June 5, 2009

The Honorable John Larson
U.S. House of Representatives
Washington, DC 20515

Dear Reps. Larson and Camp:

The U.S. Chamber of Commerce, the world’s largest business federation representing more than three million businesses and organizations of every size, sector, and region, thanks you for your leadership in introducing H.R. 2526, the “Medical FSA Improvement Act of 2009,” which would end the current “use-it-or-lose-it” rule for Flexible Spending Accounts (FSAs). The Medical FSA Improvement Act of 2009 would permit employees to “cash-out” unused balances up to $1,500 and pay taxes on those amounts – a move that will make FSAs more attractive and useful to working Americans.

Similar to H.R. 3947, which was introduced in the previous Congress and allowed a $500 rollover and permitted self-employed individuals to utilize FSAs, the Medical FSA Improvement Act of 2009 includes an end of the year cash-out provision to let employees keep money set aside for health care; under current law those funds are forfeit.

Although most large employers offer FSAs, only about one in five eligible employees choose this consumer-empowering option. Employees that currently have FSAs often engage in a rush to spend the money at the end of the plan year, filling cabinets with aspirin and band-aids, a practice that does not help control healthcare costs or spending. This bill will help lower out-of-pocket costs for working Americans, allowing them to use pre-tax dollars for health spending without fear of an irrational policy that incentivizes them to waste money or lose it.

Workers rely on FSAs to pay out-of-pocket medical expenses and these accounts are a useful tool in moving toward the goal of a value-based healthcare system where Americans find the most efficient balance between cost and effectiveness. Improving FSAs is one meaningful solution toward the overall goal of comprehensive health care reform aimed at lowering costs, increasing quality, and expanding coverage.

The Chamber appreciates your continuing efforts to improve FSAs and looks forward to working with you and your colleagues to enact H.R. 2526.

Sincerely,

R. Bruce Josten