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March 3, 2014

The Honorable Erik Paulsen  
U.S. House of Representatives  
127 Cannon House Office Building  
Washington, DC 20515

Dear Representative Paulsen:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am writing in support of your bill H.R. 2194, the “Family and Retirement Health Investment Act of 2013.” Your legislation would streamline and improve the current law governing health savings accounts (HSAs) and health flexible savings accounts (FSAs), resulting in expanded access to consumer directed health care.

Today, more than 13 million people are covered under a health plan that is eligible for an HSA. HSAs continue to grow as businesses look for ways to control employee benefit costs. Both HSAs and FSAs are useful financial tools that allow individuals to put away tax-free savings for medical expenses. The Family and Retirement Health Investment Act of 2013 would make several important changes that will simplify HSAs and FSAs and provide greater flexibility in using such accounts, including: allowing a husband and wife to make catch-up contributions to the same HSA; allowing individuals to roll over up to \$500 from their FSAs; clarifying that the use of prescription drugs as preventive care will not be subject to an HSA-eligible plan deductible; reauthorizing the use of Medicaid health opportunity accounts; allowing the purchase of low-premium health insurance and long-term care insurance with HSA dollars; removing restrictions that prevent veterans with service-connected disabilities and Native Americans from contributing to HSAs; and promoting wellness by expanding the definition of qualified medical expenses to encourage more exercise and improved nutrition.

Significantly, this legislation would repeal section 9003 of the Patient Protection and Affordable Care Act (ACA), which prohibits the use of tax-free accounts such as HSAs and FSAs for over-the-counter (OTC) medicines without a prescription. Requiring prescriptions for OTC drugs increases costs to the healthcare system, generates unnecessary physician office visits, and places a new administrative burden on already over-burdened physician offices. We believe this provision has resulted in unintended consequences to both physicians and patients, and support its repeal. In addition, we are pleased that H.R. 2194 would amend the ACA by treating high deductible health plans with HSAs as qualified health plans and repeal the annual limitations on deductibles for employer-sponsored plans offered in the small group market.

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The AMA has extensive, long-standing policy supporting HSAs and other consumer driven health plans, as well as supporting choice, pluralism, and patient cost-consciousness, all of which are underlying principles for HSAs and FSAs. The AMA supports the wide availability of HSAs and their integration into health care reform as a component of freedom of choice in health insurance. Your bill will help to expand the use of these important coverage options for consumers.

Sincerely,

James L. Madara, MD