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HATCH INTRODUCES LEGISLATION TO STRENGTHEN, EXPAND HSAs, FSAs

Provides American Workers, Retirees with Common-Sense Way of Helping Pay for Health Services

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today unveiled the Family and Retirement Health Investment Act of 2011, bicameral legislation to strengthen and expand Health Savings Accounts (HSAs) and Flexible Spending Arrangements (FSAs) for American workers and retirees. Companion legislation was introduced in the U.S. House of Representatives by U.S. Rep. Erik Paulsen (R-Minn.).

“This legislation will provide American workers and retirees with a common-sense way of improving access to quality, affordable health care,” said Hatch. “These health plans empower Americans to take control of their health and well-being. Health Savings Accounts and Flexible Spending Accounts allow consumers to make informed decisions about their health care and will help restrain costs by putting people in charge of their health choices. ”

This year health care costs are expected to rise by eight percent, more than double the rate of inflation. HSAs and FSAs provide individuals with opportunities to put away tax free savings for everyday medical expenses. When Congress first made HSAs available, these plans only covered 454,000 lives. Today, more than 10 million people are covered under a health plan that is eligible for an HSA.

The Family and Retirement Health Investment Act of 2011 will streamline these health care products and simplify them for American families, seniors, and entrepreneurs.

Specifically, the legislation will:

- allow a husband and wife to make catch-up contributions to the same HSA;
- remove the onerous new restrictions on the use of HSA and FSA dollars for the purchase of over-the-counter drugs;
- allow individuals to roll-over up to \$500 from their FSA accounts;
- clarify the use of prescription drugs as preventive care that will not be subject to an HSA-eligible plan deductible;
- reauthorize the use of Medicaid health opportunity accounts;

- promote wellness by expanding the definition of qualified medical expenses to encourage more exercise and better diet;
- allow seniors enrolled in Medicare Part A to continue contributing to their HSAs; and
- allow for the purchase of low-premium health insurance and long-term care insurance with HSA dollars.

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