

Are HSAs Here to Stay?

June 27, 2018



UMB | Healthcare Services

Speakers



Holly Doering-Powell
National Sales Director,
UMB Healthcare Services



Paul Fronstin, Ph.D.
*Director, Health Research &
Education Program*
Employee Benefit Research
Institute

The rapid growth of high-deductible plans and health savings accounts

Health savings accounts **grow** as valuable financial planning tools

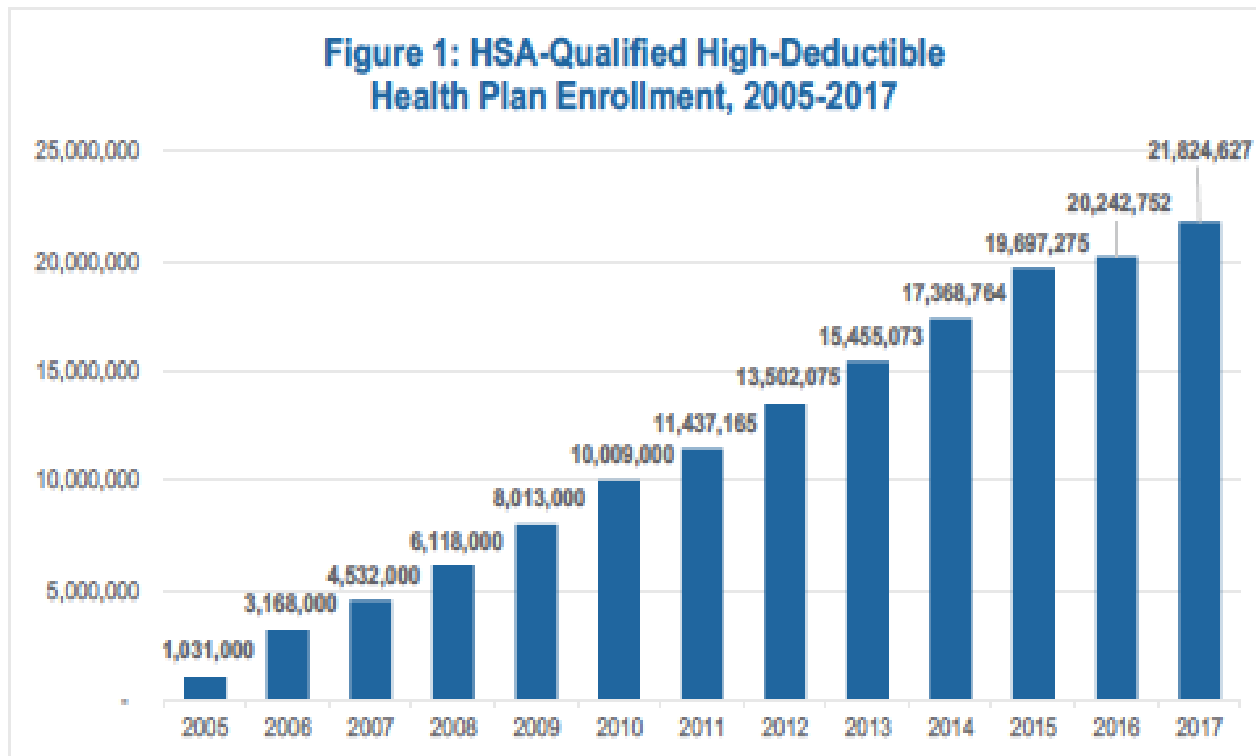


**Health Savings Accounts and
High Deductible Health Plans
Grow as Valuable Financial
Planning Tools**

APRIL 2018

Key findings

Key finding #1: More Americans enrolled in HSAs and HDHPs than ever



Key findings

More than half of employers offer an HDHP

- 2016: 52% offer a traditional plan + HDHP
- 2018: 65% offer a traditional plan + HDHP

