



Information of Importance

To: To Our Valued Clients and Friends

From: R. J. Dutton, Incorporated
Anita M. Drew, Senior Client Consultant

Date: December 20, 2005

Re: New Flex Health Savings Accounts Act Introduced in the House

The Flex Health Savings Accounts Act of 2005, HR 4511, was introduced into the House of Representatives on December 13, 2005, by House Chief Deputy Majority Whip Eric Cantor (R-VA). The Act is a creative measure to expand the use of Health Savings Accounts (HSAs) by those employers who currently offer Flexible Spending Accounts (FSAs) and Health Reimbursement Accounts (HRAs)

The Act, if passed, would permit the coordination of HSAs with FSAs and HRAs by allowing them to be used in conjunction with qualified High Deductible Health Plans (HDHPs) and with each other. The current laws limit benefit payments for the deductible and out-of-pocket medical expenses associated with the HDHP to an HSA account only. The current legal limitations are a bit cumbersome for employers trying to transform their health plans to offer a HDHP – especially when they currently have FSAs and/or HSAs in place.

The Cantor bill would allow up to the annual out-of-pocket expense limit under the HDHP to be combined between HSAs, HRAs and FSAs. If enacted the combined total would be \$5,150 for individuals and \$10,200 for families. The HSA contribution limits would be eliminated – currently by statute they are limited to \$2,650 for individuals and \$5,250 for families.

The Act will be a part of the effort in 2006 to improve Health Savings Accounts and other health reform measures. R. J. Dutton, Incorporated is a part of ECFC (Employers Council on Flexible Compensation) which will be working with Representative Cantor and Congress to improve HSAs. We will keep you posted on the Act's progress as it moves through the House and Senate on its way to potentially become law.

Should you have any questions regarding any information provided, please contact Anita Drew at 816-561-8818 or by email at adrew@rjdutton.com.