

Enrollment in HSA-Eligible Health Plans: Slow and Steady Growth Continued Into 2018

By Paul Fronstin, Ph.D., Employee Benefit Research Institute

AT A GLANCE

Both the number of health savings accounts (HSAs) and enrollment in HSA-eligible health plans have grown significantly since HSAs first became available in 2004. In 2018, enrollment estimates in HSA-eligible health plans varied from 23 million to 36.8 million policyholders and their dependents. But there is one consistency between the enrollment estimates — most sources show that growth appears to have been slowing.

This *Issue Brief* examines trends in enrollment in HSA-eligible health plans. It compares surveys of individuals, employers, and health plans. It also puts enrollment trends in the context of the health policy environment.

- This *Issue Brief* examines the findings from five surveys that obtain their results from three different sources.
 - **Individual interviews:** Two surveys — EBRI/Greenwald & Associates and the National Center for Health Statistics (NCHS) — interview individuals with private health insurance obtained either through employment, directly from insurers, or through public exchanges.
 - **Employer interviews:** Another two — Kaiser Family Foundation (KFF) and Mercer — interview employers to determine enrollment.
 - **Insurance company polls:** One survey — conducted by America's Health Insurance Plans (AHIP) — polls insurance companies and obtains estimates for individuals with private health insurance either through employment, directly from insurers, or through public exchanges.
- Enrollment estimates from the surveys for 2018 range from 23 million to 36.8 million individuals.
 - AHIP, whose estimates generally are the lowest, has not released 2018 estimates yet. AHIP, EBRI/Greenwald & Associates, and NCHS estimates are in the low- to mid-20-million range.
 - KFF and Mercer estimates are in the low- to mid-30-million range.
 - Surveys conducted by AHIP, EBRI/Greenwald & Associates, and NCHS cover the entire privately insured market, whereas those conducted by KFF and Mercer cover only employment-based health plans. Hence, the AHIP, EBRI/Greenwald & Associates, and NCHS estimates should be *larger* than those reported by KFF and Mercer, but the data show just the opposite.
- All of the surveys find substantial growth in HSA-eligible health plan enrollment since HSAs were established in 2004.
- The surveys consistently find slower growth in HSA-eligible health plan enrollment more recently.

- Two studies focus on growth in the number of HSAs rather than enrollment growth in HSA-eligible health plans.
 - Devenir collects data from about 100 HSA providers and tracks the number of accounts universally. It finds that the number of accounts increased from 16.8 million at the end of 2015 to 25.1 million at the end of 2018. The Employee Benefit Research Institute (EBRI) HSA Database, which contained 5.9 million HSAs as of the end of 2017, finds that most HSAs have been established relatively recently, and this indirectly supports the notion that we should be seeing growth in enrollment in HSA-eligible health plans. Data from the EBRI HSA Database show that 15 percent of HSAs were established in 2017.
- Between 2007 and 2018, deductibles in HSA-eligible health plans increased from \$1,729 to \$2,349 for employee-only coverage, a 36 percent increase. During the same period, deductibles in PPOs increased from \$461 to \$1,204, a 261 percent increase. In 2007, HSA-eligible health plan deductibles were about 4 times as large as PPO deductibles. By 2018, HSA-eligible health plan deductibles were only twice as large as PPO deductibles. If the gap continues to fall, enrollment in HSA-eligible health plans may begin to accelerate.
- Several factors — such as the delay in the Cadillac tax, low insurance premium increases, and low unemployment — may be holding back growth in HSA-eligible health plan enrollments. Growth in HSA-eligible health plan enrollments may also be held back because what constitutes an HSA-eligible health plan does not provide employers their desired level of flexibility around the design of the health plan. Ultimately, changes to public policy may be needed to expand enrollment.

Paul Fronstin is Director of the Health Research and Education Program at the Employee Benefit Research Institute (EBRI). This *Issue Brief* was written with assistance from the Institute’s research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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Introduction

Both the number of HSAs and enrollment in HSA-eligible health plans have grown significantly since HSAs first became available in 2004. In 2018, enrollment estimates in HSA-eligible health plans varied considerably, from 23 million to 36.8 million policyholders and their dependents. But there is one consistency between the enrollment estimates — growth into HSA-eligible health plans continues, but at a slower rate than in the past.

This *Issue Brief* examines trends in enrollment in HSA-eligible health plans. It examines surveys of individuals, employers, and health plans. It also examines results from the Employee Benefit Research Institute (EBRI) HSA Database and the Devenir survey, which focus on growth in number of accounts rather than enrollment in health plans. It puts the trends in enrollment in the context of the health policy environment. It also discusses why inconsistencies exist across the various ways in which trends in enrollment are measured, and ends with a discussion of what might be holding back growth in HSA-eligible health plan enrollment and what may accelerate growth.

In 2003, the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) included a provision that created health savings accounts (HSAs) and HSA-eligible health plans. The provision allows individuals enrolled in high-deductible health plans (HDHPs) meeting certain requirements to open and fund a health savings account (HSA), a tax-exempt trust or custodial account that is funded with contributions and assets that an individual can use to pay for health care expenses. Individuals can contribute to an HSA only if they are enrolled in an HSA-eligible health plan, and they benefit from a triple-tax advantage: employee contributions to the account are deductible from taxable income, any interest or other capital earnings on assets in the account build up tax free, and distributions for qualified medical expenses from the HSA are excluded from taxable income to the employee. To the degree that HSA owners do not take distributions from the account, they can save the money to pay for health care costs in retirement.

HSA-Eligible Health Plan Enrollment

It can be challenging to determine how many people are enrolled in an HSA-eligible health plan and how that number has been changing. For the most part, there are just a handful of surveys used to determine the number of people enrolled. Furthermore, the surveys often combine estimates of HSA-eligible health plan enrollment with enrollment in health reimbursement arrangements (HRAs), another type of HDHP. This *Issue Brief* examines data from the following five surveys, conducted annually since as far back as 2005:

- EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey.¹
- Survey of Health Savings Account — High Deductible Health Plans conducted by America's Health Insurance Plans (AHIP).²
- Employer Health Benefits Survey conducted by the Kaiser Family Foundation (KFF).³
- National Survey of Employer-Sponsored Health Plans conducted by Mercer.⁴
- National Health Interview Survey conducted by the National Center for Health Statistics (NCHS).⁵

Figure 1 Surveys on HSA-Eligible Health Plan Enrollment				
Survey	2018 HSA-Eligible Health Plan Enrollment Estimate		Years Tracked	Sample
	(Millions)	(Percentage of Total Enrollment)		
EBRI/Greenwald & Associates, Consumer Engagement in Health Care Survey (CEHCS)	23.0	12%	2005–2018	Individuals under age 65 with any private health insurance (calculated from survey of adults)
America’s Health Insurance Plans (AHIP),* Survey of Health Savings Account - High Deductible Health Plans	21.8	11%	2005–2017	Health insurers
Kaiser Family Foundation (KFF), Employer Health Benefits Survey	32.4	19%	2006–2018	Employers with three or more workers
Mercer, National Survey of Employer-Sponsored Health Plans	36.8	22%	2006–2018	Employers with 10 or more workers
National Center for Health Statistics (NCHS), National Health Interview Survey (NHIS)	26.1	12%	2007–2018	Individuals under age 65 with any private health insurance (calculated from survey of adults)

* 2017 estimates are used in the table above because 2018 estimates are not yet available.

