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From the Desk of
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To whom it may concern:

My name is Mackenzie Keith, and I am a consumer bankruptcy attorney working in Portland, Oregon at Turner Uhlemann PC. I submit the following testimony in support of Senate Bill 396. Additionally, I would like to voice my full support for the -5 amendment, which I believe provides important protection to those in need.

1. Health Savings Accounts (HSAs) & Medical Savings Accounts (MSAs): Tax-exempt accounts that allow individuals to set aside money to pay out of pocket medical expenses subject to a health insurance plan deductible. Contributions are not taxed, interest accrues tax free, funds roll over year to year, but may only be used for qualified medical expenses. MSAs are similar to HSAs, but are designed for small employers and the self-employed.

2. Purpose of Legislation: Oregon exemptions currently do not protect funds in HSAs or MSAs. SB 396 would extend exemption coverage (both in the context of bankruptcy and in the context of execution on judgments) to funds in qualified HSAs and MSAs.

3. Why Legislation Is Necessary:

- Ensures funds are available to pay medical care providers for services rendered.
- Preserves/protects the incentive to set aside funds to pay for future medical expenses.
- Helps protect individuals from going into debt to pay for medical expenses.

4. Consequences of Inaction:

- Without protection, judgment creditors or bankruptcy trustees may attach or liquidate funds in HSAs or MSAs. Upon liquidation in bankruptcy, the majority of the funds would likely be paid to out-of-state debt buyers after the trustee takes his or her commission.
- Lack of protection reduces incentive to set up the accounts, and creates an incentive to remove funds from HSAs or MSAs prior to filing a bankruptcy.

5. Conclusion: SB 396 is common-sense legislation that protects *responsible* individuals and ensures that our local health care providers receive compensation for the services they render.

I urge you to recommend passage of SB 396, and I thank you for your time.

Mackenzie S. Keith, Attorney at Law