

October 19, 2026

**COMMENTS OF THE AMERICAN BANKERS ASSOCIATION HEALTH SAVINGS
ACCOUNT COUNCIL REGARDING POTENTIAL CHANGES TO HEALTH BENEFIT PLAN
OPTIONS IN THE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM**

Submitted to:

U.S. Office of Personnel Management
Federal Employees Health Benefits Program

**RE: Health Benefits Plan Options, Affordability, Consumer Choice, and Health
Savings Accounts**

Dear Director,

Thank you for the opportunity to provide comments regarding the Federal Employees Health Benefits (FEHB) Program and the potential impact of offering more, fewer, or different health benefits plan options to federal employees and annuitants. The American Bankers Association's Health Savings Account Council (HSA Council) represents approximately ninety percent of all the Health Savings Accounts (HSAs) in the United States and the millions of Americans who finance their healthcare with these accounts.

The HSA Council encourages the Office of Personnel Management (OPM) to preserve broad choice among FEHB plan designs while creating additional opportunities for competition and innovation among HSA-qualified High Deductible Health Plans (HSA-qualified plans).

HSA Council members believe that OPM should not view HSA-qualified plans merely as plans with a higher deductible. Properly designed, HSA-qualified plans combine comprehensive insurance protection, lower premiums, tax-advantaged healthcare savings, and the opportunity to save for future healthcare expenses.

At the same time, our members recognize that higher deductibles and increased cost-sharing can cause some individuals to delay or forgo care. Accordingly, expanding HSA-qualified plan choices should be accompanied by adequate employer HSA

contributions, value-based benefit design, strong clinical navigation, meaningful price transparency, and consumer decision-support tools.

OPM's own 2026 FEHB comparison system demonstrates that HSA-qualified plans can offer materially different combinations of premiums, deductibles and account contributions. For example, current nationwide plan comparisons show High Deductible Health Plan (HDHP) options with \$1,800 individual deductibles and contributions to HSAs (or Health Reimbursement Accounts) ranging from \$800 to \$1,200, illustrating the potential for substantial design variation within the category of consumer-directed health plans.

The HSA Council does not feel that it possesses the necessary expertise to address all the questions posed in OPM's Request For Information (RFI), so we have chosen to focus our responses on only some of the questions posed, as shown below.

OPM Question: For enrollees, how might more, fewer, or different health benefits plan options offered lessen cost burdens or mitigate premium increases?

HSA Council Response

Offering additional plan choices can mitigate cost burdens by allowing enrollees to select a different combination of premiums, cost-sharing, account contributions, provider networks, prescription-drug benefits and other features based on their individual circumstances. In particular, additional HSA-qualified plan choices can provide an alternative to traditional plans in which the enrollee pays a higher premium in exchange for lower point-of-service cost-sharing.

The relevant measure, however, should not be premium alone. OPM should encourage consumers to consider annual premiums, expected out-of-pocket spending, employer/plan HSA contributions, and applicable tax savings. Taking a broader view recognizes that an HSA contribution is an economic benefit to the employee rather than simply an insurance feature.

For 2026, the FEHB government contribution for most employees and annuitants is capped at 72% of the weighted average premium, subject to the applicable statutory formula. The maximum government premium contribution is \$324.76 biweekly (\$8,443.76 annually) for Self Only coverage, \$711.17 biweekly (\$18,490.42 annually) for Self Plus One, and \$778.03 biweekly (\$20,228.78) for Self and Family coverage. HDHPs and other plans that can provide adequate coverage at a lower premium may create value for both the enrollee and the federal government.

HSAs add another important dimension. Under federal tax law, employer HSA contributions, as well as employee contributions through an appropriate Section 125

arrangement, are excluded from employee wages, which lowers income and payroll tax liabilities for both employees and employers alike. In addition, investment earnings on HSA assets accrue tax-free to the employee account owner, and distributions for qualified medical expenses are also tax-free. Finally, HSAs remain the property of the account holder and are completely portable.

OPM Question: Would enrollees like to have more, fewer, or different health benefits plan options?

