



Great American Health Alliance



H.R. 10015 — THE GREAT AMERICAN HEALTHCARE ACT

Banks or Families: The Economic Case for Trading Interest on Reserves for a Health Savings Account for Every American

Policy report from the Great American Health Alliance | October 6, 2026

The bottom line

Every year the Federal Reserve writes the banking industry a check for more than \$100 billion. Nobody voted for it. It shows up on no appropriations bill. It is interest on reserve balances (IORB): the rate the Fed pays banks for money the banks park at the Fed and do nothing with. H.R. 10015, introduced by Rep. Eric Burlison on August 3, 2026, repeals that authority in Title VI and spends the proceeds on something Congress can actually defend to a constituent — a Health Savings Account that every American can open, fund at 401(k) levels, and pass on to the next generation.

The trade is lopsided in the public's favor. Here is the arithmetic:

- **The pay-for:** The Fed raised IORB to 3.90% effective September 17, 2026. Reserve balances at the Fed stood at roughly \$3.0 trillion in the week ending September 16. That is about \$117 billion a year flowing from the Treasury's pocket to bank balance sheets — north of \$1 trillion over the ten-year budget window even if rates drift down.
- **The benefit:** HSA contribution limits rise from \$4,400 (single) and \$8,750 (family) to the 401(k) elective-deferral limit — \$24,500 in 2026, plus an \$8,000 catch-up at age 50. The high-deductible-plan requirement is repealed outright, so the roughly 100 million Americans currently locked out become eligible. Up to \$5,000 can move from an HSA into a child's Trump account, and an entire HSA can roll into a Trump account tax-free at death.
- **The net:** Even under an aggressive assumption that the HSA provisions cost \$60–70 billion a year at maturity, the bill covers itself with tens of billions a year to spare for deficit reduction — and it does so without raising a single tax rate.
- **The transition:** Community banks under \$10 billion in assets should get a five-year phase-out of their reserve interest, giving them time to move balances into local lending and HSA custody. It costs a rounding error against the pay-for and takes the Main Street objection off the table.

The status quo is a subsidy to the largest financial institutions in the world, paid by taxpayers, that most Americans have never heard of. The bill converts that subsidy into tax-free savings owned by households. That is the whole case, and the rest of this report is the supporting detail.



What H.R. 10015 does on the HSA side

Title I is the Health Savings Accounts For All Act of 2026. The four provisions that drive the economics are Sections 102, 103, 115, and 116.

Provision	Current law	H.R. 10015
Annual contribution limit (Sec. 102)	\$4,400 single / \$8,750 family (2026); \$1,000 catch-up at 55	Pegged to the 401(k) elective-deferral limit under §402(g): \$24,500 in 2026, indexed. Catch-up at age 50 pegged to §414(v): \$8,000 in 2026.
Who may contribute (Sec. 103)	Only individuals covered by a qualifying high-deductible health plan and no other disqualifying coverage	Everyone. The HDHP requirement (§223(c)) is struck. Seniors on Medicare, workers on traditional plans, the uninsured, and veterans all qualify.
Trump account seeding (Sec. 115)	No mechanism	Direct trustee-to-trustee transfer from any HSA to any child's Trump account, up to \$5,000 per child (aggregate across all donors), tax-free.
HSA at death (Sec. 116)	Spouse inherits tax-free; anyone else takes the full balance as taxable income in the year of death	Entire balance may roll into a Trump account for any eligible child, unlimited, excluded from income for both the decedent and the child.
Premiums and direct primary care (Sec. 104)	HSA dollars generally cannot pay insurance premiums	HSA dollars may pay health insurance premiums and direct-primary-care fees.

Sources: H.R. 10015 as introduced (119th Cong., 2d Sess.); IRS Notice 2025-67; Rev. Proc. 2025-19.

Sections 107 (rollover to a child, parent, or grandparent), 108 (healthy food, fitness, and supplements), 109 (bankruptcy protection on par with retirement accounts), 111 (FSA and HRA rollovers), and 112–113 (general and charitable contributions into HSAs) round out the title. Each expands the account's reach; none is the fiscal driver.