Key findings

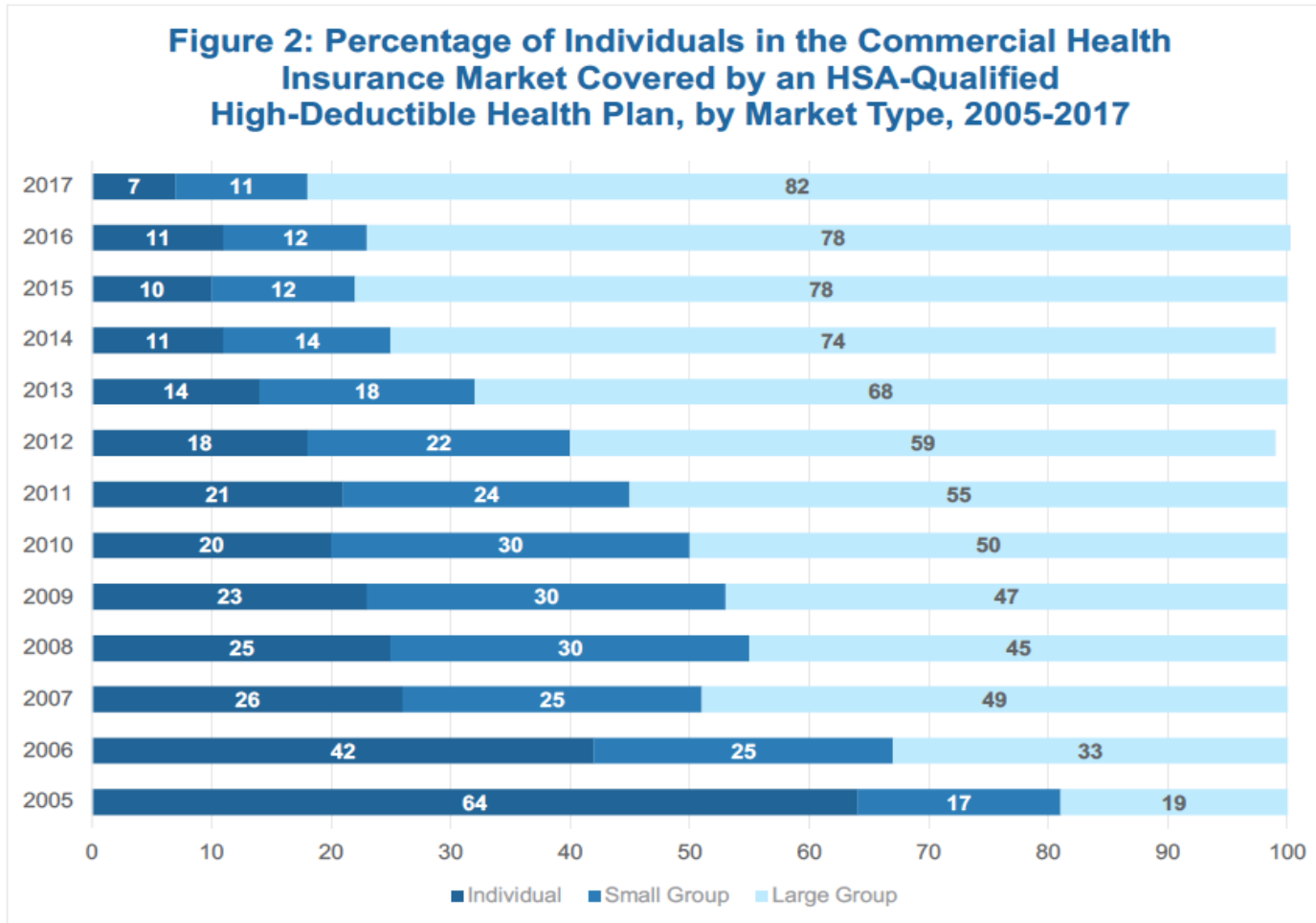
Key finding #2: Nearly double-digit increase in Y-o-Y enrollment

9.2%

increase over AHIP 2016 survey

Key findings

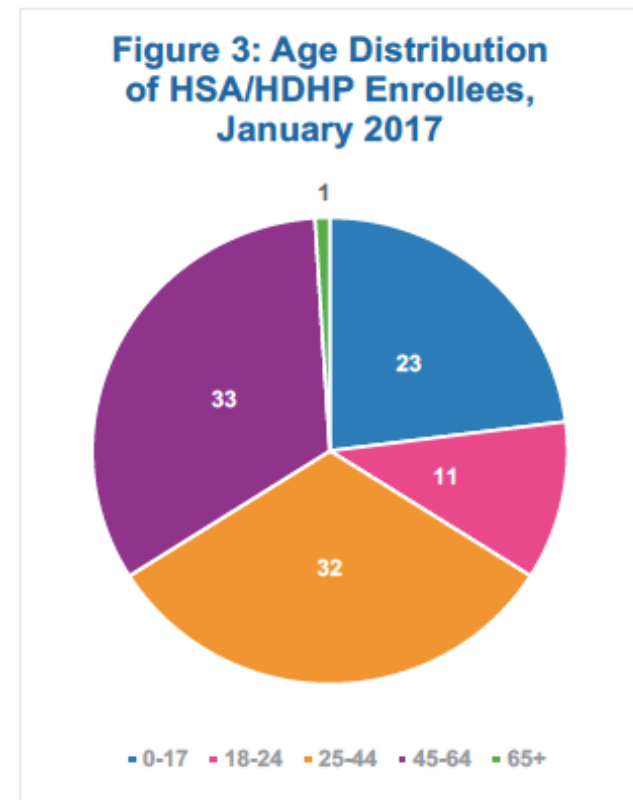
Where are people getting insurance?



