

November 26, 2014

The Honorable Robert A. McDonald  
Secretary  
The United States Department of Veteran's Affairs  
810 Vermont Avenue N.W.  
Washington, D.C. 20420

BY HAND

Dear Mr. Secretary:

The HSA Council, part of the American Bankers Association, represents banks, debit card issuers, health insurers and technology providers in the Health Savings Account (HSA) industry. Collectively our members serve approximately 85 percent of the more than 20 million Americans currently insured with HSA-qualified health plans who use the dollars in their HSA to purchase qualified health care services.

HSAs work by giving control of health care purchasing decisions to the individual – they own the funds in their HSA and control when and for what services those dollars are used. The insurer merely tracks their purchases, and at the point spending on qualified services covered by their plan exceeds their health plan deductible, the insurance kicks in to cover the remaining bills.

In order to relieve the waiting lines and ease the back-log of veterans waiting for care in VA facilities, we recommend that you adopt a pilot program within the Veterans' Administration where veterans who qualify for the Veteran's Choice Card program can choose to receive their benefits in an HSA.

*Providing access to HSA-qualified plans is the fastest way to allow veterans to get the care they need, while imposing the least administrative burden on both the veterans who elect to have this insurance and on the various offices within the Department of Veteran Affairs who must administer the program.*

Federal employees have had access to HSA-qualified plans for years through the Federal Employees Health Benefit Program (FEHBP), the same program that VA employees use to fund their own care. In addition, HSAs have a strong track record among private companies; the VA could leverage this off the shelf technology that combines established market and administrative practices with the service footprint of best of class financial institutions and health insurers.

A VA HSA program -- the subsidy that the VA would be providing to the veteran who qualifies for the Veteran's Choice Card program - would not be for their insurance above the deductible (since the VA already provides it) but to fund their healthcare needs below the deductible.

Above the deductible, the easiest approach would be to keep the as VA the insurer. That is, the VA would be responsible for their care, as is now the case. The VA would decide at what level to set the deductible, and that would be, in general, the amount of funds deposited into the veteran's HSA.

Veterans would then choose the bank that best suits their needs to act as custodian for their HSA. More than 2000 financial institutions administer HSAs; there is no need for the VA to reinvent something that already exists in the marketplace.

The VA may decide to use its own existing variable benefits criteria (based on disability and service related injuries) to determine if all veterans who qualify for the Veteran's Care Choice program will receive 100 percent funding of their deductible, or if some veterans may have to contribute some amount of funds to their own HSA to reach their deductible.

(The HSA Council could recommend several expert HSA actuaries who could review the relevant data associated with those veterans who qualify for the Veteran's Choice Card, to recommend the proper deductible level and to give the VA cost and savings estimates.)

Educational efforts to show the veteran how to use the account, shop for their care, tools that show quality of care and price, along with an 800 number to answer questions, and other educational processes developed by the industry are essential pieces of any such VA HSA pilot. *And, the good news is that these facilities have already been built to assist people in the FEHBP and the private market.*

The HSA Council can predict, based on its decade of experience transitioning Americans from traditional health plans to HSAs, that the Department of Veterans Affairs will likely find the following results from any such HSA pilot:

- Slower rate of increase in health care spending from a lower utilization and intensity of use of health care services.
- Increase in the utilization of preventive care.
- No avoidance of necessary care by participants.
- Increased use of generic drug options, lower incidents of emergency room use and increased use of primary care physicians.<sup>1</sup>

Further, physicians will accept the veterans in the HSA pilot as patients, since they will be paying cash.

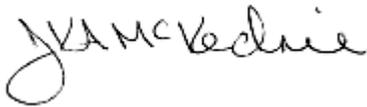
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<sup>1</sup> Attached are several studies with these findings.

We know that the VA has a strong mandate to create new systems to allow veterans to receive the care they need, and we believe that our industry has an innovative yet proven system to help you achieve that mandate.

We would welcome a meeting between you and your senior staff and the leaders of our industry, made up of a delegation of our board members, to discuss this proposal.

Sincerely,

A handwritten signature in black ink that reads "J. Kevin A. McKechnie". The signature is written in a cursive style with a large initial "J" and "K".

J. Kevin A. McKechnie  
Executive Director  
The HSA Council

cc: Helen Tierney  
Executive in Charge for the Office of Management  
and Chief Financial Officer  
The Department of Veterans Affairs  
810 Vermont Avenue N.W.  
Washington, D.C. 20420