What the pay-for does

Title VI, Section 601, repeals paragraph (12) of Section 19(b) of the Federal Reserve Act — the authority Congress handed the Fed in 2006 (and accelerated in October 2008) to pay interest on reserve balances. It also strikes Section 201 of the Financial Services Regulatory Relief Act of 2006, the original grant.

The bill is not a blunt instrument. It preserves a narrow channel: banks that maintain a supplemental reserve may keep it in an "Earnings Participation Account" that earns no more than the rate the Fed itself earned on its securities portfolio in the prior quarter. That is the pre-2008 architecture. What ends is the practice of paying a policy rate — currently 3.90%, above what the Fed earns on much of its own book — on \$3 trillion of idle balances.



The numbers

Line item	Figure	Basis
IORB rate	3.90%	Fed Board implementation note, effective Sept. 17, 2026
Reserve balances at Federal Reserve Banks	~\$3.01 trillion	H.4.1 release, week ending Sept. 16, 2026 (Wednesday level: \$2.92 trillion)
Annual IORB outlay at current rate and balances	~\$117 billion	$3.90\% \times \$3.0 \text{ trillion}$
Ten-year pay-for, conservative	\$0.9–1.2 trillion	Assumes balances hold near \$3 trillion and the average IORB rate over the window runs 3.0–4.0%
Fed's cumulative deferred asset (unpaid Treasury remittances)	~\$233 billion	H.4.1, Table 6, "earnings remittances due to the U.S. Treasury"

The \$233 billion deferred asset is the running tab of losses the Fed has booked since late 2022, largely because IORB payments exceeded the income on its portfolio. Treasury has received no Fed remittances since. Ending IORB flips the Fed back to profit almost overnight and restarts those remittances.

A note on framing. Some advocates describe the pay-for as "3.65% on \$1.5 trillion," or about \$55 billion a year. That was roughly right for the balances held by the largest domestic banks at the rate in force before September 17. It is a floor, not a ceiling. The full H.4.1 figure — all depository institutions, at the rate now in force — is twice that. Either number pays for the bill. The bigger number pays for it with room to spare.

Who has been making this case: the coalition behind the pay-for

Rep. Burlison did not invent this offset. By the time H.R. 10015 was introduced, ending interest on reserves had been developed into a scored, vetted, reconciliation-ready pay-for by a network of budget hawks, monetary economists, and senators across the conservative movement. That matters for two reasons: the analytical work is already done, and the political coalition for Title VI already exists. The HSA provisions in Title I give that coalition something to spend the money on.

Daniel Kowalski and The Heritage Foundation

The most direct intellectual lineage runs through Daniel Kowalski, a former Treasury Department official who now directs the Grover M. Hermann Center for the Federal Budget at The Heritage Foundation. Kowalski has spent 2026 pressing Congress to run a second budget reconciliation bill before the midterms, and he has put ending IOR at the center of the revenue side of that bill.

His June 3, 2026 Heritage Special Report, "Setting the American Opportunity Agenda" (co-authored with Edmund Haislmaier, Nicole Hoyer, and others), lays out a reconciliation package that Heritage estimates would save more than \$1.5 trillion over ten years — and names three anchors: health care price transparency, restored SNAP asset tests, and the elimination of



Fed interest payments to banks. The IOR section of that report makes the same argument this paper makes, with Heritage's own numbers: IOR is the Fed's largest expense at \$186 billion in 2024 and \$148 billion in 2025; cumulative payments since 2008 exceed \$728 billion; the top 20 banks collected over half of all IOR since 2013 — roughly \$305 billion, as much as the other 4,500 banks combined; and foreign banks have taken 40 to 50 percent of the payments. Heritage's conclusion is unambiguous: Congress should end the practice, and it should do so through reconciliation.

