing to an HSA, even when each spouse is covered under a separate health plan. This provision allows an otherwise eligible FSA enrollee’s spouse to maintain an HSA, so long as the aggregate expenses actually reimbursed from the FSA are limited exclusively to what the FSA enrollee would have been entitled to absent the spouse.

**Sec. 6. FSA And HRA Terminations or Conversions to Fund HSAs.** Employees are able, at the employer’s discretion, to convert their FSA and HRA balances into an HSA contribution upon enrolling in a high deductible health plan with an HSA. The conversion amount is capped at \$2,650 for an individual and twice that for family coverage. Any conversion taking place during the same year as the FSA or HRA contribution was made will count towards an enrollees’ HSA contribution for that taxable year.

**Sec. 7. Inclusion of Certain Over-The-Counter Medical Products as Qualified Medical Expenses.** Removes Obamacare’s restriction on over-the-counter medicines for all tax-favored health accounts and adds “menstrual care products,” defined as a tampon, pad, liner, cup,

sponge, or similar product used by women with respect to menstruation or other genital-tract secretions, as a qualified medical expense for the purposes of these accounts.

**Sec. 8. Certain Amounts Paid for Physical Activity, Fitness, And Exercise Treated as Amounts Paid for Medical Care.** Qualified sports and fitness expenses are treated as qualified medical expenses up to a limit of \$500 a year for an individual and \$1,000 a year for a joint return. This includes amounts paid for membership at a fitness facility, participation or instruction in a program of physical exercise or physical activity, or safety equipment for use in a program of physical exercise or physical activity.

HR 6199 – *“Restoring Access to Medication and Modernizing Health Savings Accounts Act of 2018” (Rep. Jenkins)*

Summary of Changes

H.R. 6199 would modernize Health Savings Accounts (HSAs) through (1) allowing first dollar coverage flexibility for High Deductible Health Plans; (2) modifying the treatment of Direct Primary Care Service Arrangements to not be treated as a health plan that would disqualify an individual from contributing to an HSA; (3) allow certain employment related services such as on-site clinics to not be treated as disqualifying coverage for the purposes of an HSA; (4) allow contributions to an HSA under certain circumstances if a spouse has a health Flexible Spending Account (FSA); (5) allow FSA And HRA Terminations or Conversions to Fund HSAs. This bill also reverses Obamacare’s restriction on over-the-counter medicines for all tax-favored health accounts and adds feminine or “menstrual care products” as a qualified medical expense for the purposes of these accounts. Finally, H.R. 6199 would allow certain qualified sports and fitness expenses to be treated as qualified medical expenses.