Key findings

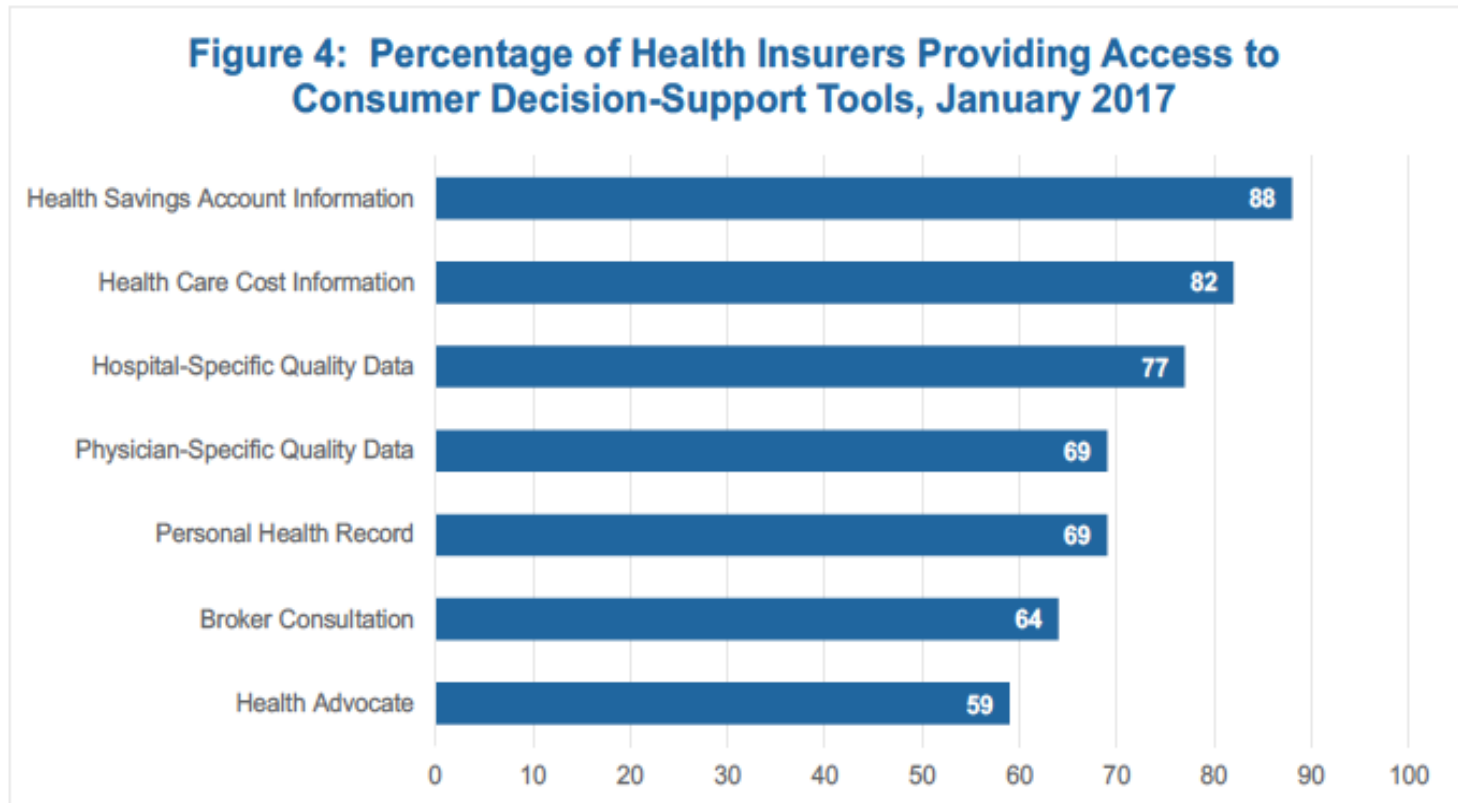
Who's choosing the HSA/HDHP?

- Under age 18: 23%
- Age 18-24: 11%
- Age 25-44: 32%
- Age 45-65: 33%
- Over age 65: 1%



Key findings

Key finding #3: Online tools are critical to member success



Key findings

Most common tools:

- Health and wellness resources: 98%
- HSA information: 88%
- Health care cost information: 82%
- Access to personal records: 69%

Provider search and quality tools

- Provider networks: 93%
- Hospital-specific quality data: 77%
- Physician-specific quality data: 69%

Key findings

Key finding #4: More changes needed to further promote the value

- Chronic Disease Management Act (H.R. 4978/S. 2410): Remove the financial barriers to getting consistent care for chronic illness
- Bipartisan HSA Improvements Act (H.R. 5138): Offer more choice and flexibility
 - Increase HSA contribution limits
 - Expand HSA eligibility to more plans
 - Allowing pre-deductible coverage at onsite and retail clinics
 - Expand access to telemedicine services and over-the-counter medications without a prescription
 - Allowing HSAs to be used for wellness activities