Two features of the Heritage work deserve particular attention from anyone advancing H.R. 10015. First, the same report pairs ending IOR with health care price transparency and HSA-friendly tax changes — Haislmaier's section calls for letting health-plan shopping rewards flow into HSAs without counting against the contribution cap. In other words, Heritage's own reconciliation blueprint already puts the IOR pay-for and consumer-directed health care in the same bill; H.R. 10015 simply takes that pairing further. Second, Heritage's earlier commentary on IOR (from Norbert Michel's 2020 call to end the payments during the pandemic response through the 2023 "corporate welfare" framing) gives the pay-for a paper trail that predates the current deficit numbers. This is not an opportunistic offset; it is a position the movement's flagship budget shop has held for years.

Nicole Huyer, Kowalski's co-author, carried the argument into The Daily Signal on June 11, 2026, under the headline that Congress must use reconciliation to end the Fed's interest on reserve payments. Her piece added the current-year figures — just over \$3 trillion in reserves, roughly 12 percent of all commercial bank assets — and framed IOR as a transfer from Main Street to Wall Street and foreign capitals.

The Foundation for Government Accountability

The Foundation for Government Accountability (FGA) produced the number that everyone now cites. Its July 30, 2025 paper, "Congress Should End the Federal Reserve's Interest Payments on Bank Reserves," projected that the Fed would spend more than \$1 trillion on IOR over the coming decade, documented that the Fed has run at a loss since 2022 because of those payments, and argued that repeal would return the Fed to profitability and restart remittances to the Treasury. FGA also supplied the distributional detail: payments flow primarily to the largest banks, and foreign banks account for 40 to 50 percent of the total at any given time. The Andersen Institute reached a similar figure independently, projecting cumulative IOR expenses approaching \$1.3 trillion.

The Cato Institute and Norbert Michel

Cato's Center for Monetary and Financial Alternatives has supplied the monetary-policy rebuttal. Norbert Michel, the center's director, testified before the Senate Homeland Security and Governmental Affairs Committee on December 11, 2025 that the IOR framework is, at its core, a government subsidy to large financial institutions; that raising IOR to fight inflation creates losses for the Fed and therefore a conflict with its price-stability mandate; and that the Fed's accounting treatment of those losses shifts the burden onto future taxpayers. Cato's



January 2026 series on reforming the Federal Reserve devotes a full section to ending the program. Michel's work matters because it answers the Fed's operational objection on the Fed's own terms: the central bank managed rates for 95 years without IOR, and it can do so again.

The Members of Congress and the Bills

Sponsor	Vehicle	What it does
Sen. Rick Scott (R-FL) and Sen. Ted Cruz (R-TX)	S. 2499, Fiscal Accountability for Interest on Reserves (FAIR) Act, July 2025	Repeals the Fed's authority to pay interest on reserve balances. Heritage's reconciliation report points to this bill as the model.
Rep. Warren Davidson (R-OH)	H.R. 4789 (House companion to the FAIR Act)	Same repeal on the House side.
Sen. Rand Paul (R-KY)	S. 2113, End the Fed's Big Bank Bailout Act; offered as an NDAA amendment, October 2025	Ends both IORB and interest on the overnight reverse repo facility. As HSGAC chairman, Paul also released an oversight report finding foreign or foreign-owned banks received roughly 39 percent of IOR payments since 2013 — about \$235 billion.
Rep. Eric Burlison (R-MO)	H.R. 10015, Title VI, August 2026	Repeals the IORB authority and redirects the savings into HSA expansion, Trump account funding, and price transparency.

The House Republican Policy Committee has separately argued that the Fed should be held to the 2006 statute's requirement that interest on reserves not exceed the general level of short-term rates — a narrower fix that H.R. 10015 goes beyond.

The through-line is that the pay-for arrived in H.R. 10015 already tested. Heritage has scored it inside a reconciliation package. FGA and Cato have written the economics. Two Senate bills and a House companion carry it as standalone legislation, and one of the Senate's most persistent Fed critics chairs the committee with oversight jurisdiction. The Bank Policy Institute has predictably objected that IOR is a monetary tool rather than a subsidy — but the burden is now on the banks to explain why a policy that did not exist before 2008, that pays them more than they pay their own depositors, and that has kept the Fed in the red for four years is something taxpayers should keep funding.

