

NEWS RELEASE

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Health Savings Accounts will revolutionize Kansas health care

Early research indicates HSAs should be offered to state employees, Medicaid recipients

There is a crisis of rising health insurance premiums that are straining workers' budgets and forcing many to forego health coverage. In Kansas, 10.7 percent of the population - or more than 291,000 Kansans – are uninsured. Additionally, there is a consumer backlash against the rationing of care by third parties, such as managed care providers. Partially because of this, many economists and health care experts predict that consumer-driven health insurance plans will soon replace managed care as the next big health insurance initiative.

“Consumer-driven plans may account for as much as half of the market for employer-sponsored health insurance within the next few years. This is a truly amazing development, considering that a couple years ago only about one percent of U.S. workers were enrolled in these plans,” says Devon Herrick, health economist and senior fellow at the National Center for Policy Analysis and author of the new Flint Hills Center for Public Policy paper [“Health Savings Accounts: The Future of Health Care for Kansans.”](#)

“Research indicates that the key to improving health care and holding down prices is getting consumers involved in decisions regarding their own care. HSAs are the most flexible, consumer-friendly accounts yet devised,” says Herrick.

A typical plan works like this: When individuals enter the medical marketplace, they will spend first from their HSA. If they exhaust their HSA funds before reaching the deductible, they will then pay out-of-pocket. Once they reach their deductible, insurance pays all remaining costs. Unused funds roll over each year for use in subsequent periods. These balances remain the property of the account holder until they are used. Annual tax-free deposits to an HSA cannot exceed the amount of the health insurance deductible, and typically cannot exceed \$2,600 for individuals and \$5,150 for families.

“Giving individuals more choice and control over their health care makes good sense. It leads to lower costs and more control over the kinds of care they prefer,” Herrick says. “Based on their success in the private market, the benefits of HSAs merit further investigation for both state government employees and Medicaid recipients.”

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