



Volume 5: March 3, 2010

Edited by Kevin McKechnie, Executive Director
Assistant Editor, Renee Galbraith, Health Policy Manager

Welcome to the HSA Update, keeping you up-to-date on the Health Savings Account marketplace with bi-weekly analysis and review of public policy, market innovations, and technology advances in the HSA arena.

Contents:

[President Obama Supports Inclusion of HSAs in Exchange](#)

[The Reconciliation Process: by Rick Holt](#)

[How You Can Help Protect and Expand HSAs](#)

[Indiana Governor Touts the Benefits of HSAs](#)

[Kevin McKechnie's Article: Lack of Reform Helps Preserve HSAs](#)

[ABA Urges Banks to Take Action](#)

■ **President Obama Supports Inclusion of HSAs in Exchange**

In a March 2, 2010 letter from President Obama to Congressional leaders, he outlines some of the Republican ideas on health care reform that he is "open" to including in the final health care bill.

Among those ideas is the suggestion by Senator Barrasso (R-WY) to expand HSAs.

The following is an excerpt from President Obama's letter:

I know many Republicans believe that HSAs, when used in conjunction with high-deductible health plans, are a good vehicle to encourage more cost-consciousness in consumers' use of health care services. I believe that high-deductible health plans could be offered in the exchange under my proposal, and I'm open to including language to ensure that is clear.

[Read the entire letter](#)

[Return to top.](#)

■ **The Reconciliation Process: by Rick Holt**

The following was prepared by Rick Holt. Mr. Holt was appointed by George H.W. Bush as a member of the Board of Directors of the Student Loan Marketing Association; he also served as senior vice president of government affairs at the United States League of Savings Institutions in Washington, DC. Prior to this he served as executive assistant to United States Senator Richard G. Lugar.

Parliamentary Process of Senate Consideration of Reconciliation:

Under the reconciliation process, the Byrd rule bars any entitlement increases or tax cuts that cost money beyond the five (or more) years covered by the reconciliation directive, unless these

“out-year” costs are fully offset by other provisions in the bill. This is one reason that Congress made the 2001 tax cuts expire after ten years rather than making them permanent.

This Senate rule makes any provision of (or amendment to) the reconciliation bill that is deemed “extraneous” to the purpose of amending entitlement or tax law vulnerable to a point of order. If a point of order is raised under the Byrd rule, the offending provision is automatically stripped from the bill unless at least 60 Senators vote to waive the rule. This makes it difficult, for example, to include any policy changes in the reconciliation bill unless they have direct fiscal implications. Under this rule, authorizations of discretionary appropriations are not allowed, nor are changes to civil rights or employment law, for example. Changes to Social Security also are not permitted under the Byrd rule.

Also, two additional rules apply to the Healthcare Reform legislation which triggers the 60 vote requirements:

- There is another application of the Byrd rule test, which in effect says that if the reconciliation bill increases the budget deficit in any year after 2014, then the spending parts of the bill can be removed unless there are 60 votes to waive the Byrd rule.
- There is a separate Senate point of order against legislation that increases long-term budget deficits. If the Congressional Budget Office says that this bill increases the budget deficit by more than \$5 billion for any of the following periods: 2020-2029, 2030-2039, 2040-2049, or 2050-2059, then the bill dies unless there are 60 votes to waive this point of order

NOTE: Reconciliation protections continue until the next concurrent budget resolution is passed. This gives the Senate until nearly next May to complete these bills.

[Return to top.](#)

■ How You Can Help Protect and Expand HSAs

The central role HSAs play in healthcare reform is not an accident.

The HSA Council’s lobbying team secured the most favorable treatment of HSAs possible given the hostile climate in which we were operating. We confronted a majority bent on full repeal of the statute (See the Rockefeller Amendment) and were able to convince the Democratic leadership to do the opposite.

If the Senate’s bill passes, HSAs will be poised for more dramatic growth than they would otherwise; there is a mandate that all businesses and individuals purchase healthcare and HSAs are the most affordable qualifying plan.