HSA Council Response

The Council recommends that OPM preserve and expand meaningful plan choice, rather than reducing the number of available options. However, "more choice" should not mean simply adding additional plan names. Consumers benefit most from meaningfully different plan designs that are easy to compare.

OPM's existing comparison tool already allows consumers to compare premiums, deductibles, out-of-pocket maximums, healthcare account availability and other features. The next step should be to improve the comparability of plans. In particular, OPM should consider displaying an integrated estimate of:

- annual employee premium
- deductible
- estimated enrollee spending at several utilization levels
- maximum annual financial exposure
- prescription-drug exposure
- employer HSA contribution
- opportunity for pre-tax employee HSA contributions (i.e., annual limit minus employer HSA contribution)
- potential HSA balance accumulation

This would allow an enrollee to understand the economic tradeoffs between plans without requiring specialized knowledge of insurance terminology.

OPM Question: If more plan options offered are HDHPs with HSAs allowing enrollees to pay for care on a pre-tax basis, what impact would it have on enrollees and the government?

HSA Council Response

HSA Council members believe the impact would be positive and could be significant for both federal employees and the government.

Potential benefits to federal employees

HSA-qualified plans can provide many benefits to federal employees, including:

- lower premiums relative to some traditional plan designs
- non-taxable employer contributions to an employee-owned account
- tax-advantaged employee contributions made via payroll deduction
- tax-free investment earnings
- tax-free distributions for qualified medical expenses
- portability
- an opportunity to accumulate assets for future healthcare expenses
- no required minimum distributions in retirement

The scale of the existing HSA market demonstrates that HSAs can operate as both current healthcare spending accounts and long-term financial assets. HSAs can function not only as mechanisms for paying current medical expenses but also as long-term healthcare savings vehicles. The long-term asset-building potential is increasingly important, especially when considering the increasing projections of healthcare costs in retirement, especially long-term care.

For example, in its *25th annual Retiree Health Care Cost Estimate*¹, Fidelity Investments estimated that a 65-year-old retiring in 2026 can expect to spend \$185,500 on healthcare throughout retirement. The figure assumes enrollment in Original Medicare (Parts A and B) and Part D, and includes premiums, deductibles, coinsurance and out-of-pocket prescription drug costs. The latest estimate rose from the prior year's estimate of \$172,500.

At the same time, the relatively modest level of HSA investment and contribution among many accountholders demonstrates that simply making an HSA available is not enough. For example, Devenir reports that approximately ten percent of HSA owners have invested

¹ "Fidelity Investments Shares 25th Annual Retiree Health Care Cost Estimate, Highlighting the Importance of Incorporating Potential Health Expenses in Retirement Planning", <https://newsroom.fidelity.com/pressreleases/fidelity-investments--shares-25th-annual-retiree-health-care-cost-estimate--highlighting-the-importa/s/0dd560b4-98cb-492e-bdec-f7168f97aede>, July 26, 2026.

their assets in something other than cash, underscoring the importance of education, account design and consumer support.

Potential benefits to the federal government

Potential government benefits include:

- increased competition among plan designs
- potential premium savings
- potentially lower government premium contributions for lower-premium plans
- greater consumer engagement
- increased use of lower-cost providers where price transparency exists
- greater accumulation of private healthcare assets
- potentially reduced future financial pressure on federal retirees

These benefits should not, however, be presumed. The government should measure total spending, not simply premiums or claims in isolation.

OPM Question: Would more, fewer, or different plan options affect the health status of the FEHB population?

HSA Council Response

The HSA Council believes it is important to recognize that plan design can affect healthcare utilization and potentially health outcomes. We acknowledge that some research has found that higher deductibles can reduce utilization, including utilization of some beneficial care such as preventive care and primary physician office visits. Other research has found that patients with chronic conditions may be particularly sensitive to increased cost-sharing; however, it should be noted that certain chronic condition services are allowed to be covered pre-deductible in an HSA-qualified plan.

The policy objective should be to create a benefit structure in which consumers have an economic incentive to make informed decisions while maximizing access to high-value care.

