

HSA WORKING GROUP

Steering Committee:

Aetna
American Bankers
Insurance Association
American Benefits Council
America's Health
Insurance Plans
Assurant Health
Blue Cross and Blue Shield
Association
Business Roundtable
CIGNA
The Council of Insurance
Agents and Brokers
Ernst & Young LLP
The Financial Services
Roundtable
Hewitt Associates LLC
Humana, Inc.
National Business Group
on Health
National Association of
Health Underwriters
National Association of
Manufacturers
National Federation of
Independent Business
National Restaurant
Association
National Retail Federation
Retail Industry Leaders
Association
UnitedHealth Group
U.S. Chamber of
Commerce
Wal-Mart Stores, Inc.
Wellpoint

Who We Are

The HSA Working Group is a broad coalition of companies and trade associations representing employers, health plans, financial institutions and others who support health savings accounts (HSAs) and other forms of consumer-oriented health benefit designs.

Our members believe that HSAs -- by giving individuals more direct control over their health care dollars -- will encourage more prudent use of health care services, help make the health care system more responsive to consumers' needs and improve access to health coverage for the uninsured.

What We Support

The Working Group has identified a broad range of HSA improvements to make them more attractive to consumers and employers. For example, we support the following initiatives to achieve this goal:

- **Increase the Amounts Individuals and Employers May Contribute to HSAs** – We support the President's budget proposal to increase HSA contribution limits to allow HSA participants to set aside more funds on a tax-free basis for their current and future health care needs. Under this proposal, HSA participants could contribute up to the out-of-pocket spending limits for their HSA-eligible high deductible health coverage – limited by statute to no more than \$5,250 for self-only coverage and \$10,500 for family coverage in 2006.
- **Allow Employees with HSAs to Also Participate in Other Consumer-oriented Benefit Plans** -- We support the "Flex Health Savings Accounts Act of 2005" (H.R. 4511), introduced by Rep. Eric Cantor (R-VA), which allows HSA participants to also take part in other tax-favored health care accounts such as health flexible spending arrangements (FSAs) and health reimbursement arrangements (HRAs). HR 4511 also increases HSA contribution amounts above the amount of the HSA-compatible health plan's deductible -- up to \$2,700 for self-only coverage and \$5,450 for family coverage in 2006.

-
- **Permit Up to \$500 in Unspent Funds in Flexible Spending Arrangements to Remain Available for Future Health Care Needs** – We support the provisions in the “Pension Protection Act of 2005” (H.R. 2830), permitting up to \$500 of unspent FSA funds to carry forward to the following year or to be rolled-over into an HSA.

In addition, the HSA Working Group supports a range of other HSA enhancements. Examples of these improvements include:

- Permitting employers to convert funds contributed to health reimbursement arrangements (HRAs) to employees participating in HSAs,
- Allowing employers to contribute higher amounts to HSAs for their lower-paid employees,
- Permitting individuals over age 65 to continue to contribute to their HSAs, and
- Allowing early retirees to pay for their health insurance needs on a tax-free basis with funds from their HSAs.

These HSA improvements are more fully described in a separate Working Group document or for additional information, please contact Kathryn Wilber at 202-289-6700 or at kwilber@abcstaff.org.

April 10, 2006