

April 15, 2008

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES:

The development of Health Savings Accounts (HSAs) was an important provision of the Medicare Modernization Act of 2003. These accounts allow employees and individuals to have personal ownership of, and responsibility for, their health care expenditures coupled with a high deductible health plan. They allow account holders to build savings for future health care costs and benefit from cost-controlling decisions. At the beginning of 2007, 4.5 million people were enrolled in HSAs with high deductible health plans, up from 3.2 million in January 2006. We, the undersigned organizations, urge you to oppose the inclusion of HSA substantiation provision in H.R. 5719, the “Taxpayer Assistance and Simplification Act of 2008.”

HSAs are currently under attack by third-party administrators who want to charge higher fees and act as a gatekeeper between an account holder and his or her own money. So-called “substantiation” rules would require individuals with HSAs to pay higher fees in order to fund corporations that would review the appropriateness of expenditures—even though individual account holders must report their HSA expenditures and the Internal Revenue Service (IRS) has authority to audit these accounts and to impose penalties if HSA funds are not spent appropriately.

Requiring substantiation by a third-party of all HSA transactions will, without doubt, increase costs to HSA account holders and to the health care system as a whole. There are significant differences between Flexible Spending Accounts (FSAs) which require substantiation and HSAs: 90 percent of HSA transactions are electronic, versus 10 percent of FSA transactions, HSAs are owned and kept by account holders, while FSAs are pre-funded and operate under a “use-it-or-lose-it” system. Further, if you leave your job, your HSA is portable and goes with you, while an FSA reverts to your old employer.

As Congress continues to search for ways to expand coverage and reduce health care costs in the system, we hope changes will not be made that add unnecessary administrative costs at the expense of working families with HSAs. Rather, changes should focus on administrative simplification, promotion of quality- and cost-improving strategies, and empowering individuals to make the right health care decisions. As technology advances and we actively pursue ways to move towards an electronically-based system, proposals like this will move us backwards to a manual, paper-based system.

We urge you to oppose the inclusion of this HSA substantiation provision in H.R. 5719. We appreciate your consideration of our views.

Sincerely,

Aetna
America’s Health Insurance Plans
Assurant Health
Business Roundtable
CIGNA
Council of Insurance Agents and Brokers
Deere & Company
Express Scripts Inc.
International Franchise Association
National Association for the Self-Employed
National Association of Health Underwriters
National Association of Manufacturers
National Restaurant Association
National Retail Federation

National Roofing Contractors Association
National Taxpayers Union
Principal Financial Group
Retail Industry Leaders Association
The Association for Manufacturing
Technology
The Financial Services Roundtable

The HSA Council, part of the American
Bankers Association
UnitedHealth Group
U.S. Chamber of Commerce
WellPoint