As can be seen in Figure 1, two of the five surveys (EBRI/Greenwald & Associates and NCHS) interview individuals with private health insurance obtained through employment, directly from insurers, or through public exchanges. Another two of the five surveys (KFF and Mercer) interview employers to determine enrollment — these surveys do not include the smallest employers and do not include estimates from the non-group market. And one of the five surveys (AHIP) interviews insurance companies and obtains estimates for individuals with private health insurance obtained through employment, directly from insurers, or through public exchanges.

Enrollment estimates for 2018 range from 23 million to 36.8 million individuals.⁶ AHIP, which generally reports the lowest estimate, has not released 2018 estimates yet. AHIP, EBRI/Greenwald & Associates, and NCHS estimates are in the low- to mid-20-million range, while KFF and Mercer estimates are in the low- to mid-30-million range. AHIP, EBRI/Greenwald & Associates, and NCHS cover the entire privately insured market, whereas KFF and Mercer cover only employment-based health plans. Hence, the AHIP, EBRI/Greenwald & Associates, and NCHS estimates should be larger than KFF and Mercer; however, Figure 1 shows just the opposite.

There are a number of questions that can be asked about the various surveys. Are the AHIP, EBRI/Greenwald & Associates, and NCHS surveys underestimating the privately insured marketplace? Are the KFF and Mercer surveys overestimating the employment-based marketplace? Is it possible that a combination of both is occurring?

AHIP underreports enrollment, as many health plans do not respond to the survey. EBRI/Greenwald & Associates also potentially underreport enrollment because enrollment estimates are based on a panel of respondents who have agreed to participate in online surveys. Younger, minority males are less likely to participate in such panels, but weighting the data tries to correct for such underreporting. However, to the degree that HSA-eligible health plan participants are less likely to participate in online panels, the EBRI/Greenwald & Associates estimate will underreport enrollment. Furthermore, EBRI/Greenwald & Associates conduct surveys only in English, whereas NCHS conducts its survey in both English and Spanish.

Despite examining enrollment only in employment-based health plans, KFF and Mercer have larger enrollment estimates than AHIP, EBRI/Greenwald & Associates, and NCHS. This is true even though KFF and Mercer potentially underreport enrollment in employment-based health plans: KFF collects data only on employers with three or more workers, and Mercer collects data only on employers with 10 or more workers.

Broad-Based Coverage

The three surveys focusing on broad-based⁷ HSA-eligible health plan enrollment found substantial growth since HSAs were established in 2004 (Figure 2). AHIP found that enrollment increased from 1 million to 21.8 million between 2005 and 2017. NCHS did not start collecting enrollment data until 2007 and found that it increased from 5 million to 26 million in 2018. The EBRI/Greenwald & Associates team was unable to separate HSA from HRA estimates before 2015. The EBRI/Greenwald & Associates survey shows enrollment was higher than the other surveys prior to 2017. Thus, it may have been overestimating HSA enrollment before 2017. In 2017, both the EBRI/Greenwald & Associates and AHIP surveys found that approximately 21 million people were enrolled in HSA-eligible health plans. Between 2017 and 2018, the EBRI/Greenwald & Associates survey found that enrollment increased to 23 million.

Similarly, Figure 3 shows the change in HSA-eligible health plan enrollment as a percentage of the total commercially insured market using the AHIP, EBRI/Greenwald & Associates, and NCHS surveys. AHIP found that enrollment increased from 1 percent to 11 percent between 2005 and 2017, while NCHS found that enrollment increased from 2 percent to 12 percent between 2007 and 2018. EBRI/Greenwald & Associates found an increase in enrollment from 11 percent to 12 percent between 2017 and 2018.

Inconsistencies Between Surveys

One inconsistency between the surveys is the rate at which enrollment in HSA-eligible health plans is growing, if it is growing at all. Mercer and NCHS show the most growth. Between 2016 and 2018, both surveys found that enrollment in HSA-eligible health plans increased 3 percentage points (Figure 4). EBRI/Greenwald & Associates found lower growth, while KFF found no growth in the percentage of workers in HSA-eligible health plans.

