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Issue at a Glance – Health Savings Accounts

Health Savings Accounts will improve our health-care system and make health care more affordable. Here's how:

- About 80% of all medical visits involve relatively minor, routine care. Consumers don't turn in the bills they pay for an oil change on an automobile because it is routine maintenance. Health insurance should be used in the same way, for the catastrophic, not the routine.
- "Price transparency" occurs when both the buyer and the seller of a product know the price of that product. However, health care consumers rarely inquire as to the price of a doctor's visit.
- The perception that insurance "pays for" our routine doctor's visits increases demand for health care services. More use results in higher prices for health care.
- Health Savings Accounts provide an incentive to keep an eye on the cost of a visit to the doctor, because consumers are paying for routine medical care out of their HSA accounts.
- Money put into an HSA is exempt from federal income tax, and can be invested.

Health Savings Accounts have the potential to transform our health-care system, turning it into a truly market-based system.

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For more information on this issue, read the following:

"Reforming Health Care With HSAs"

Institute Brief, March 2004, Volume 11, Number 8

www.limitedgovernment.org/publications/pubs/briefs/pdfs/brf11-8.pdf

"More Government Is Not The Answer"

Institute Brief, June 2001, Volume 8, Number 19

www.limitedgovernment.org/publications/pubs/briefs/pdfs/brf8-19.pdf

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