



June 20, 2006

The Honorable Orrin G. Hatch  
United States Senate  
Washington, DC 20510

Dear Senator Hatch:

I am writing on behalf of the American Benefits Council in support of your Health Savings Accounts Improvement and Expansion Act of 2006, a bill which makes several practical and much-needed changes to health savings accounts (HSAs) to help them better meet the needs of individual consumers and employers. The American Benefits Council is a national trade association representing primarily large employers and other organizations which either sponsor or administer health and retirement benefits covering more than 100 million Americans.

We welcome your leadership in introducing and advancing HSA reform legislation this year. Over three million Americans have already enrolled in high deductible health plan coverage and many more are expected to do so in the years ahead. Your legislation includes several important changes that will enhance the ability of these new forms of health plans to better serve their enrollees.

In particular, we support the provisions of your legislation that provide a one-time opportunity for the balances in Health Reimbursement Arrangements (HRAs) to be rolled over to HSAs, giving participants even greater control over their health care funds and spending decisions. We also strongly endorse your provisions to increase the amount that individuals or employers may contribute each year to HSAs to encourage additional savings for both short term and future health care needs. In addition, your legislation would allow early retirees to use funds from their HSAs to pay health insurance premiums, a proposal that would result in a significant savings for many retirees by allowing them to use pre-tax funds to continue their health coverage in retirement.

Your legislation also contains many other sensible improvements such as allowing those who continue working after age 65 to continue making contributions to HSAs, allowing combat veterans with service-connected disabilities who receive health care services under the Veterans' Administration to be eligible to participate in HSAs, and speeding up the date by which new indexed amounts for HSAs will be determined by the Treasury Department. These changes, and many others included in your bill, would all make needed adjustments to HSAs to address consumer needs or correct some of the unintended consequences of the original 2003 HSA statute.

Thank you again for your leadership on these issues. We look forward to the opportunity to work with you and your colleagues as this important legislation moves forward.

Sincerely,

A handwritten signature in black ink that reads "James A. Klein". The signature is written in a cursive style with a large, looped initial "J".

James A. Klein  
President