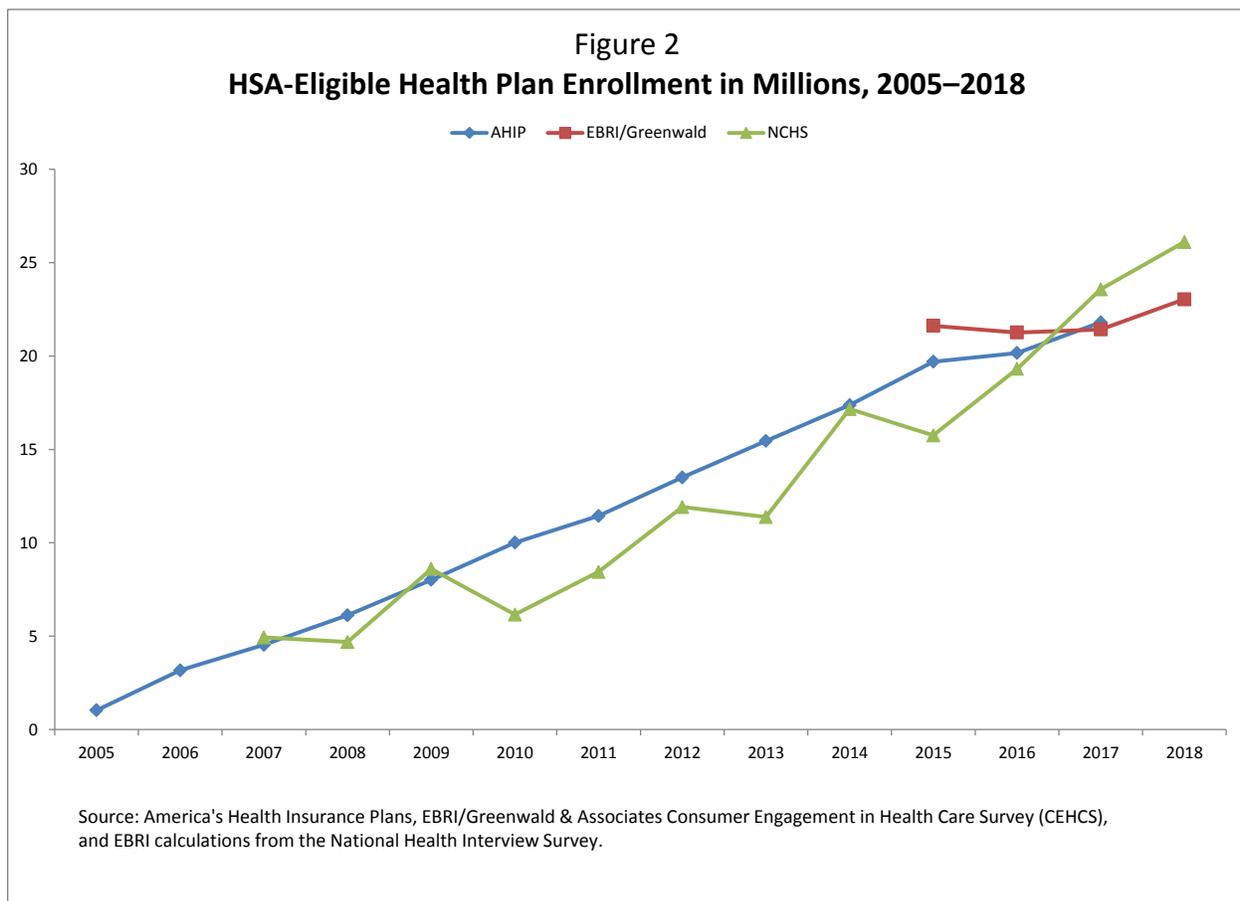


Figure 3
HSA-Eligible Health Plan Enrollment as a Percentage of Total Private Health Insurance Market, 2005–2018

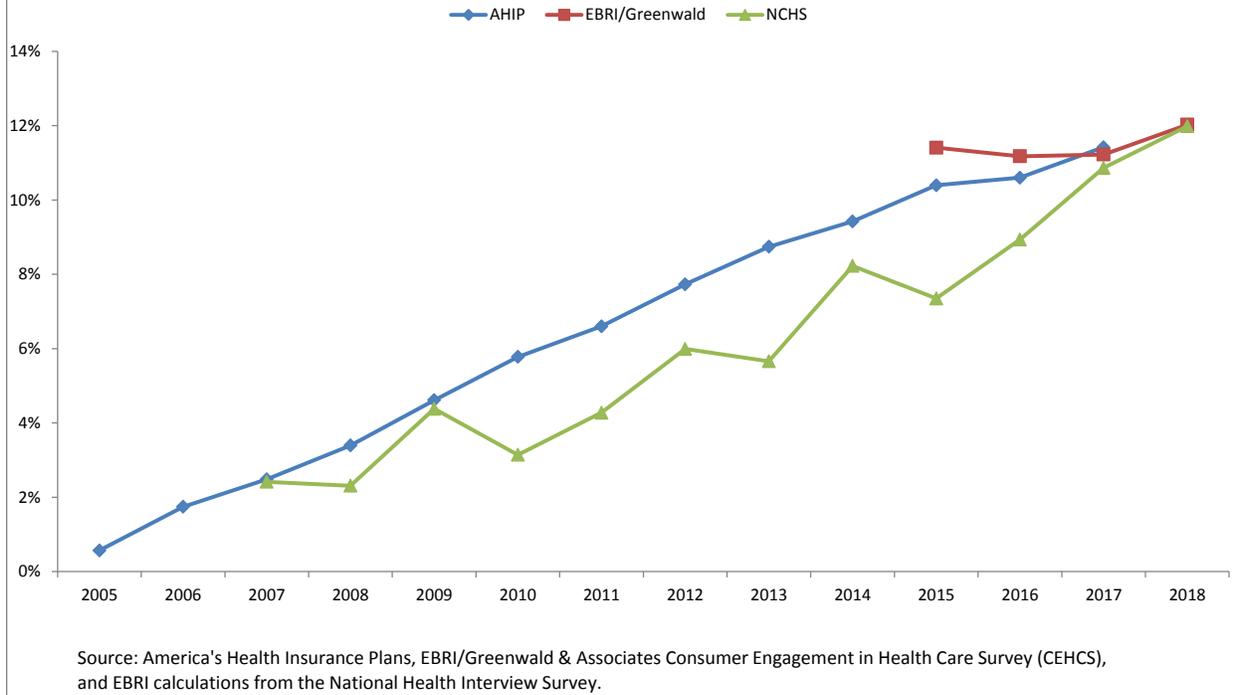
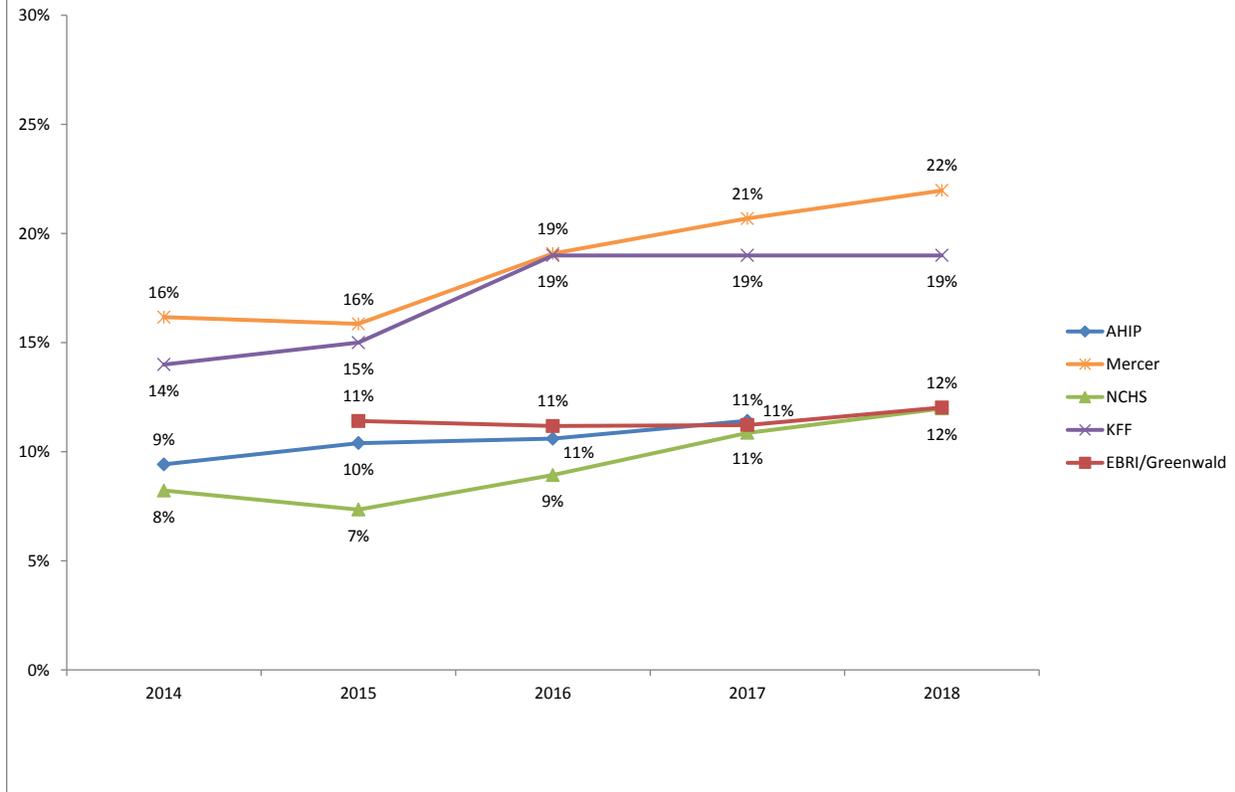


