



February 4, 2002

The Craig-Torricelli Health Security Amendment

Expand Eligibility for Archer MSAs

Absent Congressional action, the Archer Medical Savings Account (MSA) demonstration program enacted in 1996 will expire at the end of this year. The Archer MSA demonstration program offers workers a low-cost, high-deductible private health insurance policy coupled with a tax-preferred personal medical savings account for out-of-pocket expenses. Participants make regular, tax-free deposits into their MSA to cover routine medical care up to the deductible; the insurance policy covers expenses above the deductible. Because the MSA is a personal account, any unspent funds belong to the participant and continue to grow tax-free.

The Craig-Torricelli Health Security Amendment to H.R. 622 is identical to the Archer MSA expansion in the House-passed Patients' Bill of Rights (H.R. 2315) and President Bush's MSA proposal, and includes the emergency designation language from the Daschle substitute amendment (#2698). The Craig-Torricelli amendment would make MSAs available to millions more Americans by making the following changes to the demonstration program.

1. Current law forbids anyone but the self-employed and small business employees to purchase an MSA, and closes enrollment on December 31, 2002. ***The Craig-Torricelli amendment would make the program permanent, repeal the enrollment and employment-related restrictions, and encourage inclusion of MSAs in PPOs and cafeteria plans.***
2. Current law permits families to fund only 75 percent of their MSA, and individuals only 65 percent. ***The Craig-Torricelli amendment would allow full funding of MSAs.***
3. Current law forbids MSA insurance deductibles lower than \$1,500 for individuals or \$3,000 for families. ***The Craig-Torricelli amendment would make minimum deductibles more accessible (\$1,000 and \$2,000, respectively).***
4. Current law forbids joint employer-employee MSA contributions. ***The Craig-Torricelli amendment would allow joint employer-employee contributions, as with 401(k) plans.***

The Craig-Torricelli Health Security Amendment would neither make MSAs available to federal employees, nor repeal the 15-percent penalty on non-medical withdrawals.

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