

Forbes

Who Invented Health Savings Accounts?

Grace-Marie Turner

March 25, 2015

A Washington Post Fact Checker has captured a concise history of Health Savings accounts in an [article](#) investigating whether former Pennsylvania Senator Rick Santorum is the father of HSAs.

Post reporter Michelle Lee gives Santorum two Pinocchios, concluding he was not correct in saying earlier this month in Iowa: “I know Al Gore invented the Internet, but I invented health savings accounts, believe it or not. I was the first member of Congress back in 1992 to introduce health savings accounts in the United States Congress.”

Lee credits Santorum with introducing [H.R. 4130](#), the Health Care Savings Plan Act of 1992 in January of that year. The legislation would have amended the Internal Revenue Code to allow individuals and families to set up medical savings accounts and to make tax-free deposits to spend on medical services. She doesn't find any earlier legislation that would have created similar plans available to most Americans.

Today, more than 30 million people have health insurance accompanied by a Health Savings Account or their sister program, Health Reimbursement Arrangements. Lee tracks the idea from the early 1980s when several economists, including former AMA economist [Jesse Hixson](#), NCPA Senior Fellow Gerald Musgrave, and John Goodman, now president of the Goodman Institute.

Lee cites a [short paper](#) by Devon Herrick at the National Center for Policy Analysis that also provides a chronology. Success has a thousand fathers, and so do HSAs (and their predecessors, Medical Savings Accounts). Patrick Rooney, former chairman of Golden Rule Insurance, was the first to offer MSAs to his employees. Goodman, Hixson, Musgrave, and Rooney have all been called the “Father” of HSAs and MSAs, she reports.

And many, many other organizations, including the Galen Institute, the Cato Institute, the Council for Affordable Health Insurance, The Heritage Foundation, the American Enterprise Institute, the Pacific Research Institute, the Manhattan Institute, the Heartland Institute, and many others have been engaged in the educational effort about HSAs.

But Team Santorum is pushing back: “Santorum, not the economists, worked for 11 years in Congress to push HSAs and ‘is the legislator who got the health savings accounts passed,’ according to spokesman Matthew Beynon. ‘To credit anyone else is like saying someone else deserves credit for a part of your college degree. You earned it. You deserve credit for it,’ Beynon told us. ‘Same with health savings accounts and Rick Santorum.’”

The Post concludes: “Santorum has been an outspoken supporter of medical and health savings accounts since 1992. He did, indeed, introduce the first legislation in 1992 that helped shape the modern-day HSAs. He deserves credit for pushing through legislation over 11 years.

“But to claim he ‘invented’ HSAs goes too far. Success has a thousand fathers, as they say, and Santorum is not the only one who can claim paternity of HSAs. It took more than a decade of research by a wide coalition of think tanks, economists, analysts and academics before it took off on Capitol Hill. Even there, Santorum was among many lawmakers who shepherded legislation to create what are now known as HSAs.”

That is a story of a successful policy initiative – twists and turns, armies of analysts, and loyal legislators. When HSAs finally became law, the provision was part of the Medicare Modernization Act of 2003 which added a prescription drug benefit to the health care financing program for seniors and disabled Americans.

Many strong supporters of HSAs fought passage of the legislation because it spent \$400 billion to create a new government entitlement program. But the Part D program had a consumer-choice, competitive design, compatible with the concept of HSAs. Santorum voted for the MMA primarily because of the HSA sweetener. The MMA also rescued what are now Medicare Advantage programs, the popular private plans in Medicare that more than 15 million seniors voluntarily select.

Twelve years later, all three programs have to be deemed successes, whatever their paternity.