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NEW REPORT: WHAT STATES CAN DO TO IMPROVE HEALTH SAVINGS ACCOUNT INCENTIVES

States can help to right the foundering ship of bad federal health care policy.

OKLAHOMA CITY, OK (February 17, 2021) – The 1889 Institute has published “What States Can Do to Improve Health Savings Account Incentives.” The study describes Health Savings Accounts (HSAs) and the fact that they were created in order to encourage HSA holders to act more like consumers in other markets where government and insurance are not picking up the tab. HSA holders should be acting as cash payers, but they are not able to for lack of pricing information and because they end up tied to insurance-negotiated pricing since insurance will not count cash-pay receipts toward deductibles.

“Insurance companies and providers have essentially colluded to stack the deck against patients,” said Byron Schломach, the study’s author and Director of the 1889 Institute. “Although HSA holders should be acting as cash payers, demanding pricing ahead of treatment and demanding the best prices, insurance and providers have kept them tied to their collusive system, partly by not accepting receipts to count toward deductible. HSA holders could act as independent, cash-paying customers, getting better pricing, but that seems to be the last thing insurance companies want, even though they could enjoy some savings.

Schlomach recommends that the state require insurance accept cash-pay receipts toward deductibles, counting average negotiated rates toward HSA holders’ deductibles for eligible services. He also recommends that insurance companies be required to give the insured negotiated rate information in a timely manner. Finally, he recommends that If service prices are not disclosed by medical service providers prior to services being rendered, prohibit them from civil litigation over unpaid bills in excess of the lowest transparent price(s) for the same service(s) in an area, and prohibit referrals to collections agencies and credit ratings services when prices exceed the same.

“Ultimately, our health care system woes are largely a federal problem. I make recommendations for how that might be fixed as well,” said Schломach. “But states can contribute to a comprehensive solution, not by making the third-party payer problem worse by expanding Medicaid, but by making HSAs work better,” he said.

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About the 1889 Institute

The 1889 Institute is an Oklahoma think tank committed to independent, principled state policy fostering limited and responsible government, free enterprise and a robust civil society. The publication, “What States Can Do to Improve Health Savings Account Incentives” and other reports can be found on the nonprofit’s website at www.1889institute.org.