

September 10, 2003

Dear Conferee:

We, the undersigned organizations, oppose the inclusion of the provisions of H.R. 2596, the “Health Savings and Affordability Act of 2003,” in any final Medicare prescription drug benefit conference report.

As you know, the House-passed Medicare drug bill incorporated tax legislation (H.R. 2596) which provides \$174 billion in tax cuts related to health care. The two primary provisions would establish new tax-favored savings accounts known as Health Savings Security Accounts (HSSAs) and expand, make permanent, and rename the existing Medical Savings Account demonstration project.

These health accounts are likely to significantly weaken the employer-based health insurance system through which the vast majority of Americans obtain their health coverage. The availability of the accounts would further encourage employers to move away from health insurance plans traditionally offered by employers — which include low-deductibles and modest copayments and cover a wide array of comprehensive benefits — to less comprehensive, high-deductible insurance, where employees bear a significantly greater proportion of health care costs. This would disproportionately affect low- and moderate-income workers who are older and sicker. These individuals — who are least able to take advantage of the tax benefits of these accounts but who most need health care — could therefore lose access to necessary medical services.

These health accounts also constitute yet another costly tax cut in a time of worsening budget deficits and would provide substantial tax-sheltering opportunities for high-income individuals.

As you continue your work in conference to bridge the differences between the Senate- and House-passed drug bills in the coming weeks, we ask that you exclude in their entirety the health tax provisions of H.R. 2596 (or any similar such provisions) from the final Medicare prescription drug conference report.

Sincerely,

AFL-CIO
AIDS Treatment Data Network
Alliance for Retired Americans
American Federation of State, County and Municipal Employees
American Federation of Teachers
Center on Budget and Policy Priorities
CHAMP
Communications Workers of America
Consumers Union
Families USA

Gay Men's Health Crisis
HIV Medicine Association
International AIDS Empowerment
International Association of Machinists and Aerospace Workers
National Education Association
National Health Law Program
National Mental Health Association
National Women's Law Center
Presbyterian Church (U.S.A.) Washington Office
Service Employees International Union
The Arc of the United States
Title II Community AIDS National Network
UAW
UNITE
United Cerebral Palsy