



Michael D. Maves, MD, MBA, Executive Vice President, CEO

June 14, 2011

The Honorable Orrin Hatch  
United States Senate  
104 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Hatch:

On behalf of the American Medical Association (AMA) and its physician and medical student members, I am writing in support of your bill S. 1098, the "Family and Retirement Health Investment Act of 2011." Your legislation would streamline and enhance the current law governing health savings accounts (HSAs) and health flexible savings accounts (FSAs).

Today, more than ten 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 2011 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 for the purchase of low-premium health insurance and long-term care insurance with HSA dollars; 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), Pub. L. No. 111-148, 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 will increase costs to the healthcare system, generate unnecessary physician office visits, and place 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 supports its repeal.

The AMA has extensive, long-standing policy supporting HSAs and FSAs, as well as supporting choice, pluralism, and patient cost-consciousness, all of which are underlying principles for HSAs, FSAs, and other consumer-directed health care options. Your bill will help to expand the use of these important coverage options for consumers.

Sincerely,

A handwritten signature in black ink that reads "Mike Maves". The signature is written in a cursive, flowing style.

Michael D. Maves, MD, MBA