

July 14, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

Re: The Better Care Reconciliation Act of 2017

Dear Senator McConnell:

On behalf of the Employers Council on Flexible Compensation (ECFC), we are writing to thank you for recognizing the importance of consumer-directed health accounts and delaying the Excise Tax in the discussion draft of the Better Care Reconciliation Act of 2017 released on June 22, 2017, and subsequently modified on July 13, 2017.

ECFC is a membership association dedicated to maintaining and the availability of benefit choices for working Americans through account-based benefit plans which provide benefits in areas such as health care, child care and commuting. ECFC's members include employers who sponsor employee benefit plans, including Health Reimbursement Arrangements (HRAs), Flexible Spending Arrangements (FSAs), and Health Savings Accounts (HSAs), as well as insurance, accounting, consulting, and actuarial companies that design or administer employee benefit plans. ECFC member companies assist in the administration of cafeteria plan and health benefits for over 33 million employees and dependents.

The Better Care Reconciliation Act of 2017 recognizes the importance of consumer-directed health accounts in this legislation. Consumer-directed health accounts provide a means of financing health care costs incurred under health plans, particularly under high deductible health plans, and help many Americans afford critical health care procedures that might otherwise force them into bankruptcy. Users of HSAs and FSAs are middle class families. On average, they earn roughly \$57,000 per year, which is less than 300% of the federal poverty level (FPL).

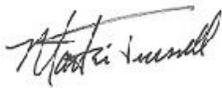
We are pleased that this legislation includes provisions that will expand and promote consumer-directed health accounts. The bill will expand who is eligible to make contributions to HSAs and increase the amount that individuals can contribute. The bill will also permit HSAs to be used to pay for insurance premiums on high deductible health plans and for the medical expenses of the HSA holder's children under age 27. The bill also provides needed changes to the HSA rules that will encourage employers to continue to offer these accounts as options for their employees and for families to prepare for their health care financing needs. In addition, the bill will reverse some of the provisions of the Affordable Care Act (ACA) that were detrimental to consumer-directed health plans, such as the cap on employee contributions to FSAs and the prohibition on reimbursements for over-the-counter medications from FSAs, HRAs and HSAs unless they are prescribed by a provider.

In addition, we are very appreciative of the efforts in this legislation to delay the implementation of the excise tax on high cost health plans, commonly referred to as the "Cadillac Tax." This excise tax is causing employers to curtail or eliminate many employer-sponsored arrangements that promote

efficient health care such as wellness program incentives and consumer directed arrangements such as FSAs, HRAs and HSAs. We understand that due to the budget reconciliation rules this tax was not repealed, however, the repeal of this excise tax is an important priority of ECFC's members on behalf of the employers and employees it represents, and we welcome your commitment to the repeal of this excise tax in future legislation.

Consumer-directed health accounts are an important element in providing affordable health care to all Americans, and we support the provisions of the Better Care Reconciliation Act which will support and expand consumer-directed health plans. Please contact Martin Trussell (202.350.1788 or mtrussell@ecfc.org) or Bill Sweetnam (202.465.6397 or wsweetnam@ecfc.org) with any questions.

Sincerely,



Martin Trussell
Executive Director



William F. Sweetnam, Jr.
Legislative and Technical Director

