



WISCONSIN LEGISLATURE

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Senator Kooyenga & Representative Kulp Introduce Medical & Health Savings Account Exemption Bill

Madison, WI – In recent years, the use and popularity of Medical Savings Accounts and Health Savings Accounts has grown. These tax-exempt savings vehicles enable people enrolled in a high-deductible health insurance plan (HDHP) to use pre-tax dollars to pay for out-of-pocket health care costs that aren't reimbursed by insurance. Health care economists and policy analysts have argued that when used with HDHP's these consumer-driven savings accounts encourage price competition, consumer responsibility in healthcare choices and saving for future health care expenses.

Senator Dale Kooyenga (R-Brookfield) and Representative Bob Kulp (R-Stratford) are introducing a bill that seeks to change Wisconsin's exemption laws to protect these accounts. Specifically, the bill adds funds held in medical savings accounts ("MSA's") and health savings accounts ("HSA's") to the current list of property exempt from the reach of creditor collection.

"These accounts promote responsible saving for health care costs, and the data confirms a significant increase in their use in recent years," said Rep. Kulp. "This bill will ensure the funds in these accounts are protected."

MSA's were established as a pilot program in 1997 with the passage of the Health Insurance Portability and Accountability Act of 1996 (HIPPA). According to a report by the National Health Policy Forum, the total number of MSA's established by 2005 was approximately 140,000 nationally. MSA's were phased out in 2007 in favor of HSA's which became available in 2004 as part of the federal Medicare law that passed in 2003. Individuals with MSA's were grandfathered in and allowed to keep their accounts, or they had the option of rolling over their account into an HSA, tax-free. According to America's Health Insurance Plans, the number of people with HSA's more than doubled nationwide between 2008 (6.1 million) and 2012 (13.5 million). As of 2017, there were 21.8 million people nationally and 463,025 Wisconsin residents with HSA's.

As healthcare costs become increasingly a responsibility of consumers participating in HDHP's, Sen. Kooyenga agreed that now is the right time for this legislation. "Consumers are being hit hard by health care costs," said Sen. Kooyenga. "Ensuring these accounts are protected from creditors is the right thing to do."

Sen. Kooyenga and Rep. Kulp anticipate the bill will have bi-partisan support, and they believe it has a good chance of success.

“Several other states already have statutes in place to protect these accounts,” said Rep. Kulp. “I am hopeful Wisconsin will follow suit and work quickly to ensure these accounts are protected.”

The Bankruptcy, Insolvency and Creditor’s Rights Section of the State Bar of Wisconsin supports this legislation. Currently, the bill is being circulated for co-sponsors prior to its official introduction.

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