

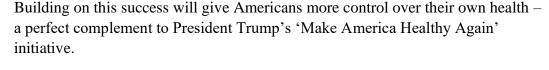




We, the undersigned organizations, are writing to highlight Congress's historic opportunity to expand on the success of health savings accounts (HSAs) in this year's reconciliation bill.



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.





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 <u>found that</u>, "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 <u>outlined</u> 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 "accountholders live in a zip code with a median household income of less than \$100,000."

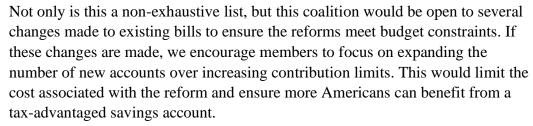
Further, "accountholders over the age of 50 had amassed over \$56 billion in their accounts at the end of 2022 (a 7 percent increase from the previous year), with an average balance of \$4,642." About 86 percent of HSA participants reported being satisfied with their HSA provider.

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.







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,

Grover Norquist



President, Americans for Tax Reform

Saulius "Saul" Anuzis



President, American Association of Senior Citizens

Dick Patten

President, American Business Defense Council



Phil Kerpen

President, American Commitment

Justin Leventhal

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Rick Manning

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President, Center for Freedom and Prosperity



Jeffrey Mazzella

President, Center for Individual Freedom



Iain Murray

Vice President for Strategy and Senior Fellow, Competitive Enterprise Institute





Executive Director, Concerned Veterans for America

Joel White



President, Council for Affordable Health Coverage

James Gelfand

President & CEO, The ERISA Industry Committee



George Landrith

President, Frontiers of Freedom

John C. Goodman President, Goodman Institute for Public Policy Research **Cameron Sholty** Executive Director, Heartland Impact James Taylor President, The Heartland Institute Daniel Perrin President, HSA Coalition **Heather Higgins** CEO, Independent Women's Voice Seton Motley President, Less Government Helder Toste Government Affairs Liaison, The LIBRE Initiative Charles Sauer

President, Market Institute

Executive Director, Open Competition Center

Tom Hebert

John Tamny

President, Parkview Institute

Lorenzo Montanari

Executive Director, Property Rights Alliance

James Erwin

Executive Director, Digital Liberty

Interim Director, Shareholder Advocacy Forum

Karen Kerrigan

President & CEO, Small Business & Entrepreneurship Council

James L. Martin

Founder/Chairman, 60 Plus Association