Who pays under the status quo — and who gets paid

IORB is a pure fiscal transfer. The Fed's income comes from its portfolio of Treasuries and mortgage-backed securities. Whatever it does not pay out in interest and expenses it remits to the Treasury, where it offsets the deficit. Every dollar paid to a bank as IORB is a dollar the Treasury does not receive. In budget terms, IORB is spending — it simply never passes through Congress.

The money is concentrated. The New York Fed district alone holds about \$1.7 trillion of the \$2.9 trillion in depository-institution deposits on the Fed's books, reflecting the money-center banks and the U.S. branches of foreign banks that clear there. This is not a program for community banks in Missouri. The largest recipients are institutions that already enjoy an implicit



too-big-to-fail guarantee, and a meaningful share of the checks go to foreign-owned banking organizations.

Then there is the spread. Banks earn 3.90% on reserves while paying their depositors a fraction of that. The national average yield on a savings account remains well under 1%. The gap between what the Fed pays banks and what banks pay the public is the cleanest measure of how badly this policy misprices the taxpayer's money. Congress is, in effect, guaranteeing the banking industry a risk-free return that the banking industry does not pass on.

The Fed's standard defense is operational: IORB is the tool it uses to set the floor under short-term rates in an "ample reserves" regime. That is true, and it is beside the point. The question is not whether the Fed needs a floor. It is whether the floor has to be built by paying private banks \$117 billion a year on balances the Fed itself created. The Fed ran monetary policy for 95 years without paying interest on reserves; the overnight reverse repo facility, the discount window, and the Earnings Participation Account the bill preserves give it every tool it needs to keep the funds rate inside its target range. Other major central banks — the ECB and the Bank of Japan among them — have already moved to tiered systems that pay nothing on large slices of reserves precisely because the fiscal cost became indefensible.

Who gains: the household economics

A 401(k)-sized tax-advantaged account, for everyone

Today's HSA is the best-designed account in the tax code — deductible going in, tax-free growing, tax-free coming out for medical care — and the least available. About 39 million accounts hold roughly \$150 billion, and the only way in is a high-deductible plan. Roughly 100 million Americans on Medicare, on traditional employer plans, or without coverage are shut out, and those who are in are capped at a level that barely covers a family's annual out-of-pocket maximum.

H.R. 10015 changes both variables at once. Anyone may open one, and the ceiling rises to \$24,500 (or \$32,500 at 50 and up). Consider what that means over a career:

- A 35-year-old who contributes the full \$24,500 a year for 30 years and earns 7% nominally accumulates about \$2.3 million — all of it tax-free for medical expenses, and taxable only as ordinary income (like a traditional IRA) if used for anything else after 65.
- A 55-year-old who contributes \$32,500 for ten years at the same return arrives at Medicare age with about \$450,000 set aside for premiums, long-term care, and the out-of-pocket costs Medicare does not cover.
- A retiree already on Medicare — newly eligible under Section 103 — can shelter Social Security and pension income in an HSA and draw it down tax-free for Part B and Part D premiums, which Section 104 now permits.

The revenue cost of these provisions is real, and the report addresses it below. But note what it is not: it is not a giveaway with no behavioral return. Money in an HSA is money the household



spends on health care with its own eyes on the price. Two decades of evidence from consumer-directed plans — from the RAND Health Insurance Experiment forward — show that when people spend their own dollars, total health spending falls on the order of 5–15% with no measurable deterioration in health outcomes for the general population. Title III of the same bill, which forces hospitals, labs, imaging centers, and insurers to post real prices, is the necessary complement: price-sensitive dollars only discipline prices that can be seen.

The Trump account bridge: turning health savings into generational wealth

Sections 115 and 116 connect two accounts Congress created for two different reasons and let money flow between them at exactly the moments it is most valuable.

Seeding (Sec. 115). A parent or grandparent can move up to \$5,000 from an HSA into a child's Trump account, tax-free. The power is in the timing. Five thousand dollars placed in an account at birth, compounding at 7%, is about \$17,000 at 18, about \$65,000 at 38, and about \$400,000 at 65. The Trump account program already seeds newborns with \$1,000 from the Treasury; H.R. 10015 lets families quintuple that seed with money they already set aside and already received a deduction for. It costs the Treasury nothing beyond the original HSA deduction.