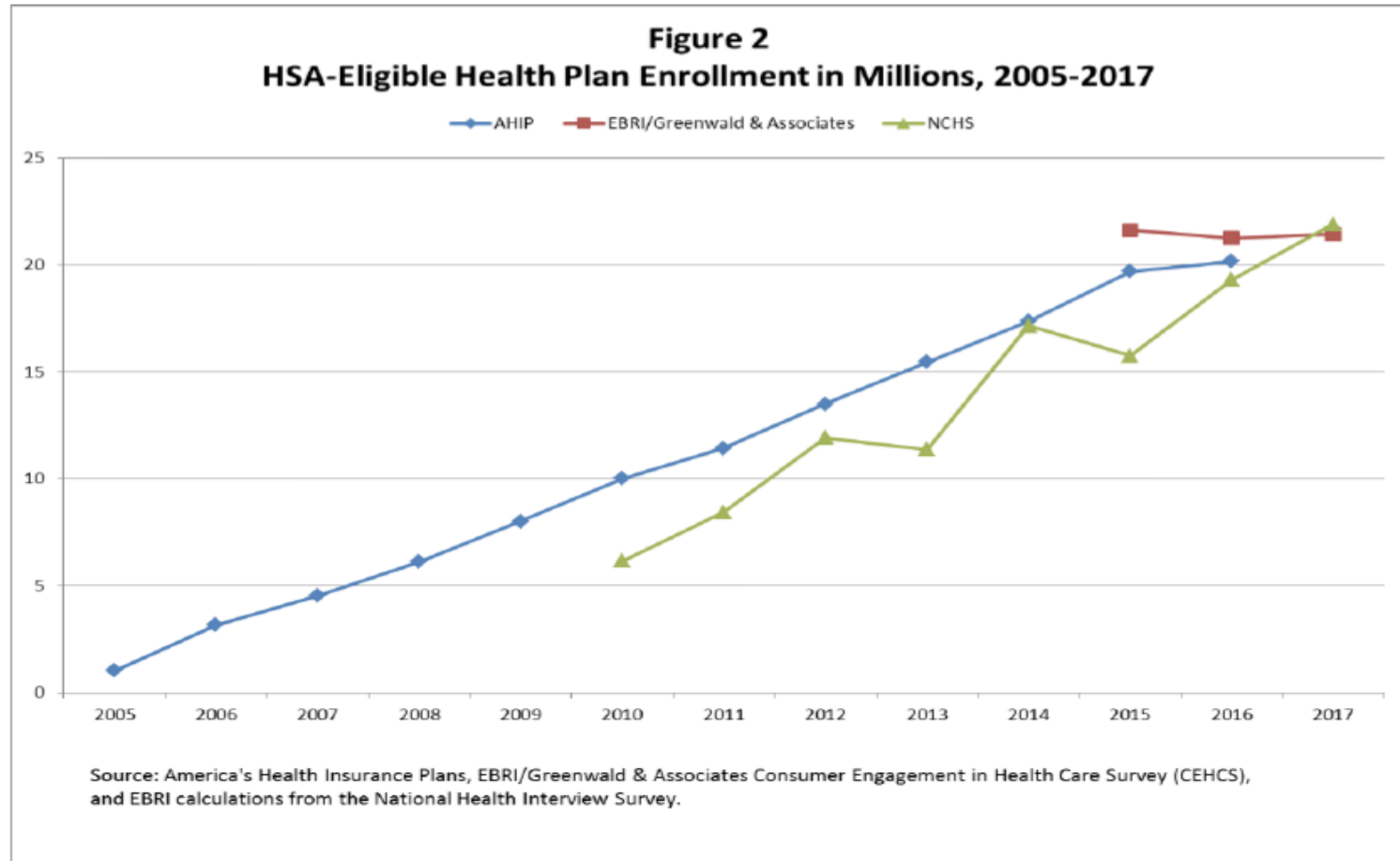
Has enrollment peaked?

Has enrollment in
HSA-eligible health
plans stalled?



