



A not-for-profit health and tax policy research organization

December 28, 2018

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable Alexander Acosta
Secretary
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, D.C. 20210

The Honorable Alex Azar
Secretary
U.S. Department of Health & Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

RE: Health Reimbursement Arrangements and Other Account-Based Group Health Plans (REG-136724-17)

Submitted electronically via www.regulations.gov

Dear Secretaries Mnuchin, Acosta, and Azar:

The Galen Institute appreciates the opportunity to comment on the proposed rule entitled “Health Reimbursement Arrangements and Other Account-Based Group Health Plans” (REG-136724-17). The Galen Institute is a 501c3 organization, based in the Washington, D.C., area, that focuses exclusively on health policy. The institute is devoted to advancing ideas and policies that will create a vibrant, patient-centered health sector and promotes public debate and education about proposals that support competition and innovation in the health sector. It focuses on individual responsibility and control over health care and health insurance, lower costs through market competition, and a strong safety net for vulnerable populations.

Galen supports the efforts of the Department of Treasury, Department of Labor, and Department of Health & Human Services to “expand opportunities for working men and women and their families to access affordable, quality healthcare.”

In pursuit of that goal, the Galen Institute recommends that the final rule allow further integration of HRA contributions.

The proposed rule states:

In developing the proposed integration rules, the Departments considered whether to allow HRAs intended to satisfy the individual health insurance coverage integration test also to be integrated with group health plan coverage, such as a group health plan maintained by the employer of the participant's spouse, in addition to individual health insurance coverage, because like individual health insurance coverage, group health plan coverage is generally subject to and compliant with PHS Act sections 2711 and 2713.

However, the Departments are “not proposing such a rule because allowing such integration would add significant complexity to the individual health insurance coverage integration test.”

The Departments request comments regarding whether to allow for such integration.

The rule acknowledges that group health plan coverage is generally compliant with relevant PHS Act requirements.

Many workers who are offered health coverage at work do not participate in their employer plans, often because of costs, and therefore are more likely to be uninsured. According to the most recent data available, 83.8 percent of workers were employed in jobs that offered insurance in 2015, but 25 percent of employees eligible for that coverage did not enroll. (The data come from the Medical Expenditure Panel Survey-Insurance Component, produced by the Agency for Healthcare Research and Quality, and reflect changes from 2014 to 2015.)

Allowing spouses to integrate HRA funds would provide a new funding option and could expand insurance coverage, especially for those currently shut out of the market.

For example, one spouse may be offered health insurance at work, but the plan covers only the employee. The employer may allow the plan to be extended to the family but only if the employee pays the full extra costs, which may be prohibitive for this lower-income worker. The spouse may be working for an employer that offers an HRA contribution and could use the funds to buy into the spouses' plan. This working couple could benefit from the ability to combine HRA funds and obtain a family health insurance plan.

Allowing the integration of these funds could increase access to private health insurance coverage. Since the spouse's plan would be required to meet the relevant

PHS Act requirements, it would be consistent with integration rules set forth in 29 CFR 2590.715-2711(d)(2).

Including such a provision in the final rule would make group health insurance more affordable and expand coverage to many who currently are unable to afford it. We urge its inclusion.

Sincerely,

A handwritten signature in cursive script that reads "Grace-Marie Turner".

Grace-Marie Turner
President
Galen Institute

Doug Badger

Doug Badger
Senior Fellow
Galen Institute