



between the Montana plan and the Vermont plan; first that there are many places in which a person can maintain their account other than their employer and secondly that these are not limited to small businesses with fewer than 25 employees (Montana State University Extension Service 2003).

A West Virginia MSA is a trust established for the payment of most medical expenses created or organized for an individual, his/her children and his/her beneficiaries. Any individual who is a resident of West Virginia may establish a West Virginia MSA to serve as self-insurance to pay for qualifying medical expenses. Contributions to a West Virginia MSA are subject to federal tax, but excluded from state taxes through decreasing modification to the taxpayers' federal adjusted gross income (West Virginia Tax Commission 1998).

Since 1997, Arizona has offered all employees and self-employed individuals MSAs that are not subject to Arizona income tax (State of Arizona Department of Revenue 1997).

Ohio MSA plans have been available since 1996, and offer the self-employed individual (including sole proprietors and general partners) and small business an opportunity to use your pre-tax money to pay their medical expenses. The premiums paid for the insurance are deductible as a business expense, and the contributions made to the MSA come off the top and reduce your gross income dollar for dollar (Ohio Department of Insurance 2004).

In Connecticut MSAs have been created in which residents can contribute up to \$2,000 tax-free to their account, to be used for health care costs. It was one of the few states that previously disallowed MSAs until April of 2003 (Kaiser Network 2003).

Utah began its MSAs in 1995. Their plan allows Utah residents to make state tax exempt deposits to their personal MSA accounts. The account holder will be excluded from state taxable income up to the maximum of \$2,000 annually or an amount equal to the eligible medical expenses paid out in that tax year, whichever is greater (Utah Income Tax 2003).

### **Evidence of the Effect?**

There are not very many sources available on the outcome of these accounts due to the fact that they have not been around that long. A conference on Health Policy sponsored by the National Conference of State Legislatures, Linda Blumberg, of the Kaiser Network, stated her opinion of the accounts and how it affect the population at large, "I also think with these kinds of changes, they're likely to create access issues for particular groups of individuals, particularly the low income workers, who may not be able to cover the cost of the higher deductibles and cost sharing; and chronically ill individuals, or individuals with very expensive, even acute kinds of problems, where greater burdens of the costs are going to be shifted to them they're used to" (The Kaiser Network was established to advance the mission of the Henry J. Kaiser Family Foundation, which is a non-profit, private foundation focusing on the major health care issues facing the nation.) Additionally, Scott Leitz, the Health Economist of the State of Minnesota, stated, "These ideas may well make insurance more affordable for a number of small businesses and individuals" (King 2003).

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