WHEREAS, health savings accounts (HSAs) are pretax savings accounts that allow consumers to pay for qualified medical expenses; and

WHEREAS, healthcare costs continue to rise and consumers with HSAs spend the greatest amount of their account on physician and clinical services; and

WHEREAS, those in high deductible health plans (HDHPs) with pretax HSAs must pay their deductible before treatment for chronic diseases is covered by insurance; and

WHEREAS, under 26 U.S.C. §223 only preventive care benefits, as defined by the Internal Revenue Service (IRS), can be covered without being subject to a deductible, co-insurance or cost sharing; and

WHEREAS, requiring non-preventive care to be covered in this manner disqualifies insurance policies from being classified as HDHPs under the federal tax code; and

WHEREAS, there are conflicts between state insurance law and federal tax law with respect to the coordination of state health insurance benefit mandates and IRS regulations pertaining to HSAs; and

WHEREAS, failure to adopt health insurance benefit mandates without also including an exception for any plan of insurance constructed pursuant to 26 U.S.C. §223 may cause hundreds of thousands of state residents will likely lose their entire policy of health insurance and have to find replacement coverage; and
WHEREAS, in July 2019, the U.S. Treasury and the IRS issued guidance to allow insurers to begin to provide coverage for chronic disease treatments before the deductible is paid under HDHPs linked to HSAs; and
WHEREAS, allowing consumers enrolled in Medicare to open and contribute to an HSA without losing coverage would allow for increased retirement savings.
NOW, THEREFORE, BE IT RESOLVED that the National Conference of State Legislatures urges Congress to permit workers enrolled in Medicare to open and contribute to an HSA without changing their coverage; and
BE IT FURTHER RESOLVED that NCSL supports adding treatment of chronic conditions to the list of preventative benefits that may be provided by an HDHP and allowing insurance coverage of these treatment costs before a deductible is met.