

## BENEFITS ALERT 2009-02

To: All Clients & Friends of FBMC  
Date: June 23, 2009

From: Trish Neely, *CFCI*  
Chief Compliance Officer  
850-425-6200 X2444  
[tneely@fbmc-benefits.com](mailto:tneely@fbmc-benefits.com)

Re: **Immediate Action Needed to  
Preserve Tax-Favored Accounts**

Congress is seriously considering a number of options to fund health care reform which would significantly curtail (or even eliminate) the employer exclusion for health care, flexible spending accounts (FSAs), health reimbursement arrangements (HRAs) and the exclusion for over-the-counter (OTC) medical items.

The Employer's Council on Flexible Compensation (ECFC) conducted over 30 meetings with Congressional leaders to communicate the value of flex and individual account based plans (FSAs, HRAs, and HSAs) and the potential negative impact of reducing the employer exclusion for health care. Based upon these meetings it seems clear that the Senate Finance Committee is **seriously** considering an overall cap on the employer exclusion for health care. An overall cap would adversely impact flex and individual account based plans. Although key Senate offices have indicated that it is not their intent to eliminate FSAs and HRAs, an overall cap on employer health care expenditures threatens the very existence of individual account based plans because most, if not all, of the exclusion would be taken up by the primary health coverage.

The Senate Finance Committee expects to begin its mark-up of health care reform legislation in early July. We are urging you to contact your congressional members to preserve your tax-favored accounts and flex plans.

*An overall cap on health care expenditures threatens the very existence of individual account based plans because most, if not all, of the exclusion would be taken up by the primary health coverage.*

**Here are some talking points for you to use as part of your written or oral discussion.**

- Any attempt to alter the current exclusion for health coverage will be a tax on working Americans at a time when our economy can least afford it.
- Many policy makers have pledged to ensure that Americans who like their current coverage will be able to keep it in a reformed health care system. A single cap will effectively abolish account-based plans and is counter to that pledge.
- Account-based plans lead to better consumer engagement in their health care decisions, which has been shown to help reduce unnecessary health care spending.
- Account-based plans are particularly important for individuals with chronic illnesses, who may take multiple prescriptions and may have multiple monthly doctors' appointments. Even if cost-sharing is nominal, out-of-pocket spending for a person with a chronic illness can quickly add up. Account-based plans help these individuals meet those obligations and get the medicines and services they need to remain healthy and out of the hospital or emergency room.

*Account-based plans lead to better consumer engagement in their health care decisions, which has been shown to help reduce unnecessary health care spending.*

In addition to your congressional members, I am including a list of the Senate Finance Committee members and am urging you to make contact with them as well.

**Democratic Majority**

**Max Baucus MT (Committee Chair)**

<http://baucus.senate.gov/contact/emailForm.cfm?subject=issue>

**Washington D.C.**

511 Hart Senate Office Bldg. Washington, D.C. 20510

**Phone:** (202) 224-2651

**Fax:** (202) 224-9412

**John Rockefeller WV**

<http://rockefeller.senate.gov/contact/email.cfm>

531 Hart Senate Office Building

Washington, D.C. 20510

**Phone** (202) 224-6472

**Fax** (202) 224-7665

**Scheduling Fax** (202) 228-1610

**Kent Conrad ND**

<https://conrad.senate.gov/contact/w ebform.cfm>

530 Hart Senate Office Building

United States Senate

Washington, D.C. 20510-3403

**Phone:** (202) 224-2043

**Fax:** (202) 224-7776

**Jeff Bingman NM**

<http://bingaman.senate.gov/contact/types/email-issue.cfm>

703 Hart Senate Office Building

Washington D.C. 20510

**Phone:** (202) 224-5521

**TDD** (202) 224-1792

**Toll Free** (in NM) 1800-433-8658

**John Kerry MA**

<http://kerry.senate.gov/contact/email.cfm>

218 Russell Bldg. Second Floor

Washington D.C. 20510

**Phone** (202) 224-2742

**Fax** (202) 224-8525

**Blanche Lincoln AR**

<http://lincoln.senate.gov/contact/email.cfm>

**Washington D.C. Office**

355 Dirksen Senate Building

Washington, DC 20510-0404

**Phone:** (202) 224-4843

**Fax:** (202) 228-1371

**Ron Wyden OR**

<http://wyden.senate.gov/contact/>

223 Dirksen Senate Office Building

Washington, DC 20510-3703

**Phone:** (202) 224-5244

**Fax:** (202) 228-2717

**Charles Schumer NY**

[http://schumer.senate.gov/new\\_website/contact.cfm](http://schumer.senate.gov/new_website/contact.cfm)

