



The House-passed Budget Reconciliation bill (H.R. 1, the One Big Beautiful Bill Act) expands affordable coverage options by modernizing and improving Health Savings Accounts, Health Reimbursement Arrangements, and Flexible Spending Accounts. HSAs and other account based plans are not available to everyone – federal and state rules block many Americans from getting an HAS. Archaic rules limit how account funds can be used. The House-passed policy reforms change these rules that prevent access to plans that lower costs for patients.

Section 110201 - Codifies and renames ICHRAs	ICHRAs were created by regulation. The bill codifies the policy and renames them CHOICE Arrangements.	\$514 million for all three CHOICE sections
Section 110202 – CHOICE and Cafeteria Plans	Allows employees to use pre-tax income to pay their share of premiums when selecting exchange plans.	
Section 110203 – Credit for New CHOICE Arrangements	Creates a temporary two-year credit for businesses with fewer than 50 employees that offer new CHOICE arrangements. The credit is \$100 per employee per month in year one and \$50 per employee per month in year two Employees may choose between a group plan and CHOICE if offered	~350,000 employees will benefit from tax credit. Covered employees at businesses that newly offer CHOICE arrangements benefiting from the credit, around 40% of covered employees will be newly insured
Sec. 110204 - Medicare	Individuals enrolled in Medicare cannot contribute to HSAs. The bill allows people to continue to contribute after Medicare enrollment.	<ul style="list-style-type: none"> • \$4.9 billion revenue loss • \$3 billion Medicare savings • Net \$1.9 billion deficit increase
Sec. 110205 - Direct Primary Care Service Arrangements	Allows people to use HSA funds (up to \$150/\$300 monthly) to pay for DPC and for those with DPC to have an HSA qualified plan	\$2.1 billion
Sec. 110206 – ACA plans	Expands the definition of HDHPs to include bronze and catastrophic plans	\$3.6 billion
Sec. 110207 - On-Site Employee Clinics	Allows individuals to contribute to HSAs if they have access to specific free or discounted services at employer offered on-site health clinics	\$1.8 billion

Sec. 110208 - Physical Activity, Fitness, and Exercise	Allows individuals to use HSA funds for physical fitness memberships and instructional physical activity programs up to \$500/\$1,000 annually (limits apply monthly)	\$7.8 billion
Sec. 110209 - Catch-Up Contributions	Allows both spouses to make an additional \$1,000 catch up contribution to a single account. Current rules force separate accounts for spouses	\$1.4 billion
Sec. 110210 – FSA/HRA Conversion	Allows employees to convert FSA and HRA balances into HSA contributions if the individual is enrolled in an HDHP. Conversion funds are capped at the annual FSA contribution limit (\$3,300 in 2025)	\$258 million
Sec. 110211 - Medical costs incurred before establishment of an HSA	Allows HSA funds to be used for medical expenses incurred up to 60 days prior to setting up the HSA	\$140 million
Sec. 110212 - Contributions permitted if spouse has FSA	Allows an individual who is otherwise HSA-eligible to contribute to an HSA if their spouse has an FSA	\$4.8 billion
Sec. 110213 - Increase in HSA contribution limits	Doubles contribution limits (\$8,600/ind, \$17,100/fam) for people who less than an income limit (\$75,000/ind, \$150,000/family), indexed annually for inflation. Phases down the contribution limits ending at current law limits at \$100,000 for singles and \$200,000 for joint filers (\$4,300/ind, \$8,550/family)	\$8.4 billion