

Congress of the United States

Washington, DC 20515

July 18, 2003

Dear Conferees:

As the conference committee works to add a prescription drug benefit to Medicare, we urge you to include the "Health Savings and Affordability Act of 2003" (H.R. 2596) in the conference report. Attaching tax-preferred health accounts to H.R. 1 was crucial to many members' support of that bill, because encouraging health care savings as envisioned in H.R. 2596 is an important component of Medicare reform.

Private health accounts will reduce Medicare costs. According to the Congressional Budget Office, only 30 percent of projected increases in Medicare spending are due to an aging population. The remaining 70 percent are due to medical inflation. The health accounts in H.R. 2596 will contain medical inflation to the benefit of all payers -- public and private -- by injecting price-sensitivity into the decisions of tens of millions of health care consumers.

Private health accounts enable tomorrow's seniors to pre-fund retiree health care. These health accounts will allow tens of millions of individuals and couples a vehicle to save tax-free for their retirement health expenses, including premiums, deductibles, and copayments under Medicare and Medigap plans.

Most importantly, health accounts are an investment in Medicare reform. H.R. 2596 will give Americans under age 65 greater control over their medical coverage and care than most Americans have ever known. This will create an enormous constituency for future Medicare reforms based on patient choice and competition, rather than rationing and controls.

There undoubtedly will be calls to impose limits on health accounts. We are reminded of another conference committee whose restrictions nearly smothered Archer Medical Savings Accounts in the cradle. Such restrictions will lessen the benefits of health accounts to Medicare. We urge the conference not to impose any further restrictions on eligibility or design of the health accounts, and to remove the existing income test.

Whether the conference retains the "Health Savings and Affordability Act of 2003" unfettered will be an important factor in our consideration of its report.

Sincerely,

Ed Royce

Paul Ryan

Jim DeMint

Marilyn Musgrave

Scott Garrett

Katherine Harris