Washington D.C. 20510

**Phone:**(202)224-6542

**Fax:** (202) 228-3027

**TDD:** (202) 224-0420

**Debbie Stabenow MI**

<http://stabenow.senate.gov/email.cfm>

133 Hart Senate Office Building

Washington, DC 20510

**Phone:** (202) 224-4822

**TTY:** (202) 224-2066

**Maria Cantwell WA**

<http://cantwell.senate.gov/contact/>

511 Dirksen Senate Office Building

Washington, DC 20510

**Phone:** 202-224-3441

**Fax:** (202) 228-0514

**TTD:** (202) 224-8273

**Bill Nelson FL**

<http://billnelson.senate.gov/contact/email.cfm>

716 Senate Hart Office Building

Washington, DC 20510

**Phone:** (202) 224-5274

**Fax:** (202) 228-2183

**Thomas Carper DE**

<http://carper.senate.gov/contact/>

513 Hart Building

Washington, DC 20510

**Phone:** (202) 224-2441

**Fax:** (202) 228-2190

**Robert Mendez NJ**

<http://menendez.senate.gov/contact/contact.cfm>

528 Senate Hart Office Building

Washington, D.C. 20510

**Phone:** (202) 224-4744

**Fax:** (202) 228-2197 fax

**GOP Minority**

**Chuck Grassley IA (Ranking Member)**

<http://grassley.senate.gov/contact.cfm>

135 Hart Senate Office Building

Washington, D.C. 20510

**Phone** (202) 224-3744

**Orrin Hatch UT**

<http://hatch.senate.gov/public/index.cfm?FuseAction=Offices.Contact>

104 Hart Office Building

Washington, DC 20510

Tel: (202) 224-5251

Fax: (202) 224-6331

**Olympia Snowe ME**

<http://snowe.senate.gov/public/index.cfm?FuseAction=ContactSenatorSnowe.Email>

154 Russell Senate Office Building

Washington, DC 20510

Phone: (202) 224-5344

Toll Free: (800) 432-1599

Fax: (202) 224-1946

**Jim Bunning KY**

<http://bunning.senate.gov/public/index.cfm?FuseAction=Contact.ContactForm>

316 Hart Senate Office Building

Washington, DC 20510

Main: 202.224.4343

Fax: 202.228.1373

**Mike Crapo ID**

<http://crapo.senate.gov/contact/email.cfm>

239 Dirksen Senate Building

Washington, DC 20510

Phone: (202) 224-6142

Fax: (202) 228-1375

**Pat Roberts KS**

<http://roberts.senate.gov/public/index.cfm?FuseAction=ContactInformation.EmailPat>

109 Hart Senate Office Building

Washington, DC 20510-1605

Phone: (202) 224-4774

Fax: (202) 224-3514

**John Ensign NV**

<http://ensign.senate.gov/public/index.cfm?FuseAction=Contact.ContactForm>

119 Russell Senate Building

Washington, D.C. 20510

Phone: (202) 224-6244

Fax: (202) 228-2193

TTY: (202) 228-3364

**Mike Enzi WY**

<http://enzi.senate.gov/public/index.cfm?FuseAction=ContactInformation.EmailSenatorEnzi>

379A Senate Russell Office Building

Washington, DC 20510

Main: (202) 224-3424

Fax: (202) 228-0359

Toll free: (888) 250-1879

**John Cornyn TX**

<http://cornyn.senate.gov/public/index.cfm?FuseAction=Contact.ContactForm>

517 Hart Senate Office Bldg.

Washington, DC 20510

Main: 202-224-2934

Fax: 202-228-2856

**Jon Kyl AZ (Republican Wip)**

<http://kyl.senate.gov/contact.cfm>

As we all know health care reform will be expensive and the tax exclusion looks like a big pot of gold to draw from for funding purposes. This is why it is essential that our congressional representatives and members of the Senate Finance Committee understand the value we and our employees place upon tax-favored accounts.

This Benefits Alert is intended to provide accurate and authoritative information on the subject matter covered. It is distributed with the understanding that neither the authors nor FBMC are rendering legal, accounting, or other professional advice and assume no liability in connection with its use. Copyright 2009, FBMC.