

NCOIL Legislative Update

July 2018

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Building Health SavingsSM

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State taxes vary from federal tax. Discussion here only focuses on federal income tax. Consult your advisor or the IRS with any questions on filing your tax return.

HSA's are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-free with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

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About the speaker

Dr. William J. West is a board certified OB/GYN and graduate of Jefferson Medical College. He founded **First MSA** (later *First HSA*) in 1999 as one of the first companies of its kind. First HSA was acquired by HealthEquity in 2011.

Dr. West has been actively involved in the Consumer Directed Healthcare (CDH) industry. He is a member of the **HSA Coalition, the AHIP HSA Council, the American Bankers Association HSA Council** and many other committees and councils.

He has participated in town hall meetings with former President George W. Bush and continues to work with members of Congress and other regulatory agencies on CDH products, rules and regulations.

Dr. West is Senior Vice President of Business Development for HealthEquity.



Do HSA's Work in the Public Sector

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PA School District Study

- 2 School Districts in Southcentral Pennsylvania decide to offer HSA only plan in 2015
- Deductibles: \$1500 Individual \$3000 Family
- Contributions to the HSA:
 - District A: \$1140 Individual \$2280 Family
 - District B: \$1500 Individual \$3000 Family
 - District A had no cost sharing on premiums
- From 2011-2015 both districts were averaging a 10.5% increase in costs each year
- Results?

PA School District Study

- The districts experienced a significant reduction in medical costs
 - Average of 25.7% reduction
 - After HSA contributions the savings were 17.6% compared to prior utilization
 - Together both districts saved over 3.8 million in the first two years (a total of 500 employees)
- Year End Average Account Balances
 - 2015: \$1406.70
 - 2016: \$2425.17
 - 2017: \$3422.88 (study not yet published)

Legislative Opportunities



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HSA Industry Priorities

- **Priorities**
 - Chronic Disease
 - Allow coverage of chronic conditions prior to the deductible being met
 - Chronic Disease Prevention Act of 2018
 - WH Proposal on Actuarial Value
 - Working Seniors
 - Allow working seniors to enroll in Medicare and maintain eligibility
 - Increase Contributions to the OOP Maximums
 - Make HSA's more flexible (medical clinics, telemedicine, FSA)
 - Allow HSA's in Medicaid Programs (Healthy Indiana 2.0)
 - Protecting HSA's from state mandates

Legislative Opportunities

There have been over 30 HSA bills introduced in Congress this session

- Thune/Carper: Chronic Disease Management Act
 - Kelly/Blumenauer: HSA Improvement Act
 - Hatch/Paulsen: HSA “Gold Standard” Bill
- House Ways and Means Committee HSA Bill
 - Pitfalls of an Election Year
 - Bi-Partisan?
 - Pressure on Republicans

Questions?

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