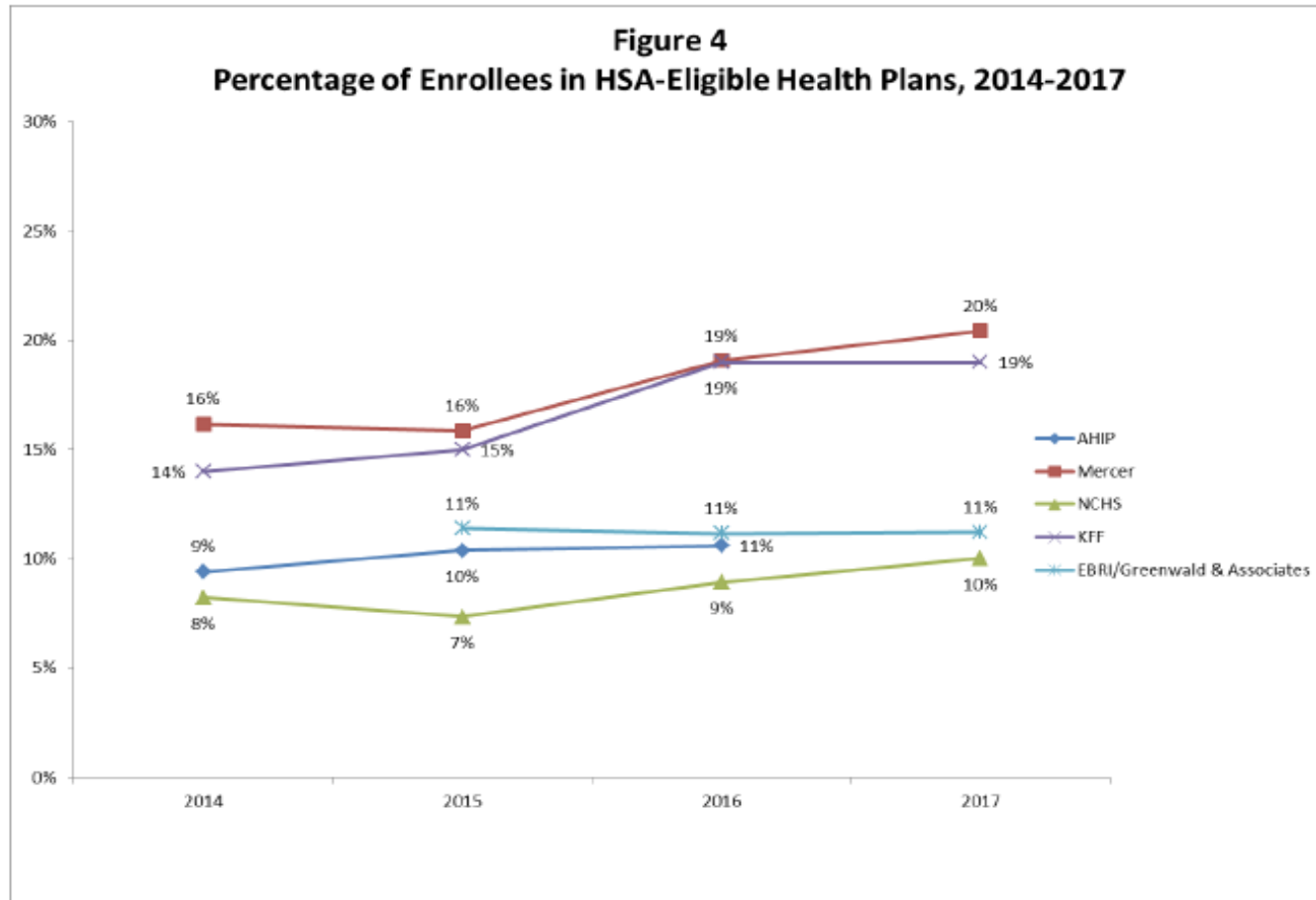
Key findings

Significant growth in HSA and HSA-eligible plan enrollment



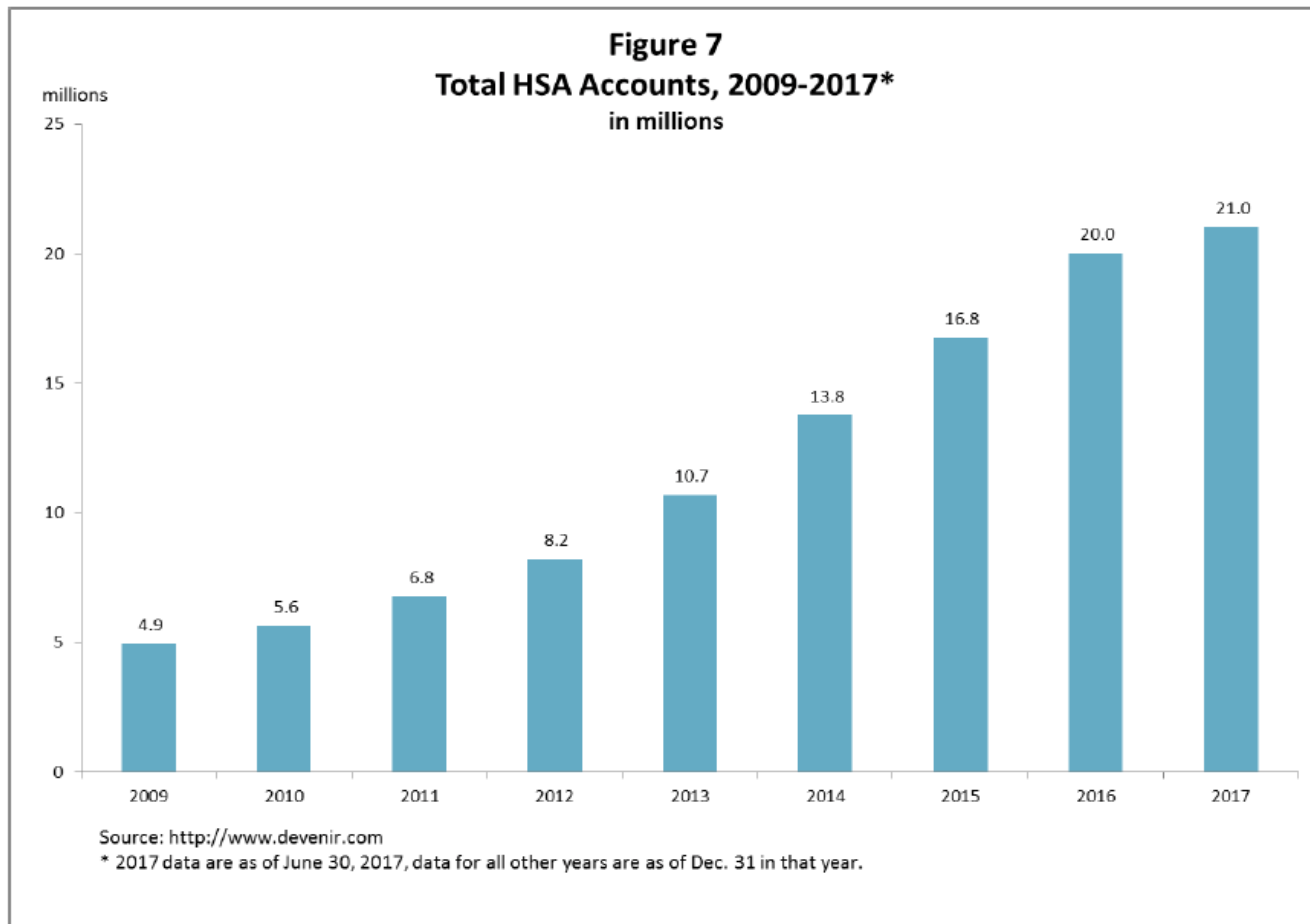
Key findings

However, growth has slowed.



Key findings

HSAs show growth despite declines in HDHP enrollment



