



Congressmen seek to expand HSAs as antidote to Obamacare

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As Congress returned to work on Tuesday, two Republican lawmakers will begin gathering support for health care legislation that would, according to its backers, represent a dramatic rollback in government involvement in health care, and could serve as a path for Republican efforts to replace Obamacare.

Companion bills sponsored by Sen. Jeff Flake (R-Ariz.) and Rep. David Brat (R-Va.) would expand both the availability and flexibility of health savings accounts (HSAs), the tax-advantaged medical savings accounts that owners of high-deductible health insurance policies can use to cover an array of medical expenses.

Earlier this year, the Department of Health and Human Services produced new regulations that critics charge will make it nearly impossible for Americans to purchase health insurance plans that comply with both existing HSA rules and Affordable Care Act regulations.

The legislation Brat and Flake introduced before the congressional recess seeks to circumvent the new regulations, while making them more attractive to purchasers.

Among the changes Brat and Flake propose include:

- A nearly threefold increase in the contribution limits for individuals from \$3,400 for individuals and \$6,750 for families to \$9,000 and \$18,000, respectively.
- Allow HSA funds to be used to purchase over-the-counter medications, pay monthly health insurance premiums, and pay for direct primary care.
- Eliminate the mandate that HSA holders must pair their medical savings account with a federally-approved high-deductible health insurance policy.

According to Brat, his House bill would allow individuals and families "to get coverage approved from the government, an employer, or an insurance company; people will be able to use their HSA funds directly for the products and services that they value."

Flake says his bill would lessen "regulatory burdens" currently associated with HSAs, and give "patients greater control of their own health care expenses."

The Cato Institute's director of health policy studies, Michael Cannon, wrote on the institute's blog that the bills aren't ideal, saying they "would reduce federal revenues and increase federal deficits and debt," in addition to creating "the potential for employer [health insurance] plans to unravel as (healthy) people choose better options."

On balance, however, Cannon believes the bills represent a "much-needed addition to the debate over the future of American healthcare."

Health Savings Accounts have long-troubled consumer advocates, who say they favor the healthy and wealthy.

A 2008 Government Accountability Office report found that individuals who opened HSA accounts "had higher incomes on average than other tax filers."

The report discovered that, "among tax filers between the ages of 19 and 64, the average adjusted gross income (AGI) for those reporting HSA activity in 2005 was about \$139,000, compared with about \$57,000 for other filers. About 59 percent of HSA filers had AGIs of \$60,000 or more, compared with 26 percent of other tax filers."

Brat spokesman Barbara Boland told AMI Newswire that his bill hasn't generated much response in the House yet because members have "been out of session since it was introduced."

She also said there has been "no push-back" from House Democrats or the Obama administration on the idea so far.

Boland added the Brat and Flake bills will "most likely to be incorporated into House GOP health care reform legislation," although she added that "it will be difficult to fix health policy under this President."

Republican leaders have promised to introduce a comprehensive health care reform package to replace the Affordable Care Act, but an actual package of bills has yet to materialize.

A one-page brief Brat's office created to explain the HSA expansion bill said it would be "compatible with other reforms," that could include "improved tax credits, Medicare and Medicaid reforms, FDA streamlining, State-led tort reform, and much more."

House Speaker Paul Ryan is currently in the midst of a series of policy roll-outs dubbed "A Better Way" to bolster Republican efforts in the 2016 elections. The first of these initiatives, on anti-poverty policy, occurred Tuesday morning in Washington, D.C.; the second, on foreign policy, is set for Thursday.

No date has been set for the debut of a Republican health care reform initiative.