Figure 4
Percentage of Enrollees in HSA-Eligible Health Plans, 2014–2018



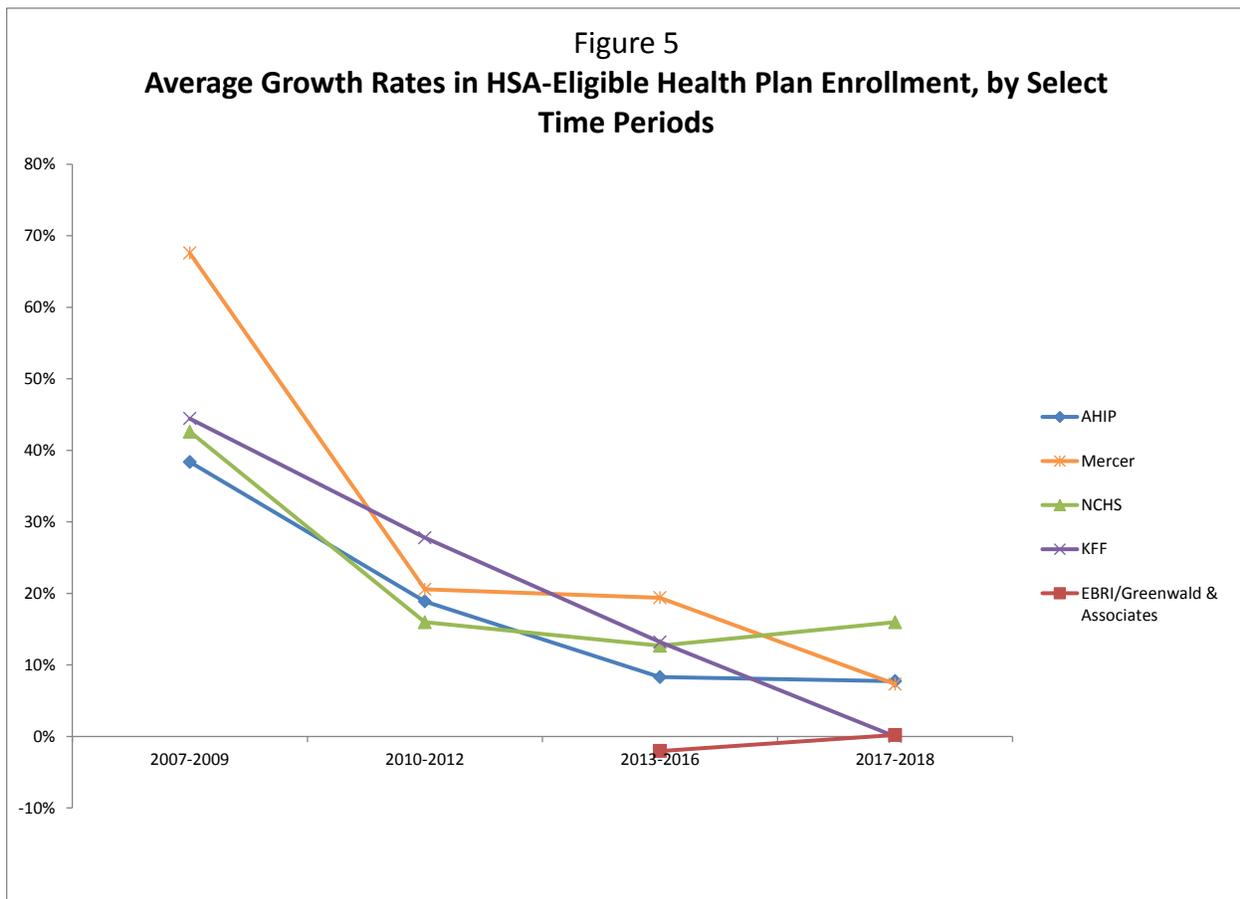
Average Enrollment Growth Rates, by Time Period