Inheritance (Sec. 116). Under current law, an HSA left to anyone but a spouse is a tax disaster: the whole balance lands in the heir's income in a single year, often at the highest bracket the heir will ever face. Section 116 lets the entire balance move into a grandchild's or child's Trump account instead, excluded from income on both sides. A \$300,000 HSA that today would be taxed at 32–37% in the year of death instead becomes a fully funded head start for the next generation. This is the single most pro-family provision in the bill, and it converts the HSA from a spending account into a vehicle for intergenerational saving.

Together these provisions do what the Trump account program set out to do — build ownership from birth — without a new appropriation. The capital is already in the system; the bill removes the tax wall between the two accounts.

Does it pay for itself? The scoring question, answered honestly

The HSA provisions will carry a Joint Committee on Taxation cost, and it will not be small. Anyone making the case for this bill should walk into the room with the number rather than wait to be hit with it.

The current HSA tax expenditure runs in the low tens of billions a year. Raising the cap roughly five-fold and opening eligibility to everyone will raise it substantially — but not five-fold, for three reasons that any competent scorer will build in:

- **Substitution, not new deferral.** For most higher earners, HSA contributions at 401(k) levels will displace, not add to, contributions they would have made to a 401(k) or IRA. The



Treasury was already going to forgo that tax. The net cost is the difference in treatment (tax-free withdrawal for medical use versus taxable withdrawal), not the full deduction.

- **Take-up is gradual.** Contribution limits are ceilings, not averages. Today the average HSA contribution is a fraction of the cap. A \$24,500 limit will be used mostly by households in their peak saving years; JCT's ten-year window captures only the front end of the ramp.
- **Offsetting revenue.** Section 116 pulls balances that would otherwise be spent tax-free on medical care into Trump accounts, where withdrawals are eventually taxable. Sections 108 and 104 broaden what HSAs can buy, which increases distributions and thus reduces the pool of tax-free growth over time.

A plausible mature-year cost for Title I runs \$50–70 billion. Set against a pay-for of roughly \$117 billion a year at today's rate, or \$90 billion at a more conservative 3% average IORB, the bill is net deficit-reducing in every year of the window and by a wide margin. If the Fed's rate path runs lower than assumed, the cushion shrinks but does not vanish: at \$3 trillion in balances, IORB would have to fall below 2% before the pay-for dropped under the top of the cost range — and a Fed cutting rates that far would be doing so in an economy where HSA contributions were falling too.

There is also a second-order fiscal point that scorers tend to miss. Ending IORB returns the Fed to profitability and restarts remittances to the Treasury that have been suspended since 2022. The \$233 billion deferred asset does not disappear — the Fed will retain earnings until it is worked off — but the sooner IORB ends, the sooner that clock runs out and the sooner remittances resume in full. Every year of delay adds to the tab.

The banking industry's own interest

Expect Title VI to be opposed by the banking trades. Before that opposition is taken at face value, three points.

First, IORB is not a bank's earned return. Banks did not choose to hold \$3 trillion in reserves; the Fed created those reserves by buying securities. Paying a policy rate on them is a windfall, not compensation for risk or intermediation.

Second, the bill hands the same banks a new and better business. HSA custody is a banking product. Universal eligibility and a \$24,500 cap could take HSA assets from \$150 billion toward the trillions over a decade — sticky, long-duration, fee-generating deposits and investment accounts that banks and their asset-management arms will administer. A rational bank CEO should prefer a customer relationship with 150 million households to a check from the Fed that Congress can cancel at any time.

Third, the transition can be managed — and it should be managed differently for community banks than for money-center banks. The economic case for ending IOR rests on where the money goes: the top 20 banks and the U.S. operations of foreign banks. The roughly 4,500 community banks that split the other half hold small reserve balances relative to their size, but



many of them treat IORB as a routine, low-effort piece of net interest margin, and pulling it on a fixed date would force a portfolio shift they have no experience making.