Key findings

What's going on?

- Disenrollment from HSA-eligible health plan
- HSAs can be maintained after disenrollment from an HDHP

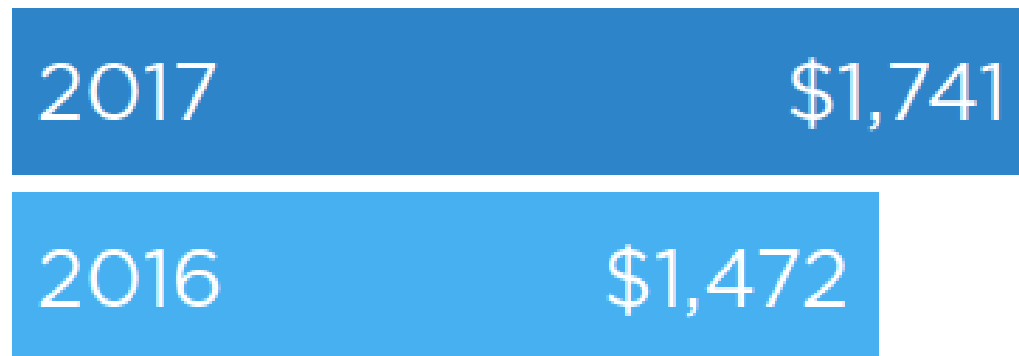


HSA trends

HSA trends

Deposits are higher than ever, but account balances are only increasing slightly.

