



The Future of Health Care

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The American people are angry. In the Democratic and Republican primaries, millions of voters expressed rage by voting for anti-establishment candidates like Donald Trump and Bernie Sanders. One reason why people are angry is that they were promised that health care in America would be fixed by the Affordable Care Act, also known as Obamacare, and they are not satisfied with the results.

One common sense health care reform idea is an expansion of something called Health Savings Accounts (HSAs). According to HSAcenter.com an HSA “combines high deductible health insurance with a tax-favored savings account. Money in the savings account can help pay the deductible. Once the deductible is met, the insurance starts paying. Money left in the savings account earns interest and is yours to keep.” The idea behind an HSA is that it combines the tax treatment of health care as a high deductible income with the idea that an individual should be allowed to put those earnings into a tax free savings account for the purposes of health care spending.

What an HSA provides is an account dedicated to health care for the purposes of giving an individual flexibility in health care decision making. This also impacts the market by allowing consumers to shop for the least expensive option when purchasing services and health care prescriptions. Most objective observers would see an HSA as a good way to insert market forces into the health care economy that is now flooded with government money that distorts prices.

Both progressives and conservatives agree that the health care system is a mess. The two sides of the political spectrum agree that a good outcome of reform is for people to have affordable options when choosing to get health care for families. They may disagree on the solutions, but both agree that health care needs to be affordable or the people will choose not to use it because they can't afford expensive care. Expanding HSAs are a good solution.

Kevin McKechnie is the Executive Director of the Health Savings Account (HSA) Council and the American Bankers Associations' Office of Insurance Advocacy Health Savings Account (HSA). McKechnie has been quoted in print and on cable networks explaining proposed fixes to the complex system the United States uses to fund health care. McKechnie argues ([and wrote about this issue in The Hill](#) earlier this year) “Senators Orrin Hatch (R-UT) and Marco Rubio (R-FL) have pushed the idea that would exempt employee contributions to HSA accounts from being included in a new tax that will hit many health care plans if the so called ‘Cadillac Tax’ is

implemented pursuant to current law.” This is a good idea and both Republicans and Democrats should embrace that will, in the short term, protect health care plans supported by both unions and non-union employees in large health care plans set up to help employees.

Mike Cannon of the Cato Institute argued for an expansion of HSAs in the Cato Institute Daily Podcast on June 7, 2016. Cannon argues that the idea of “Large HSAs” would “say to workers that you don’t have to give power to your employer control over 13 thousand dollars of your income to get this tax preference, you can get that same tax break on money that you put into a Health Savings Account or that your employer puts into a large Health Savings Account.” Expanding, not punishing, HSAs is the right way to go.

Expanding HSAs would provide health care consumers control over their own income dedicated to health care. Cannon argues that the tax code currently takes away control over a large portion of an individual’s income and this idea would level the playing field by giving people control over a policy that travels from job to job.

Whether President Obama’s health care law is repealed, or not repealed, by the next president and Congress is not under the control of American voters. What is in their control is pushing for ideas that will improve health care. One common sense idea is to provide power to individuals by establishing large Health Care Accounts and not allowing the law to punish current holders of HSAs.

The fall presidential election is going to hinge on many issues. It is unlikely that health care will be a deciding factor that propels either Donald Trump or Hillary Clinton into the presidency, yet it will be one of the big issues debated moving forward. Both Hillary Clinton and Donald Trump would be wise to embrace expanding and protecting HSAs.