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Value of HSAs for Small Businesses Not Considered During House Hearing

FALLS CHURCH, VA – May 14, 2008 – The Association of Health Insurance Advisors (AHIA), the health and employee benefits advocacy division of the National Association of Insurance and Financial Advisors (NAIFA), expresses disappointment that today’s hearing in the House Ways and Means Subcommittee on Health did not include a representative from the small business community to discuss the clear value offered by health savings accounts (HSAs) when combined with high-deductible health plans (HDHPs).

“HSAs, used in conjunction with high-deductible health plans, offer small business owners an affordable means of providing care for more employees,” states AHIA President, Thomas J. Vander Wal.

Critics are often quick to blast HSAs as tax shelters for the healthy and wealthy. However, AHIA members are prepared to share evidence, including actual client profiles, to the contrary.

For example, one small businessman in Indiana has been able to keep coverage for his employees, including some workers earning under \$25,000 a year, by implementing a HDHP/HSA option. Vander Wal continues, “The company was facing a 25% premium increase in a single year, and decided it had to change its coverage in order to continue offering health benefits and remain competitive. The employees voted on the amount of the deductible and chose to pay the higher deductible.”

While the premium for the major medical plan has periodically increased, it has not been a double-digit percentage increase, as in other years. According to Vander Wal, when the employees chose a higher deductible, the premium actually decreased.

Recent statistics shared by America’s Health Insurance Plans (AHIP) confirm that HSA products are being used by small business owners. In fact, AHIP data show that HSA-compatible HDHPs have increased 35% since last year, with the strongest growth in the small employer group market.

AHIA actively supports efforts to make health insurance more affordable and accessible. AHIA continues to believe that a reformed private health care delivery system is the best means to ensure choice, quality and affordability. “HSA products are clearly a viable option for small employers,” concludes Vander Wal.

About AHIA: AHIA’s mission is to Provide advocacy, services, and education to professional advisors in order to support a private, competitive health care insurance marketplace. AHIA members are NAIFA Federation members actively involved in the sale of group and individual health related products including disability, long-term care, critical illness, Medicare supplement insurance and work site products.

*About NAIFA: Founded in 1890 as the National Association of Life Underwriters, the **National Association of Insurance and Financial Advisors** comprises nearly 800 state and local associations representing the business interests of 60,000 members nationwide. Members focus their practices on one or more of the following: life insurance and annuities, health insurance and employee benefits, multiline, and financial advising and investments. NAIFA’s mission is to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members. Visit NAIFA’s website at www.naifa.org.*

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