

We, the undersigned organizations, are writing to highlight Congress’s historic opportunity to expand on the success of health savings accounts (HSAs) in this year’s reconciliation bill.



Since they were created, HSAs have become a popular and successful vehicle that promotes patient choice in health care. HSAs are currently used in conjunction with low premium, high deductible health insurance plans and provide a vehicle for individuals to spend and control their own money on their own health needs. Now, there are over 35.5 million HSAs, covering nearly 72 million people.



Building on this success will give Americans more control over their own health – a perfect complement to President Trump’s ‘Make America Healthy Again’ initiative.



We encourage members to focus, primarily, on expanding the number of these tax-advantaged accounts, to ensure more Americans can benefit from them. In particular, decoupling HSAs from high-deductible health plans would allow all Americans, including those who are uninsured, to have an HSA.



HSAs contribute to lower healthcare spending by promoting consumer driven healthcare. HSA funds are completely controlled by the individual and follow them between jobs, creating an incentive to spend funds wisely.



Research shows that families and individuals that utilize HSAs spend less on health care and use fewer medical services without forgoing necessary primary and preventative care.

One study out of Health Services Research [found that](#), “for total spending, HSA enrollees spent roughly 5–7 percent less than non-HSA enrollees. For pharmacy spending, HSA enrollees spent 6–9 percent less than traditional plan enrollees.”



HSAs are already a significant vehicle to pay for healthcare expenses. An HSA user can accumulate as much as \$360,000 after contributing to an account for 40 years, assuming a rate of return of just 2.5 percent, [according](#) to the Employee Benefit Research Institute. With a rate of return of 5 percent, an HSA user can accumulate \$600,000 over 40 years.



HSAs reduce taxes for American families. HSAs offer triple tax benefits to users – contributions made are tax free, interest and investment is earned tax free, and payments made to qualifying health expenses are tax free. Expanding HSAs will provide additional tax reduction for American families and will promote saving and investment.



As [outlined](#) by the 2022 Devenir & HSA Council Demographic Survey, these accounts benefit a broad spectrum of people: in particular, millennials, seniors, and low-income Americans. Roughly 20 percent of Americans in their 30s had an HSA at the end of 2022 and 75 percent of “acountholders live in a zip code with a median household income of less than \$100,000.”



Further, “acountholders over the age of 50 had amassed over \$56 billion in their accounts at the end of 2022 (a 7 percent increase from the previous year), with an average balance of \$4,642.” About [86 percent](#) of HSA participants reported being satisfied with their HSA provider.

There are several existing bills that would expand HSAs. Below is a non-exhaustive list of potential reforms:



- ***Personalized Care Act*** (Sen. Cruz (R-Texas) and Rep. Roy (R-Texas)) - would decouple HSAs from high deductible health plans and expand HSAs for individuals with Medicare, Medicaid, CHIP, direct medical care, health care sharing ministries, short-term limited-duration plans, and medical indemnity plans. Would increase annual contributions, expand eligible usage, eliminate regulatory confusion around definitions, and decreases the tax penalty for nonqualified distributions.



- ***Bipartisan HSA Improvement Act*** (Rep. Smucker (R-Penn.)) - permits tax-free spending from an HSA on monthly fees charged by physicians, allows employees to use their HSA at their employer’s on-site health clinic, allows for transitions of deposits from a terminating FSA or HRA, and facilitates HSA contributions even when a spouse has an FSA.



- ***HSA Modernization Act*** (Rep. Van Duyne (R-Texas)) - allows disabled veterans to contribute to an HSA, allows working seniors to possess and contribute to an HSA, establishes automatic HSA eligibility for bronze and catastrophic health plans on the health benefit exchange, allows both spouses to contribute catch-up contributions to the same HSA, and more.



- ***Primary Care Enhancement Act*** (Reps. Smucker (R-Penn.), Tenney (R-N.Y.), and Schneider (D-Ill.)) - would expand access to Direct Primary Care (DPC), clarifying provisions in the Internal Revenue Code to allow Americans with HSAs to use those funds to access DPC.



- ***Affordable Care and Comprehensive Economic Support through Savings (ACCESS) Act*** (Reps. Cammack (R-Fla.) and Steube (R-Fla.)) - allows individuals to elect to receive contributions to a health savings account in lieu of reduced cost-sharing under health insurance obtained through a health insurance exchange. Would *save* taxpayers nearly \$30 billion.



Not only is this a non-exhaustive list, but this coalition would be open to several changes made to existing bills to ensure the reforms meet budget constraints. If these changes are made, we encourage members to focus on expanding the number of new accounts over increasing contribution limits. This would limit the cost associated with the reform and ensure more Americans can benefit from a tax-advantaged savings account.



Since they were created 20 years ago, HSAs have proven successful in promoting healthcare choice, lowering taxes, and lowering healthcare costs. Expanding HSAs will build on this success.



Onward,

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