

Indiana Governor Mitch Daniels penned an op-ed for the *Wall Street Journal* today on his use of Health Savings Accounts in providing health insurance for state employees.

Excerpt:

## **THE WALL STREET JOURNAL.**

WSJ.com

*As Washington prepares to revisit the subject of health-care reform, perhaps some fresh experience from Middle America would be of value.*

*When I was elected governor of Indiana five years ago, I asked that a consumer-directed health insurance option, or Health Savings Account (HSA), be added to the conventional plans then available to state employees. I thought this additional choice might work well for at least a few of my co-workers, and in the first year some 4% of us signed up for it.*

*In Indiana's HSA, the state deposits \$2,750 per year into an account controlled by the employee, out of which he pays all his health bills. Indiana covers the premium for the plan. The intent is that participants will become more cost-conscious and careful about overpayment or overutilization.*

*Unused funds in the account-to date some \$30 million or about \$2,000 per employee and growing fast-are the worker's permanent property. For the very small number of employees (about 6% last year) who use their entire account balance, the state shares further health costs up to an out-of-pocket maximum of \$8,000, after which the employee is completely protected.*

*The HSA option has proven highly popular. This year, over 70% of our 30,000 Indiana state workers chose it, by far the highest in public-sector America. Due to the rejection of these plans by government unions, the average use of HSAs in the public sector across the country is just*

2%.

...

*The Indiana experience confirms what common sense already tells us: A system built on "cost-plus" reimbursement (i.e., the more a physician does, the more he or she gets paid) coupled with "free" to the purchaser consumption, is a machine perfectly designed to overconsume and overspend. It will never be controlled by top-down balloon-squeezing by insurance companies or the government. There will be no meaningful cost control until we are all cost controllers in our own right.*

*Americans can make sound, thrifty decisions about their own health. If national policy trusted and encouraged them to do so, our skyrocketing health-care costs would decelerate.*

Read the op-ed in its entirety [HERE](#) .