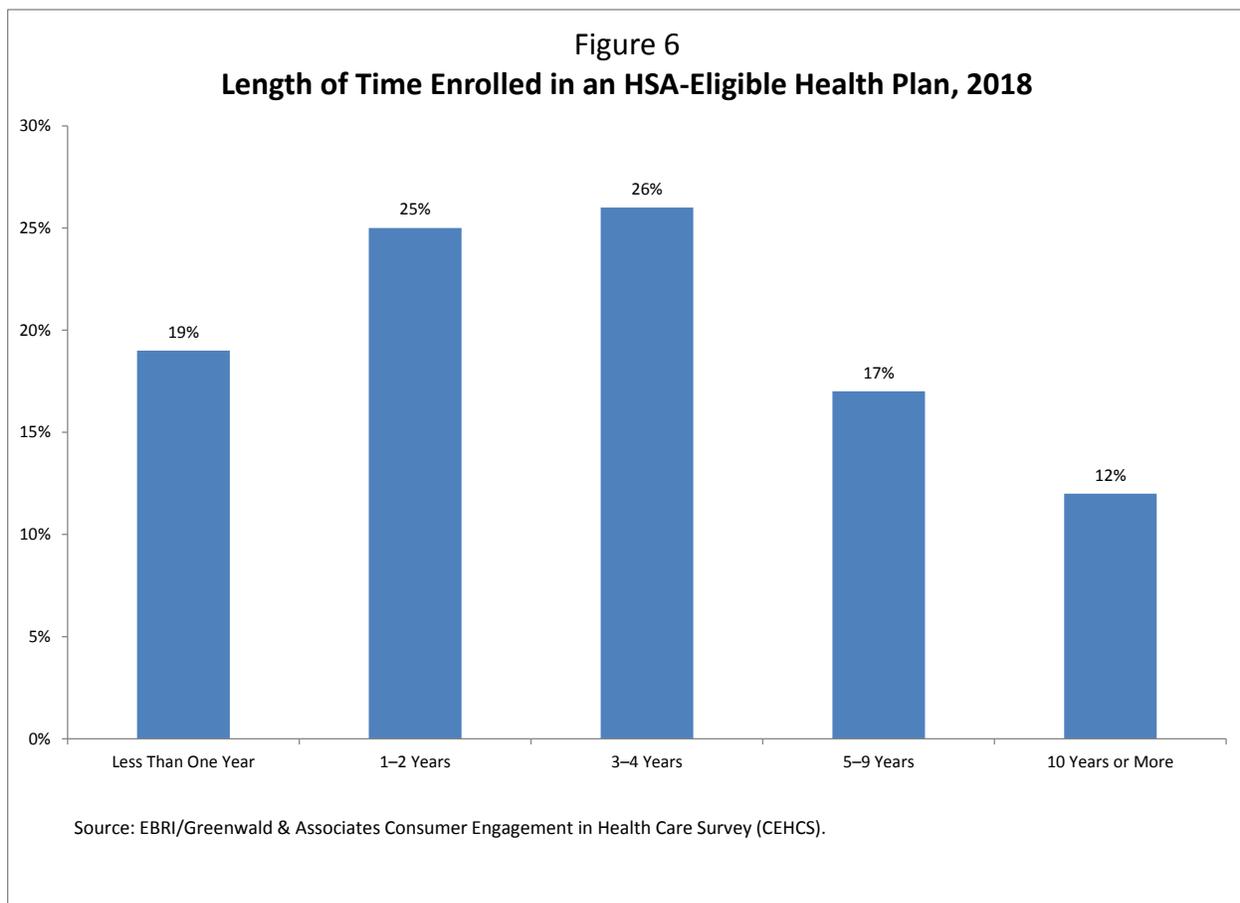
The surveys do report relatively consistent growth rates over select time periods. In order to examine growth rates over time, we examine average annual growth rates for the following four time periods, which are featured because they represent distinct public policy periods. Public policy was stable from 2007 to 2009, as there were no major health policy initiatives in Congress. It was post-MMA and pre-ACA. The Patient Protection and Affordable Care Act (ACA) passed in March 2010 and was followed by years of uncertainty regarding how the ACA would be regulated and its impact on insurance markets. Policy stability returned from 2013 to 2016. The regulations for most parts of the ACA had been released and were being implemented, though that often meant implementation of significant health plan changes. 2017 brought renewed uncertainty after the 2016 presidential election and the possibility of repeal and replacement of the ACA.

- 2007–2009: Public Policy Stability.
- 2010–2012: ACA Passage.
- 2013–2016: Return to Stability.
- 2017–2018: Renewed Uncertainty.

As can be seen from Figure 5, growth rates in HSA-eligible health plan enrollment have been trending down across most of the surveys examined in this paper over all of the distinct policy periods.

Despite all the surveys showing slowing growth in HSA-eligible health plan enrollment, the EBRI/Greenwald & Associates survey found data that imply recent strong enrollment growth. Specifically, a question related to the length of time someone had been enrolled in their health plan found that 19 percent had been enrolled in their health plan less than one year and 25 percent had been enrolled 1–2 years (Figure 6).





Account Growth

Instead of examining enrollment in HSA-eligible health plans, examination of the number of HSAs finds recent growth. Two studies focus on HSAs themselves rather than enrollment into HSA-eligible health plans. Devenir collects data from about 100 HSA providers and tracks the number of accounts universally. It found that the number of accounts increased from 22.2 million at the end of 2017 to 25.1 million at the end of 2018 (Figure 7). Devenir notes that 16 percent of the accounts in 2018 were unfunded, which supports the point that many accounts are established toward the end of calendar years in anticipation of coverage that begins in January.

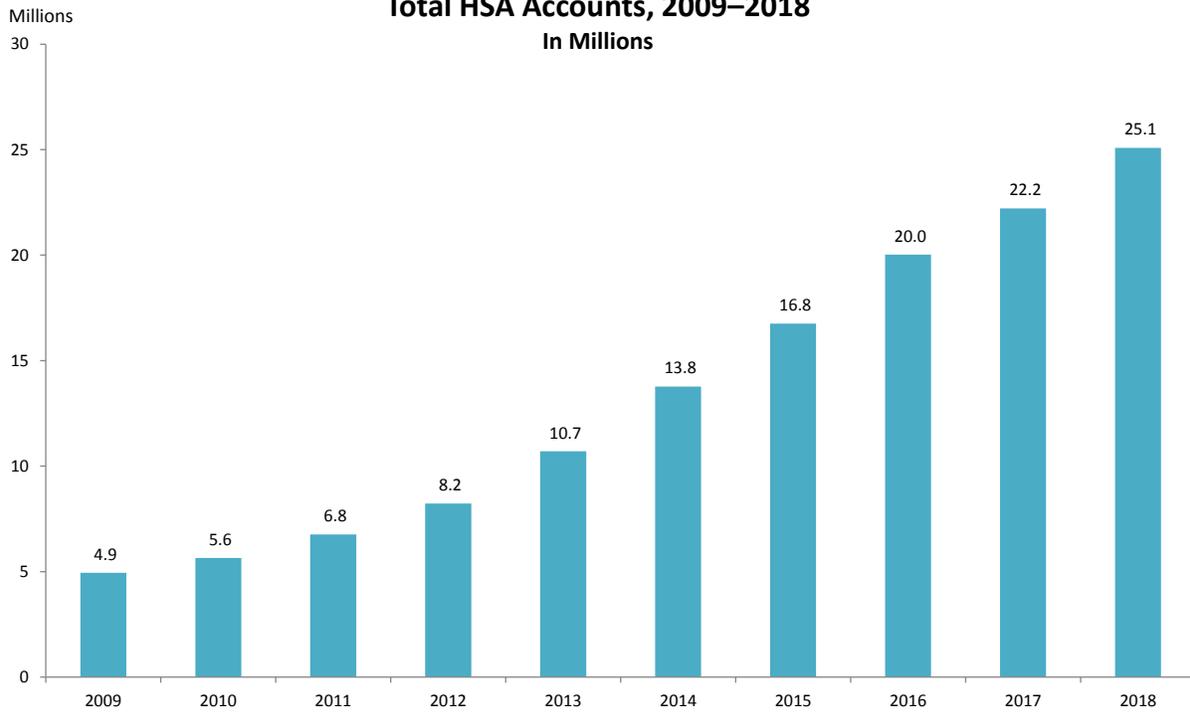
The EBRI HSA Database, which contained 5.9 million HSAs as of the end of 2017, finds that most HSAs have been established relatively recently, and this indirectly supports the notion that we should be seeing growth in enrollment in HSA-eligible health plans. Data from the EBRI HSA Database show that 15 percent of HSAs were established in 2017 (Figure 8).