A five-year phase-out for community banks

The bill should carry a five-year phase-out of IORB for community banks — institutions under a \$10 billion asset threshold, the line Congress has used repeatedly since Dodd-Frank — while ending the payments for the largest banks on the effective date. The schedule is simple: community banks continue to receive IORB on their balances at 80 percent of the rate in year one, 60 percent in year two, 40 percent in year three, 20 percent in year four, and zero in year five. The Earnings Participation Account preserved in Section 601 continues to apply to supplemental reserves throughout.

The economics of the phase-out cut in the bill's favor on every dimension:

- **It costs almost nothing.** Community banks hold a small fraction of the \$3 trillion in reserves. Continuing their payments on a declining schedule reduces the ten-year pay-for by a low single-digit percentage at most — a rounding error against a \$1 trillion offset.
- **It converts an objection into a constituency.** The Independent Community Bankers of America and the state banking associations are the trade groups with members in every congressional district. Giving them five years and a predictable glide path takes the "you're crushing Main Street banks" argument off the table and leaves the money-center banks and foreign branches — the actual recipients of the money — to make their own case.
- **It gives community banks time to pivot into lending.** A bank that knows its reserve yield is going to zero on a schedule will move those balances into Treasuries, municipal bonds, and, most importantly, local loans. That is the point. Reserves earning a policy rate at the Fed are capital that is not financing a small business, a farm, or a mortgage in the bank's own community. A phase-out gives smaller banks the runway to rebuild those lending relationships rather than dumping balances into the bill market on day one.
- **It builds a natural HSA on-ramp.** Community banks are already the custodians of choice for local HSA business. As their reserve income winds down, the same bill hands them a customer base of every adult in their market who can now open an HSA and fund it at \$24,500 a year. The deposits they lose at the Fed can come back as HSA deposits from their own customers.

As introduced, Section 601 has no phase-in; the repeal is effective on enactment for every institution. Adding a tiered effective date is a one-paragraph amendment, and the Financial Services Committee — which has jurisdiction over Title VI — is the natural place to make it. The recommendation here is that sponsors offer it themselves rather than wait to have it extracted in exchange for votes.

Conclusion: the trade in one sentence

H.R. 10015 asks Congress to stop paying the largest banks in the world \$117 billion a year for money they are not lending, and to use that money instead to give every American — from a



newborn with a Trump account to a retiree on Medicare — a tax-free account they own, control, can fund at 401(k) levels, and can pass to their grandchildren.

The economics favor the household side of that ledger on every dimension that matters: the pay-for is larger than the cost, the incidence shifts from concentrated financial institutions to dispersed families, the behavioral effect disciplines health prices rather than inflating bank margins, and the intergenerational provisions build capital where the country most needs it. The only constituency that loses is one that was never entitled to the money in the first place.

Sources and assumptions

*H.R. 10015, 119th Congress, as introduced Aug. 3, 2026 (Sections 102, 103, 104, 115, 116, 601). Board of Governors of the Federal Reserve System, Implementation Note, Sept. 16, 2026 (IORB 3.90%). Federal Reserve Statistical Release H.4.1, Sept. 17, 2026 (reserve balances; deferred asset). IRS Notice 2025-67 (2026 §402(g) and §414(v) limits); Rev. Proc. 2025-19 (2026 HSA limits). Kowalski et al., "Setting the American Opportunity Agenda," Heritage Foundation Special Report SR330, June 3, 2026. Huyer, *The Daily Signal*, June 11, 2026. Foundation for Government Accountability, July 30, 2025. Michel, testimony before the Senate HSGAC, Dec. 11, 2025; Cato Institute, "Reforming the Federal Reserve," Jan. 2026. S. 2499, H.R. 4789, S. 2113 (119th Cong.). Office of Sen. Rand Paul, press release, Oct. 9, 2025. Compounding illustrations assume a 7% nominal annual return and are illustrative only. HSA market figures are approximate industry estimates. Revenue-cost ranges are the author's estimates pending an official JCT score.*