

Dr. Paul's

Health Savings Accounts for All Act

Health savings accounts give millions of Americans the freedom and flexibility to save and pay for medical costs their insurance doesn't cover. HSAs offer many advantages, including:

- Tax-free contributions, investment growth, and withdrawals when spent on qualifying expenses.
- Unlike “use-it-or-lose-it” flexible spending accounts (FSAs), balances roll over from year to year.
- Because HSAs are individual accounts, enrollees do not lose them when they change employers.

Yet according to the Bureau of Labor Statistics, as of 2019, only **30%** of all private industry workers had access to an HSA, and eligibility was dramatically skewed toward the highest earners. Nearly half (48%) of those in the highest-earning 25% of the workforce were eligible for an HSA, but only **13%** of workers in the lowest-earning quartile had the same access.¹

To correct this disparity, Senator Paul will introduce the Health Savings Accounts for All Act, which will allow *all* Americans—regardless of income or insurance coverage—to take advantage of these tax-free accounts. This bill offers all the following benefits:

Any American can have an HSA—regardless of insurance

- Individuals enrolled in any type of health coverage, including those eligible for Medicare, VA benefits, TRICARE, and Indian Health Service care, would be able to have an HSA. *Even uninsured Americans* would be able to save for their health care expenses tax-free.

Maximum contributions are raised to match 401(k) plans

- The maximum annual tax-deductible HSA contribution is increased to match the maximum annual contributions to 401(k) plans (in 2023, this amount is expected to be \$22,500, with a “catch-up” contribution of up to \$7,500 for those age 50+).
 - By contrast, for 2023, the HSA contribution limit set by the IRS is expected to be only \$3,850 per individual and \$7,750 per family.

HSA-eligible expenses are expanded to include:

- Health insurance premiums;
- Direct primary care arrangements;
- Vitamins and dietary supplements;
- Gym memberships;
- Wearable fitness trackers; and
- Expenses otherwise eligible that were incurred in the tax year before establishing an HSA.

Tax-free rollover to a relative upon death

- HSAs may be transferred tax-free to a deceased account holder's surviving child, parent, or grandparent (under current law, HSAs can only roll over to a surviving spouse).

Bankruptcy protections equal to those for IRAs

- HSAs would be treated the same as individual retirement accounts (IRAs) in bankruptcy proceedings.

Error corrections before due date of tax return

- Account holders may make changes to payments or distributions to correct an administrative, clerical, or payroll contribution error on or before the last day to file taxes.

¹ U.S. Bureau of Labor Statistics, Employee Benefits Survey, “High deductible health plans and health savings accounts”: <https://www.bls.gov/ncs/ebs/factsheet/high-deductible-health-plans-and-health-savings-accounts.htm>