OPM Question: If plan options offered are HDHPs, would they encourage enrollees to shop around for lower-cost medical care?

HSA Council Response

The HSA Council believes that HSA-qualified plans can encourage enrollees to shop around for lower-cost medical care, but an HSA-qualified plan by itself is not sufficient to produce effective price shopping. The evidence is mixed.

For example, one study of approximately 1.8 million enrollees found that 28% of HDHP enrollees changed physicians for office visits compared with 19% of traditional plan enrollees. For laboratory services, approximately 25% of HDHP enrollees changed providers compared with 23% of traditional plan enrollees.

These findings suggest that financial incentives can influence consumer behavior but that price transparency and usable decision-support tools are essential. An enrollee cannot effectively shop for a lower price if the consumer cannot determine:

- what the service will cost
- which providers are in-network
- what portion of the cost will be applied to the deductible
- what the consumer will actually owe
- whether the provider's quality is comparable
- whether the provider can actually deliver the service

An HSA-qualified plan should therefore be viewed as an incentive to shop, while HSA funds, transparency and consumer technology provide the means to shop.

OPM Question: What consumer support changes would FEHB Program Carriers need to make?

HSA Council Response

The HSA Council believes that if OPM expands the number of HSA-qualified plans, consumer support should expand at the same time. The Council recommends an FEHB **HSA Consumer Support Standard**, as outlined below.

A. Integrated health-plan/HSA dashboard

The enrollee should be able to see their HSA balance, employer contributions, personal contributions, deductible status, out-of-pocket maximum, claims, estimated future liability, investment balance, and qualified medical expenses.

B. Real-time cost estimates

Before receiving care, the enrollee should be able to obtain an estimate of their expected out-of-pocket expense.

C. Provider price comparison

Consumers should be able to compare providers on price, quality, network status and location.

D. HSA education

Carriers should explain how much the employer contributes, how employee contributions made via payroll work, how the HSA works, how to maximize the HSA's tax benefits, how to use HSA funds, how to invest HSA assets, how HSAs interact with retirement, and what happens when an enrollee becomes Medicare-eligible.

E. Clinical navigation

Higher-cost or complex episodes should trigger proactive assistance rather than leaving the consumer to navigate the system independently.

F. Financial navigation

The Council believes that greater financial responsibility must be accompanied by greater information and support. Consumers should be offered tools that help them estimate whether they can afford an episode of care and identify lower-cost alternatives.

OPM Question: Would changes in plan options affect employees and annuitants differently?

HSA Council Response

The HSA Council believes that OPM should evaluate active employees and annuitants separately. Active employees generally have the greatest opportunity to benefit from employer HSA contributions, payroll tax advantages, long-term asset accumulation and investment, portability, and many years of potential account growth.

For employees nearing retirement, the balance shifts toward predictable out-of-pocket exposure, adequacy of the HSA contribution, accumulated HSA assets, remaining years of HSA eligibility, and transition to Medicare.

Individuals enrolled in Medicare cannot make or receive HSA contributions because Medicare enrollment currently disqualifies an individual from making HSA contributions. Existing HSA assets, however, remain available to be used tax-free for qualified expenses. This makes the HSA proposition fundamentally different for an active employee than for a Medicare-eligible annuitant.

Specific Recommendations from the HSA Council

Based on the issues described above, the HSA Council recommends that OPM consider the following 15 specific regulatory, contracting and program-design initiatives. The Council would be delighted to assist with developing and implementing these initiatives.

1. Expand HSA-qualified plan availability

OPM should encourage carriers to offer additional HSA-qualified plan options rather than reducing the number of available plan designs.

2. Establish a standardized FEHB HSA-HDHP design category

Plans should identify clearly whether they offer an HDHP paired with an HSA, HRA, or other medical account. This distinction is important because OPM's current comparison system groups HSA/HRA arrangements together in some displays even though HSAs and HRAs are distinct and have materially different ownership and portability characteristics.