Why Might HSA Counts Show Growth When Enrollment Does Not?

It is interesting that surveys on enrollment in HSA-eligible health plans are showing less growth than the surveys on the number of established HSAs. The surveys on enrollment count the number of people enrolled in an HSA-eligible health plan at a specific point in time. These surveys do not take into account any disenrollment from HSA-eligible health plans that may be offsetting new enrollment. Fronstin and Roebuck (2018) found that 5 percent of HSA-eligible health plan enrollees in 2013 and 2014 switched to a different type of health plan in 2014 and 2015.

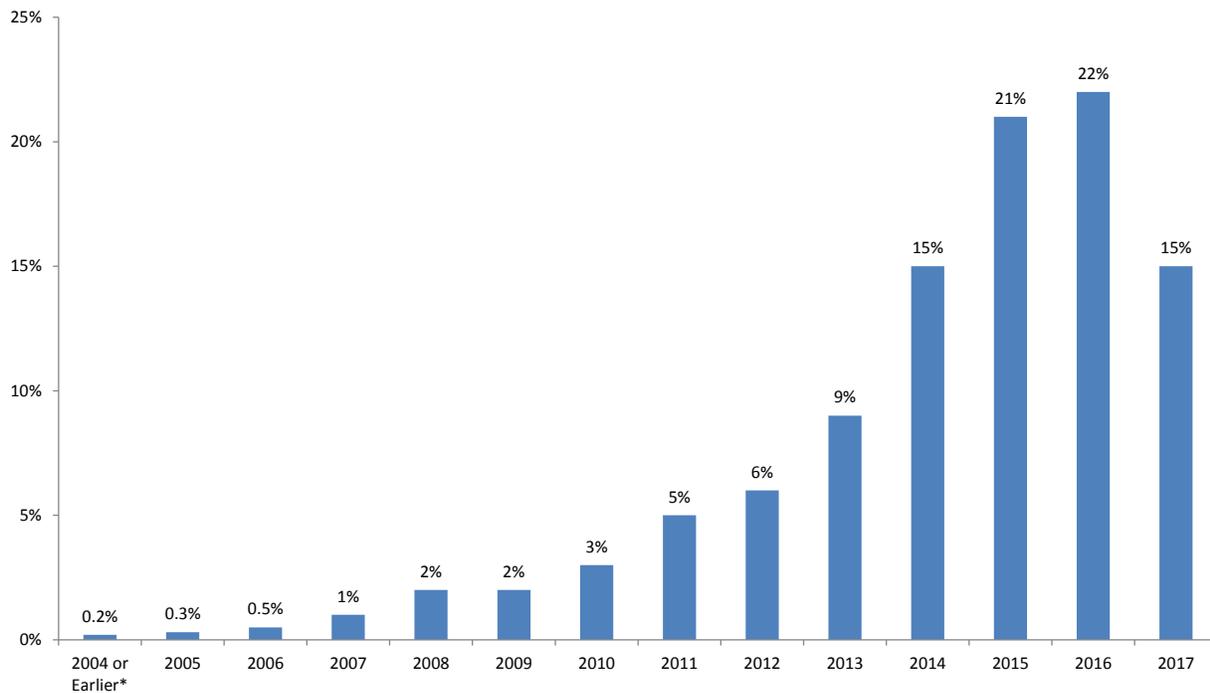
Another difference between the number of insurance enrollments and the number of HSAs is that insurance enrollments measure only current participants, while data on HSAs are potentially counting the number of people who have established an account at any point in time. While an individual can only establish and contribute to an HSA if he or she is enrolled in an HSA-eligible health plan, after disenrolling, the individual may continue to keep the HSA. That person is

