



January 21, 2020

The Honorable Ted Cruz
127A Russell Senate Office Building
Washington D.C. 20510

The Honorable Mike Braun
374 Russell Senate Office Building
Washington D.C. 20510

Dear Senators Cruz and Braun:

On behalf of National Taxpayers Union, I write to thank you for introducing S. 3112, the Personalized Care Act.¹ At a time when some policymakers seek to limit the menu of health care options available to Americans, your legislation will expand patient choice and empower people to direct their health care dollars where they see fit. When Americans are free to choose the right plan and best care for themselves and their families, they benefit both as consumers and taxpayers.

Health savings accounts (HSAs) are one of the key tools policymakers have to remove some of the structural barriers between patients and their doctors. These barriers obscure the true cost of care from smart, cost-conscious consumers, add layers of bureaucracy for employers and providers, and make the health care system more expensive and complicated for everyone. HSAs put individuals in charge of health care spending for themselves and their families, and serve as an effective alternative to one-size-fits-all models like single-payer health care.²

We applaud several of the provisions in the Personalized Care Act, including:

- **De-linking HSAs from high-deductible health plans (HDHPs):** Given the rising cost of care, it makes little sense to prohibit seniors on Medicare from contributing to HSAs, or individuals and families that may have employer-sponsored insurance with a low deductible but high premiums. However, neither Medicare beneficiaries nor individuals with a deductible under \$1,400 (and families with a deductible under \$2,800) can currently contribute to an HSA.³ S. 3112 would allow anyone with a group or individual health plan, Medicare, or a short-term limited duration (STLDI) plan to contribute to an HSA, greatly expanding eligibility.

¹ "S.3112 - Personalized Care Act of 2019." Congress.gov, Introduced December 19, 2019. Retrieved from: <https://www.congress.gov/bill/116th-congress/senate-bill/3112/text?q=%7B%22search%22%3A%5B%22%5C%22personalized+care+act%5C%22%22%5D%7D&r=2&s=3> (Accessed January 15, 2020.)

² Lautz, Andrew. "Ideas to Expand and Promote the Use of Health Savings Accounts: An Alternative to Government-Run Health Insurance." National Taxpayers Union, October 21, 2019. Retrieved from: <https://www.ntu.org/publications/detail/ideas-to-expand-and-promote-the-use-of-health-savings-accounts-an-alternative-to-government-run-health-insurance>

³ Internal Revenue Service. (2019). "Rev. Proc. 2019-25." Retrieved from: https://www.irs.gov/irb/2019-22_IRB#REV-PROC-2019-25 (Accessed January 15, 2020.)

- **Raising the annual HSA contribution limits to \$10,800 for individuals and \$29,500 for families:** Current law limits what both individuals and families can contribute annually to an HSA to \$3,550 and \$7,100, respectively.⁴ These figures are lower than the maximum out-of-pocket limitations for HSA-eligible plans (\$6,900 and \$13,800), meaning a person can contribute the maximum to an HSA each year and still have thousands of dollars in out-of-pocket costs left to cover. S. 3112 would more than triple these limits, encouraging Americans to responsibly save as much as they can in tax-advantaged HSA dollars.
- **Allowing HSA dollars to be spent on insurance premiums and over-the-counter (OTC) medications:** Current law restricts how people can use HSA dollars in two major ways: 1) by prohibiting “any [premium] payment for insurance” from the list of qualified medical expenses, and 2) by prohibiting OTC medications from the list of qualified medical expenses.⁵ The employee contribution to an average family health insurance premium in 2018 was \$452 per month (or \$5,431 per year),⁶ and that spending on non-durable medical products (which includes OTC medications) was \$66.4 billion in 2018,⁷ so these are two major categories where health care consumers in particular could benefit from using their HSA dollars. S. 3112 would end the prohibition on using HSA dollars for premiums and OTC medications, a major step forward in expanding their usefulness.

Your leadership on this issue is much appreciated, and we stand ready to assist you in your efforts to ensure the Personalized Care Act becomes law. Thank you for introducing this legislation, and please let us know how we can be of service.

Sincerely,

Andrew Lautz
Policy and Government Affairs Associate

122 C Street NW, Suite 650 * Washington, DC 20001 * Phone: (703) 683-5700 * Fax: (703) 683-5722 * ntu.org

⁴ *Ibid.*, 3.

⁵ 26 U.S.C. § 223(d)(2) (2003).

⁶ “Average Annual Family Premium per Enrolled Employee For Employer-Based Health Insurance.” Kaiser Family Foundation. Retrieved from:

<https://www.kff.org/other/state-indicator/family-coverage/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D> (Accessed January 15, 2020.)

⁷ Centers for Medicare & Medicaid Services. (2019). “National Health Expenditures 2018 Highlights.” Retrieved from: <https://www.cms.gov/files/document/highlights.pdf> (Accessed January 15, 2020.)