



CONGRESSWOMAN
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Section-by-Section Summary of the HSA Modernization Act of 2023

Section 1. Short Title.

HSA Modernization Act of 2023.

Section 2. Individuals Without Service-Connected Disability and Eligible for Certain Veterans Benefits Permitted to Continue to Contribute to Health Savings Accounts.

This section allows veterans without a service-connected disability who receive health services through the Department of Veterans Affairs (VA) health care to continue to contribute to their health savings account (HSA). Currently, veterans who do not have a service-connected disability who receive care through the VA must wait three months after receiving a VA health service to contribute to their HSA.

Section 3. Individuals Entitled to Part A of Medicare by Reason of Age Allowed to Contribute to Health Savings Accounts.

This section allows working seniors who are eligible for Medicare Part A, but enrolled only in a private high-deductible health plan (HDHP), to continue to contribute to an HSA provided by their health plan. The current guardrails that apply to all individuals contributing to HSAs would continue to apply to this population, including a penalty on non-qualified medical expense (QME) purchases and a prohibition on using the dollars to pay for health insurance premiums.

Section 4. Individuals Eligible for Indian Health Service Assistance Not Disqualified from Health Savings Accounts.

This section allows individuals who receive hospital care or medical services under a medical care program of the Indian Health Service (IHS) or of a tribal organization to continue to contribute to their HSA. Currently, individuals who receive medical care through IHS must wait three months after receiving an IHS medical service to contribute to their HSA.

Section 5. Allowance of Bronze and Catastrophic Plans in Connection with Health Savings Accounts.

This section allows all health benefit exchange plans qualified as bronze and catastrophic to be eligible plans for the purpose of making HSA contributions. Under current law, some bronze or catastrophic health insurance plans may have maximum out-of-pocket costs that exceed IRS-defined limits for HDHPs.

Section 6. Safe Harbor for Absence of Deductible for Mental Health Services.

This section allows but does not require employers who offer HDHP-HSA plans to cover mental health services before the employee reaches the deductible, up to \$500 per plan year.

Section 7. Special Rule for Certain Medical Expenses Incurred Before Establishment of Health Savings Account.

This section allows medical expenses incurred within the previous 60 days of the establishment of an HSA account to be covered by HSA funds. Currently, HSA funds can only go towards the purchase of a QME after the account is established.

Section 8. Allow Both Spouses to Make Catch-Up Contributions to the Same Health Savings Account.

This section would allow both spouses to deposit their catch-up contributions into one 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).

Section 9. Maximum Contribution Limit to Health Savings Account Increased to Amount of Deductible and Out-Of-Pocket Limitation.

This section allows 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 \$7,500 for an individual and \$15,000 for a family in 2023.

Section 10. Clarification of Treatment of Distributions from Health Savings Account for Long-Term Care Services.

This section clarifies that HSA funds can go towards diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, and maintenance or personal care services, for an individual that is unable to perform at least two of: eating, toileting, transferring, bathing, dressing, or continence as certified by a licensed health care practitioner.