3. Require standardized HSA contribution disclosure

Every FEHB HDHP should prominently disclose:

- annual employer HSA contributions
- HSA contribution timing
- employee HSA contribution opportunities
- HSA account fees

4. Create an FEHB Total Cost Calculator

The OPM comparison system should provide employees with a tool to model their premium cost and expected healthcare spending (e.g., low, moderate, and high utilization) while factoring in varying levels of HSA total contributions (employer plus employee).

5. Require prominent disclosure of the "net deductible"

Where an employer HSA contribution effectively reduces the enrollee's economic exposure, OPM should display both the statutory deductible and an illustrative deductible after the plan's account contribution on behalf of the federal government. Current OPM comparisons already display "net deductible" for some consumer-directed plans, but this concept should be standardized.

6. Establish an FEHB price-transparency standard

Carriers should provide usable estimates of actual enrollee expected out-of-pocket expenses before scheduled services.

7. Establish an FEHB provider-price-shopping standard

Carriers should provide searchable provider prices and allow consumers to compare clinically appropriate alternatives.

8. Encourage value-based HDHP designs

OPM should encourage plans to provide low or zero cost-sharing for high-value services such as chronic condition services and telemedicine consistent within applicable HSA rules.

9. Establish HSA investment standards

OPM should require transparent disclosure of investment options, minimum investment balances, investment thresholds, availability of low-cost diversified investment options, fees, and transaction costs.

10. Implement automatic enrollment in an HSA

OPM should follow the example of private employers and make enrollment in an HSA automatic when employees enroll in an HDHP.

11. Encourage automatic HSA contributions via payroll deduction

Agencies should make it easy for employees to establish recurring HSA contributions via payroll deduction. Employer contributions should be clearly separated and demarcated from employee contributions in all enrollment materials.

12. Develop an FEHB HSA education program

OPM should create standardized educational materials covering HSA mechanics, tax benefits, qualified expenses, investments, retirement, Medicare, portability, and strategies for managing high-deductible exposure.

13. Publish an annual FEHB Consumer-Directed Health Plan Report

OPM should publish aggregate data showing how HDHP/HSA plans compare with other FEHB plan types on premium growth, government spending, enrollee spending, HSA contributions, HSA balances, utilization, quality, preventive care, member satisfaction, and other relevant outcomes. This would allow future FEHB policy decisions to be based on actual federal employee experience rather than assumptions about how consumers respond to deductibles.

Conclusion

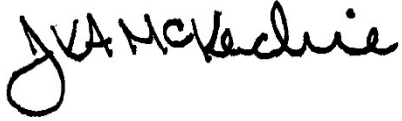
The HSA Council believes that OPM has an opportunity to make FEHB more financially sustainable while giving federal employees and annuitants greater control over how they finance health care. We respectfully encourage OPM to preserve broad FEHB choice, expand opportunities for innovative HSA-qualified plan designs, and pair any expansion of consumer financial responsibility with the information, clinical support and financial resources necessary for consumers to use that responsibility effectively.

Such a strategy recognizes that providing a broad choice of health insurance options along with the tools to enable employees to better manage their healthcare expenses is a critical component of employee retention and recruitment. Health Savings Accounts have proven extremely popular, with over 40 million accounts currently open in the market. An effective employee benefit strategy must the attractiveness of HSAs while going beyond merely offering the option to creating a comprehensive program to help employees navigate their health care expense management.

OPM should therefore pursue better-designed consumer choice rather than simply more or fewer plans. The objective should be an FEHB system in which an enrollee can make an informed choice among plan designs based on the individual's health needs, financial circumstances, expected utilization, retirement horizon and tolerance for financial risk.

HSA-qualified plans should be an important component of that system—not because it is appropriate for every enrollee, but because it provides a fundamentally different combination of insurance protection, tax-advantaged savings, consumer engagement and long-term healthcare asset accumulation.

Respectfully submitted,

A handwritten signature in black ink, reading "J. Kevin A. McKechnie". The signature is written in a cursive, flowing style. The first letter "J" is large and loops around the first part of the name. The "Mc" is written with a small "Mc" and a large "K". The "A" is a simple capital letter. The "McKechnie" part is written in a continuous cursive script.

J. Kevin A. McKechnie
Executive Director & Founder, ABA HSA Council