

September 1, 2017

The Honorable Lindsey Graham
United States Senator
U.S. Senate
Washington, D.C. 20510

The Honorable Bill Cassidy
United States Senator
U.S. Senate
Washington, D.C. 20510

BY HAND

Dear Senator Graham and Senator Cassidy:

The American Bankers Association's HSA Council represents about ninety-four percent of the Health Savings Accounts (HSAs) in the United States and the millions of Americans who finance their healthcare with these plans. Thank you for supporting them. There are very few Senators that have so consistently stood with the Americans who finance their health care with these products. Our industry is very appreciative.

I'm writing to express our strong support for the HSA provisions contained in your alternative approach to healthcare reform. Much like the bill it would replace, your proposal expands an HSA owner's ability to contribute to their account and repeals the excise tax that would apply, unfairly, to employer plans that utilize HSAs.

We also want to express our appreciation for including in your proposal the text of H.R. 365, the Primary Care Enhancement Act, introduced by Representative Erik Paulsen in the House. These are needed adjustments to the qualifying health insurance product necessary to the operation of HSAs.

The HSA provisions already included in your bill are vital but we want to suggest a possible amendment to your proposal we hope you can include. The Healthy Indiana Plan, which addresses the needs of Medicaid recipients in that state, exists because the previous administration granted a waiver from the requirements of Medicaid and the Affordable Care Act (ACA) to its architects. However, federal HSA law prevented Indiana from establishing true HSAs for its members.

Accordingly, we suggest a statutory change to the HSA law, which would allow those states wishing to do so to open and fund HSAs for their Medicaid population. States are also seeking to allow their state Medicaid programs to provide premium assistance to Medicaid enrollees to purchase HSA plans available through their employers, just as they are permitted today to help fund other employer health insurance.

To accomplish this, we would also request that the HSA statute be amended to exempt Medicaid benefits from the restriction on having other health coverage. A memorandum from Joe Moser, former State Medicaid Director of Indiana and the official responsible for implementing Indiana's plan, is attached for your review.

As you know, HSA regulations generally disqualify individuals from contributing to their HSA if they have other coverage.

HSAs are growing in popularity and are offered by thousands of banks nationwide. Expanding their utility will accelerate adoption of these plans and contribute to the success of the cost-control goals current law failed to meet and which your bill seeks to address.

We look forward to helping you enact your proposal and thank you, again, for your efforts.

Respectfully,

A handwritten signature in black ink that reads "J. Kevin A. McKechnie". The signature is written in a cursive, flowing style.

J. Kevin A. McKechnie
Executive Director