

# HSAs – Still Growing Strong *(Even Under PPACA)*

**E**mployers – and ultimately employees – will be affected by many rules and regulations under the Patient Protection and Affordable Care Act (PPACA), that take effect in 2014. But there will be very little effect on health savings accounts (HSAs).

Employers and brokers are grappling with all the inherent issues under PPACA, such as what constitutes large group versus small group; penalties that apply to all of the employer mandates; tax credits that may apply; exchanges and how they may affect employer and employee choices; pay or play affordability issues; and on and on. The one certain thing about PPACA is that it will bring change.

But the actual effect on HSAs has been very limited. Two changes have already gone into effect — requirements for the purchase of over-the-counter healthcare products and higher (20%) penalties for non-qualified HSA withdrawals. The medical loss ration (MLR) rules for carriers are also in effect.

As of 2014, we know that HSA-qualified plans will fall into the Silver and Bronze plans in the exchanges. The \$2,000/\$4,000 maximum deductible limits only apply to small groups (currently two to 50), but flexibility language in the regulations may render them moot. Will we see HSA-qualified plans in the exchanges? Carriers must offer Silver and Gold plans per PPACA. One carrier has already stated that it will have more low-level than high-level plans. That may be a sign of what's to come.

We already know that employer contributions to employees' HSAs are not



counted toward the premium costs since HSA funds may not be used to pay for health plan premiums. On the other hand, HRA funds do count toward the premium. According to Roy Ramthun of HSA Consulting Services, “Mr. HSA,” the IRS will again raise the maximum HSA contribution limits for 2014 signaling yet another consistency with HSAs moving into a

new year with more PPACA related changes. The maximum HSA contribution for individuals will be \$3,300. For those with family coverage, the maximum contribution will be \$6,550. Minimum deductibles will remain unchanged. However, maximum out of pocket costs will be \$6,350 for individuals and \$12,700 for families.

Since 2004 and the inception of HSAs, we have seen HSA deposits increase and account balances grow considerably in our book of business. This is true across the industry, according to a recent Devenir HSA Survey. Employees and individuals may elect to go to the higher deductible plans for cost savings as they have sufficient funds to cover that liability.

In the fall of 2013, we'll see the plan design and pricing options available under PPACA. While we believe that healthcare reform is a disruption like no other in our industry, it may bring more opportunity than we understand. □

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