



AMERICANS FOR TAX REFORM

LEGISLATIVE ALERT

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By James Larsen

Finish the Job on Health Savings Accounts

HSA's are revolutionizing the way health care is provided by injecting market forces into health care policy. As a result health care is made more efficient, more economical, and more available to a greater number of people. The success of HSA's has been truly incredible and their benefits have been enjoyed by both employer and employee alike.

One remarkable testament to the effectiveness and to the need for HSA's is that after a mere six months, HSA's are offered by insurers in 49 states. Despite the impressive nature of this rapid expansion, it is clear that this is only the very beginning of a tidal wave of people who will eventually be insured under an HSA plan. Out of all the large employers who were polled in a Mercer Consulting study, 73% planned to offer HSA's to employees by the year 2006. This indicates the spread of HSA usage is in its infancy and that it will continue to expand to even larger markets.

On March 4, 2004, Representative Philip Crane (R-IL) introduced H.R. 3901, a bill designed to allow a deduction for premiums for high deductible health plans required for health savings accounts. ATR is encouraged by the success that HSA's have already experienced and now we are advocating for legislative measures that will allow HSA's to have an even greater impact on health care. **Americans for Tax Reform strongly supports passage of H.R. 3901 and all other legislation that advances the cause of Health Savings Accounts.**

The greatest beneficiaries of HSA's are those who were previously unable to afford health insurance. In fact, 37% of those who have purchased HSA's were previously without any insurance at all. Of those who purchased HSA's and had incomes under \$15,000 per year, 57% were previously without insurance. The average age of an HSA purchaser is 47 years old. The fact of the matter is that HSA's save employers and employees money, no matter what their age, income or current insurance status.

In order to facilitate the continued expansion of HSA usage, it is imperative that the premiums paid towards the HSA's are made fully tax-deductible. This would allow those who have catastrophic health care coupled with an HSA to fully deduct their premium,

granting those who do not have employer-provided healthcare the same benefits as those who do. H.R. 3901 would remove this impediment to the advancement of Health Savings Accounts.

ATR WILL RATE A VOTE ON THIS BILL IN OUR CONGRESSIONAL RATINGS

Things you may not know about Health Savings Accounts:

- HSAs are available in 49 states
- The average age of an HSA purchaser is 47
- 78% of HSA purchasers have one child or more
- 37% of HSA purchasers were previously uninsured
- 73% of large companies will be offering HSA's by 2006
- Of the HSA purchasers who make less than \$15,000, 57% were previously uninsured