

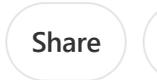
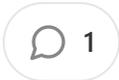
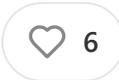
Go Big or Go Home

Trump Freedom Funds Don't Go Big Enough



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Sunrise on the Erie Canal. Watercolor by Colleen Smith.

“The Government is going to pay the money directly to you. It goes to you.” -
President [Trump](#) introducing The *Great* Healthcare Plan.

As far as I can tell, there is no text of The *Great Healthcare Plan* before Congress, but the White House's [fact sheet](#) outlines several suggestions for Congress to implement. In his video introduction (but not in the fact sheet), Trump also explains that one of the main aspects of his plan is to empower citizens to purchase their own health insurance by redirecting funds that would otherwise be used as premium subsidies for Affordable Care Act (ACA) exchange plans. Unfortunately, the *Great Healthcare Plan* doesn't offer any details to analyze, but we can imagine what they might be by looking at the [Health Care Freedom for Patients Act of 2025](#), a bill introduced to Congress in December.

The Health Care Freedom for Patients Act of 2025 establishes "Trump Freedom Funds," which are Health Savings Accounts (HSAs) for individuals who would normally qualify for ACA insurance premium subsidies. Instead of sending those subsidies directly to the insurance company, \$1,000-\$1,500 per month will be deposited into Trump Freedom Fund accounts. The money can be used for healthcare expenses, including insurance premiums.¹ Eligible individuals, in this case, are those with a family income of less than 700% of the federal poverty line (FPL) who purchase their health insurance as bronze/high-deductible or catastrophic plans on the ACA exchange.²

What are Health Savings Accounts?

[Health Savings Accounts \(HSAs\)](#) aren't new, but in their current form, they are limited in application due to the variety of rules governing eligibility and use. Currently, individuals can open an HSA only if they have a high-deductible health insurance plan (either through an employer or the ACA Exchange). Individuals must also *not* have any disqualifying health insurance, such as Medicare or Medicaid, and must not be a dependent of another person on their taxes. Starting in 2026, subscribers to catastrophic health insurance are also eligible to open an HSA. In practice, HSAs tend to be limited to people who can afford to choose health plans with very high

deductibles. This could be because they're wealthy or because they're very healthy and expect low healthcare costs.

There are also various rules governing how HSA funds can be spent. They can only be used for healthcare expenses (unless you want to pay a big tax penalty), and, up until recently, they could not be used to pay most insurance premiums. Starting in 2026, the Big Beautiful Bill allowed HSA funds to be used to pay some Medicare premiums and direct primary care subscription fees. HSAs also have a cap that varies from year to year, typically around \$4,000 per eligible adult.

To date, HSAs have primarily been used by the upper-middle class to avoid paying taxes on about \$8,000 a year. It may not seem like a lot, but that money adds up over time. Plus, the HSA is a triple-whammy tax-avoidance tool. Money can be contributed pre-tax and invested, earning tax-free interest and dividends. The money can then be withdrawn tax-free when used for medical expenses. Even better, the account rolls over from year to year, even if an individual isn't eligible to contribute for a year or two. HSAs can also be transferred between spouses. This is a great way to save money for late-life healthcare expenses while avoiding all the taxes.

But these rules have also limited the utility of HSAs for the people who could really use them. Low-income populations who get employer-sponsored insurance that doesn't have a high-deductible aren't eligible for HSAs. Even if an HSA might benefit them in the long run, low-income Medicaid recipients cannot legally open one. And depending on the state, some people who are insured through the ACA Exchange can also be considered Medicaid recipients (through Medicaid expansion).

How should we structure Health Savings Accounts?

If the Healthcare Freedom for Patients Act of 2025 is indeed a component of the new *Great Healthcare Plan*, as it appears to be, that would be a promising expansion of HSAs for many people who could benefit from assistance with healthcare savings. **It's not enough.**

Everyone should be encouraged to save for their own healthcare and empowered to make healthcare choices with their own dollars, not just certain people with the right income or the right insurance coverage.

A better approach would push HSAs further, to improve individual consumers' freedom to choose their own healthcare.

Any effort to improve HSAs should at least incorporate these three ideas:

1. Anyone should be allowed to open and contribute to an HSA.

Decouple the HSA from the high deductible health plan. We should encourage, even temporarily incentivize, a cultural shift in which people want control over their healthcare dollars and appreciate the freedom of choice it brings. This will allow people to start saving for healthcare expenses at a young age. For those who need government assistance, call them Freedom Funds. The name is less important than act and practice of investing long-term in your health.

2. Fewer restrictions on eligible expenses.

Health insurance is as much of a medical expense as a visit to the doctor or getting X-ray. People will be more likely to fund an HSA if they are confident that they can use the money for their health as they see fit. Any health insurance premium should be eligible, regardless of the deductible size, the premium, participation in the ACA exchange, or the specifics of covered conditions. Direct primary care subscription fees and concierge fees should also be eligible. When people choose their own health insurance and pay with their own money, they are voting with those dollars on what matters to them. Insurance companies and other healthcare producers will respond with matching offerings.

3. HSAs should be inheritable and transferable to adult children.

This would increase the incentive to fund and save through HSAs. It would facilitate the growth of generational wealth for medical expenses, which could be especially useful in the case of catastrophic health events. Also, knowing that you could pass money on to your children for their own healthcare might lead to more considered decisions and planning about the most expensive period of a person's life — the end of it.

Just these three simple changes to HSAs, especially when coupled with the “Trump Freedom Fund” plan to fund accounts for lower-income people, would make a big difference in individuals' ability to afford healthcare. It would also give the patient, consumer, the power of choice and influence when choosing health insurance. Perhaps most importantly, increasing HSA use will slowly shift our culture toward one in which we see our health as a value to be saved for, invested in, and actively pursued.

Expanding HSAs to everyone will free healthcare consumers, all of us, to choose what we buy, to vote with our money on the aspects of medical care that matter to us. The corollary to that is: we must have choice. We must free healthcare producers to develop new, innovative products and payment methods by deregulating insurers and removing barriers to competition. But that's for another essay.

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- 1 As an aside, the bill specifically excludes use of Freedom Fund money for abortion and “gender trait modification”. As far as I can tell, most of the healthcare-associated bills proposed to Congress include this kind of language, which makes it clear that leaving decisions about abortion (for example) with the state was never the goal.
 - 2 Notably, the 700% FPL would expand the subsidized pool to more individuals, as current ACA subsidies are applied only to individuals between 100% and 400% of the FPL. Perhaps more notable than this application of subsidies to higher-income earners above 400% FPL is that they would also expand to lower-income earners. In states without Medicaid expansion, low-income individuals who make too much money to qualify for Medicaid (somewhere above 40% FPL, depending on the state) but not enough (below 100% FPL) to qualify for ACA subsidies would also receive Freedom Fund payments. Currently, these individuals

in an income gap that leaves them with no health insurance options, as they can't afford high ACA premiums and make too little to qualify for subsidies but too much to qualify for Medicaid.

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Aaron Bilger Thought Caravan 11h

Well said. I'd love to see many other more drastic free-market reforms of health care - but HSAs at least an existing measure in the right direction, have some potential for low-hanging fruit, and tweaking them in the ways you mention may (hopefully) be in the Overton window.

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