UMB Healthcare Services Average Account Balance



HSA trends

Growth in Total Spending per Person

2016 4.6%

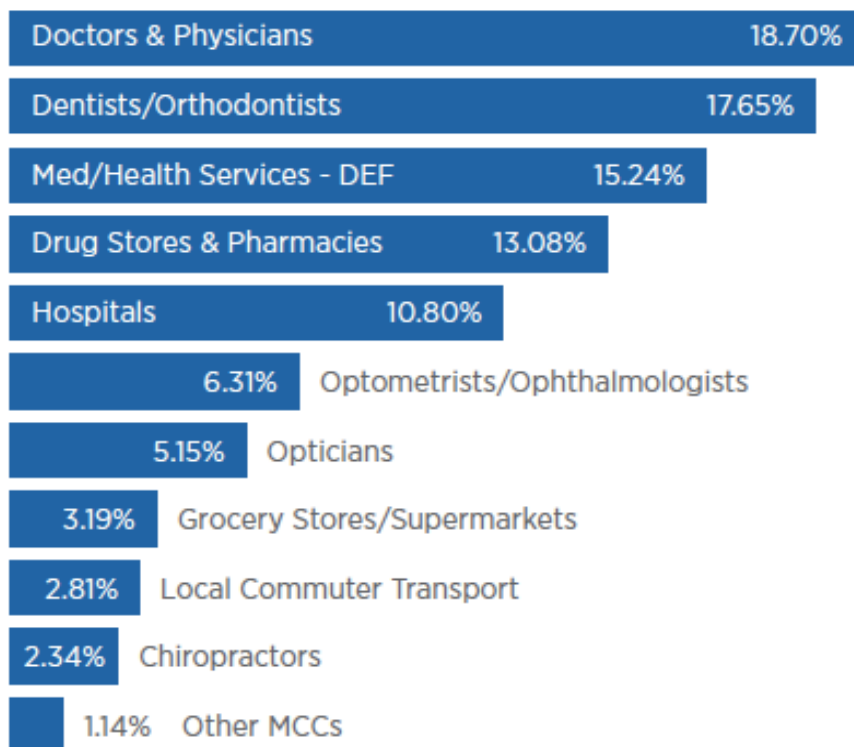
2015 4.1%

"Spending growth in each year from 2012 to 2016 was almost entirely due to price increases, particularly in administered drugs, emergency room (ER) visits, and surgical hospital admissions."

Source: 2016 Health Care Cost and Utilization Report, HCCI

HSA trends

UMB Customer MCC Spend Chart Oct 2016 - Oct 2017



HSA Trends

Health Care
Spending
Projection



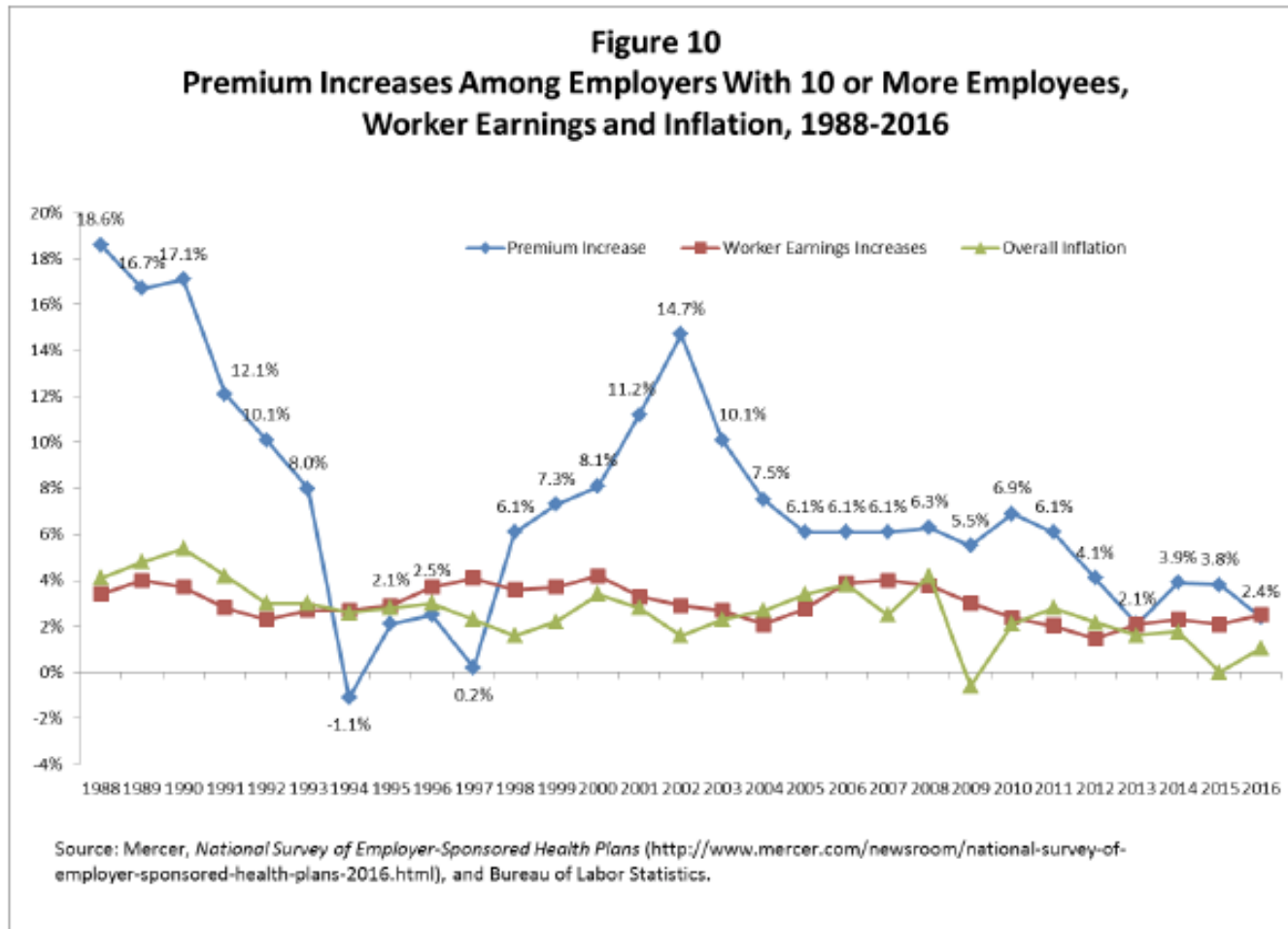
Health care spending is projected to reach \$5.7 trillion by 2026, a 5.5 annual percent rise from the current \$3.5 trillion.