The story of the Council’s role in developing the HSA legislation in 2003 and in implementing regulations governing their use from 2004 through 2006 is well known. Should the architecture of the current Senate bill become law, we will have to maintain our legislative presence and add a regulatory function to liaise with HHS, especially during the rulemaking process.

This significant legal and legislative infrastructure will be permanent.

To confront these challenges, the Council must aggregate the banks, insurers and technology providers that serve this industry to preserve the gains already achieved. As an industry we must work through the current reform efforts and ensure that account-based healthcare remains viable. Our approach for executing this strategy includes:

- Recruiting strategically important institutions to augment the Council’s membership;

- Facilitating legislative and regulatory communications with Congress and the Administration;
- Providing Best Practices and networking opportunities to our members;
- Educating elected officials at the federal, state and municipal levels both in the United States and internationally about the advantages of account-based healthcare financing systems.

This work is vital to the defense of the industry and we welcome additional institutions who wish to add their voices.

Please contact Renee Galbraith to schedule a call in order to learn more about the benefits of Council membership and how your organization can help further the Council's achievements in securing the future of HSAs.

[Return to top.](#)

■ **Indiana Governor Touts the Benefits of HSAs**

In the February 28, 2010 edition of the *Wall Street Journal*, Indiana Governor Mitch Daniels (Republican) wrote an op-ed about how HSAs have helped both the state and employees reduce health care expenses.

Indiana has long been on the forefront of recognizing the benefits of HSAs and of implementing their use for state employees.

Indiana, along with Mercer Consulting, conducted a study to determine the effects of using HSAs on the finances of both the State and individual employee. The findings show that employees that have an HSA incurred only \$65 in health care expenses for every \$100 incurred by employees in a traditional plan.

According to Governor Daniels Indiana will save over \$20 million in 2010 in employee health care costs. In 2010, over 70% of state employees opted for the HSA option. In 2005, only 4% chose the HSA option.

Indiana has demonstrated one way how cash-strapped states can save, it is now up to the other states and federal government to recognize the benefits.

[Return to top.](#)

■ **Kevin McKechnie's Article: Lack of Reform Helps Preserve HSAs**

The HSA Council's Kevin McKechnie had a featured article in the most recent edition of the magazine *Consumer-Directed Health Care Solutions*. This article was written soon after Scott Brown's victory in Massachusetts and it provides insight to how HSAs can fare under health care reform.

An excerpt from the article:

So what would have happened to HSAs in the bills? Not much. The biggest challenge was in how the Senate defined health insurance in the new health care exchange. The bill requires all plans to attain a minimum actuarial value of 60%, meaning that health insurance must pay at least 60% of all medical expenses in a year or be disqualified.

[Read the full article.](#)

[Return to top.](#)

■ **ABA Urges Banks to Take Action**

The American Bankers Association needs your help to maximize the banking industry's grassroots firepower. Please consider attending the ABA Government Relations Summit being held March 16-18. In addition, your bank can help unify the industry's message to Congress by participating in ABA's Direct Contact Bankers program. Links and information are included below:

1. Congress is considering regulatory reform legislation that will dramatically affect your bank's future. Help shape this bill by attending ABA's Government Relations Summit, March 16-18 in Washington, D.C. The more bankers who attend, the more persuasive our industry's arguments will be, and the stakes have never been higher. Read more about and register for the Summit at www.aba.com/summit.
2. 2010: Are you in? Now more than ever, the banking industry needs a unified voice in Congress. Will you speak up? Join [Direct Contact Bankers](#) today and start building a relationship with your elected officials. [Click here](#) to sign up now.

[Return to top.](#)

Please visit our website for daily news updates, in-depth legislative analysis, and resources for implementing HSAs. www.hsacouncil.com

ABA Members: To unsubscribe and to manage your subscriptions, please visit ABA E-Mail Bulletins and check or uncheck the appropriate boxes.
<http://www.aba.com/Members+Only/bulletin.htm>

ABIA Members: To unsubscribe and manage your subscription, and for other inquiries, please contact ABA's Renee Galbraith, 1-800-BANKERS. rgalbrai@aba.com