Figure 7
Total HSA Accounts, 2009–2018
 In Millions



Source: <http://www.devenir.com>

Figure 8
HSAs, by Year Account Was Opened

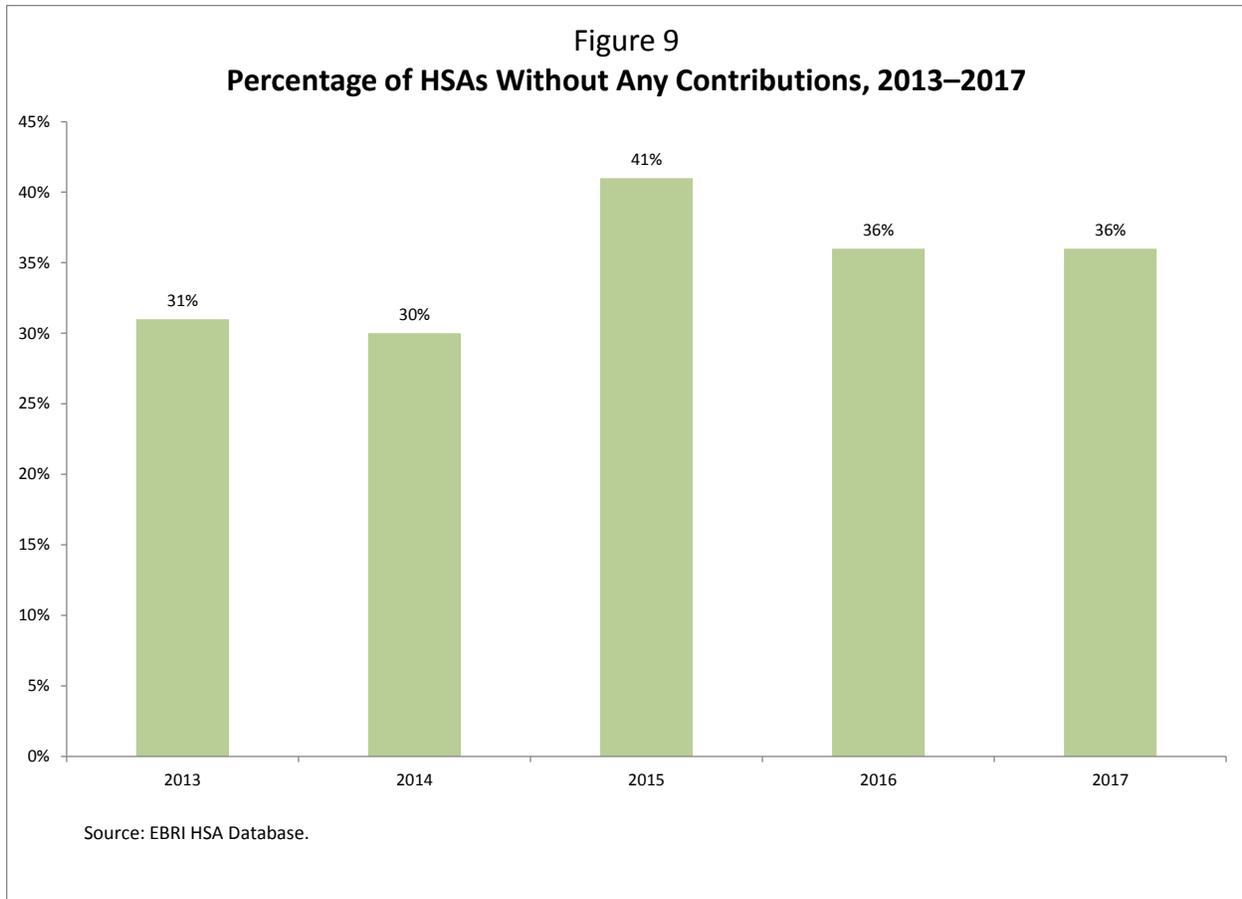


Source: EBRI HSA Database.

*Includes Archer Medical Savings Account (MSA) rollovers.

not able to make contributions to an HSA after disenrolling from an HSA-eligible health plan, but he or she is able to keep the HSA open and use the money at any time in the future for past or future medical expenses.

The EBRI HSA Database shows that there are a potentially large number of HSAs that may no longer be currently associated with an HSA-eligible health plan. At the end of 2017, the EBRI HSA Database contained 2.1 million HSAs that did not receive any contributions in 2017, accounting for 36 percent of the accounts in the database. The lack of contributions may indicate that the accounts were no longer eligible for contributions because their account owner was no longer enrolled in an HSA-eligible health plan. The percentage of accounts not receiving contributions has bounced around over the past several years (31 percent in 2013, 30 percent in 2014, 41 percent in 2015, and then 36 percent in 2016), but was generally higher in 2017 than in 2013 (Figure 9). This implies that simply looking at the number of accounts is not a good proxy to measure trends in HSA-eligible health plan enrollment.



What Might Be Holding Back HSA-Eligible Health Plan Enrollment Growth?

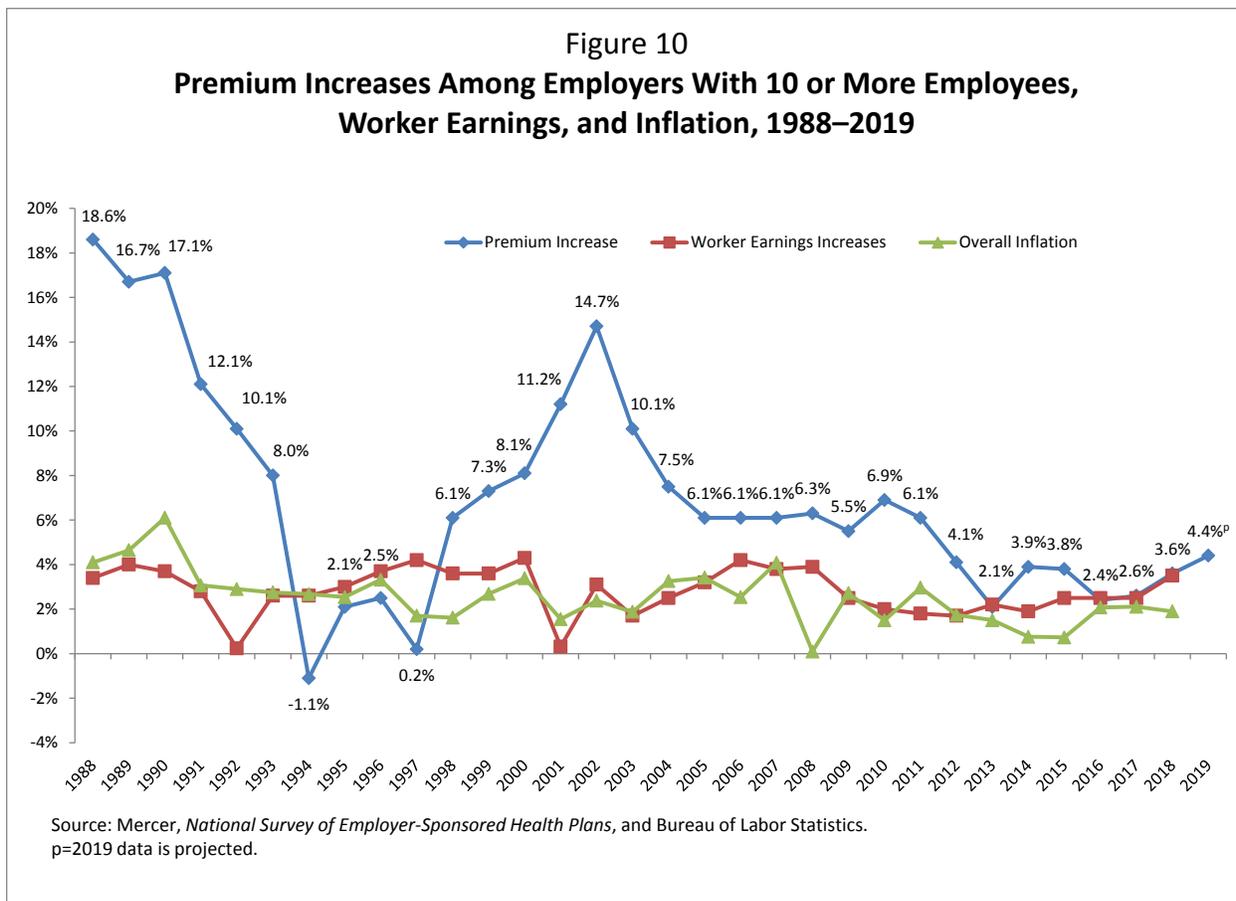
Several factors may be holding back growth in HSA-eligible health plan enrollments. It can be argued that the looming Cadillac tax should have accelerated enrollment growth into HSA-eligible health plans, but there is no evidence of that. Some employers have chosen HSA-eligible health plans primarily as a way to save on premiums. It is also plausible that recent low health insurance premium increases, as shown in Figure 10, combined with low unemployment may have caused employers to hold off on plans to move to HSA-eligible health plans.