Source: CMS Office of Actuary

What's holding back HDHP enrollment?

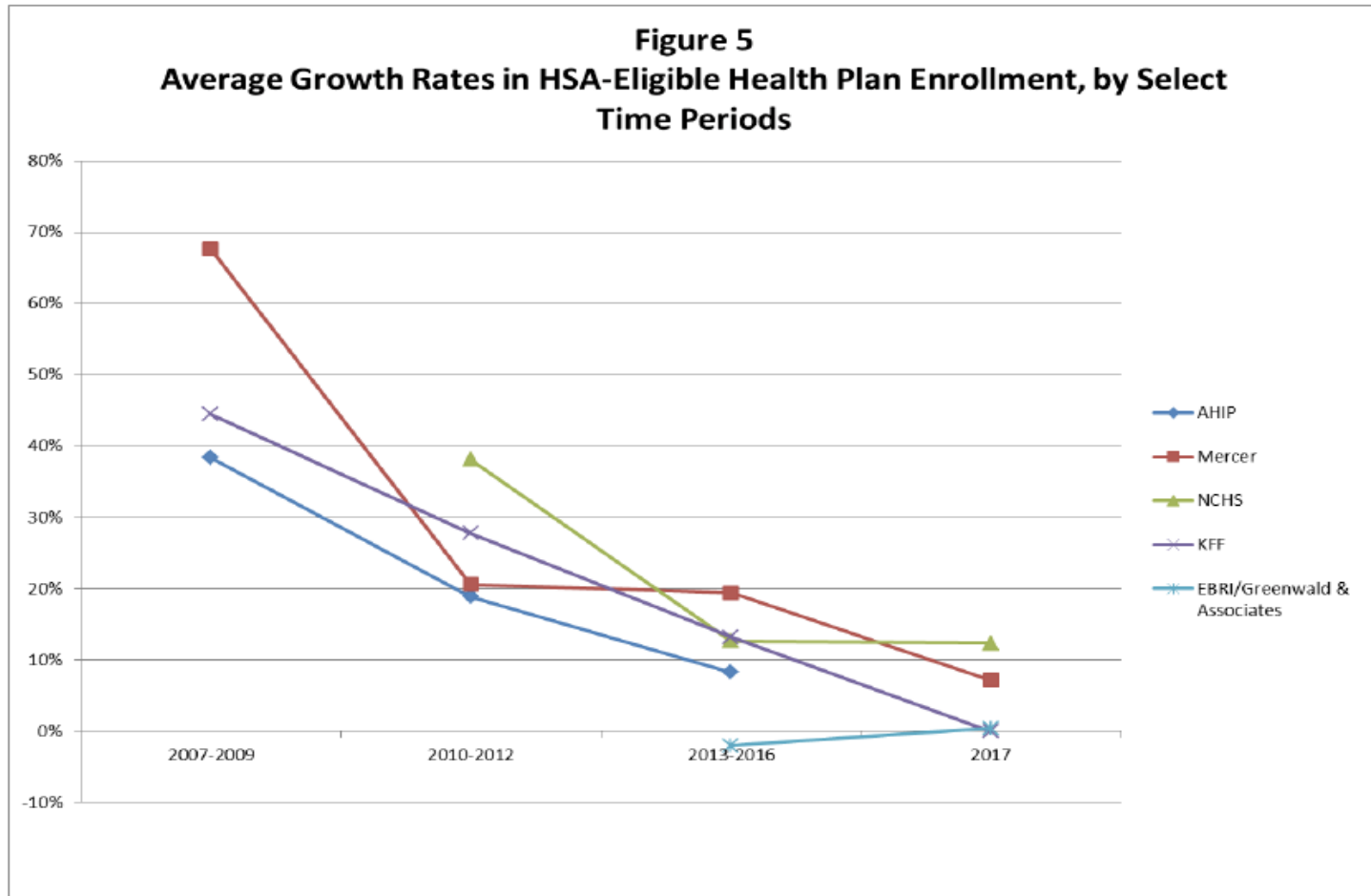
Limiting factors

Lower health premiums + low unemployment



Limiting factors

What happens in Washington matters



Limiting factors

Other factors:

- Fears about skipping preventative care
- Lack of flexibility for employers



Kick-starting the HDHP stall

Premium isn't the only consideration:

- Consider voluntary benefits
- Employer contributions to HSAs
- Smart decision support tools = smarter decisions

Enrolling is
only **half** the
battle



Thank you!

Paul Fronstin, Ph.D.

Director, Health Research & Education Program
Employee Benefit Research Institute

fronstin@ebri.org

ebri.org

Holly Doering-Powell

National Sales Director
UMB Healthcare Services

holly.doering-powell@umb.com

hsa.umb.com