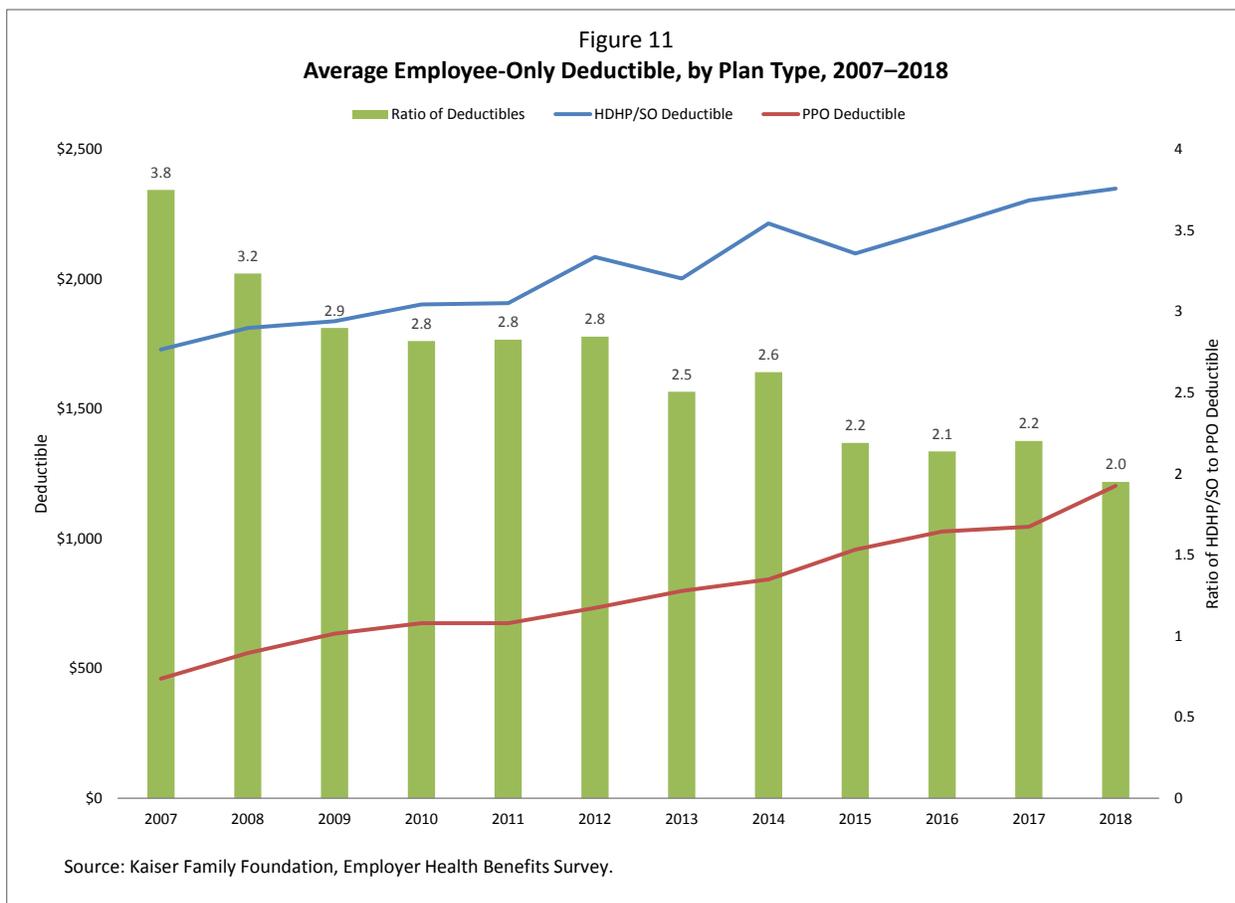
In addition, new research findings indicate some of the impacts of HSA-eligible health plans may be holding back enrollment growth. For example, a systematic review of the research has found that HSA-eligible health plans may be associated with a reduction in appropriate preventive care and medication adherence (Agarwal, Mazurenko, and Menachemi 2017). These findings may cause employers to hold back from adopting HSA-eligible health plans. They

may also cause employers that offer HSA-eligible health plans as a choice to hold back from moving to *only* offering HSA-eligible health plans.

In addition, growth in HSA-eligible health plan enrollments may be held back because what constitutes an HSA-eligible health plan does not provide employers their desired level of flexibility around the design of the health plan. Under current IRS rules, to qualify as an HSA-eligible health plan, the health plan deductible must cover all health care services, with the exception of certain preventive services. More employers (and presumably more employees) may offer and/or enroll in HSA-eligible health plans if plan sponsors had more discretion over which services could be excluded from the deductible. Both members of Congress⁸ and the Trump administration⁹ have shown an interest in expanding the number of people enrolled in HSA-eligible health plans by increasing the HSA contribution limits and by enhancing HSA-eligible health plans, which may move plan sponsors sitting on the sideline to add an HSA-eligible health plan.

At some point in the future, deductible levels in health plans that are not HSA-eligible may drive enrollment up in HSA-eligible health plans. Between 2007 and 2018, deductibles in HSA-eligible health plans increased from \$1,729 to \$2,349 for employee-only coverage, a 36 percent increase (Figure 11). During the same period, deductibles in PPOs increased from \$461 to \$1,204, a 261 percent increase. In 2007, HSA-eligible health plan deductibles were nearly 4 times as large as PPO deductibles. By 2018, HSA-eligible health plan deductibles were only twice as large as PPO deductibles. If the gap continues to fall, enrollment in HSA-eligible health plans may begin to accelerate.





Conclusion

Both the number of health savings accounts (HSAs) and enrollment in HSA-eligible health plans have grown significantly since HSAs first became available in 2004. In 2018, enrollment estimates in HSA-eligible health plans varied from 23 million to 36.8 million policyholders and their dependents. But there is one consistency between the enrollment estimates — most sources show that growth appears to have been slowing. Furthermore, despite all the surveys showing slowing growth in HSA-eligible health plan enrollment, the EBRI/Greenwald & Associates survey found data that imply recent strong enrollment growth and data from the EBRI HSA Database show that 15 percent of HSAs were established in 2017.

Several factors may be holding back growth in HSA-eligible health plan enrollments. The delay in the Cadillac tax, recent low health insurance premium increases, and low unemployment may have caused employers to hold off on plans to move to HSA-eligible health plans. In addition, research findings indicate some of the impacts of HSA-eligible health plans may be holding back enrollment growth. Growth in HSA-eligible health plan enrollments may also be held back because what constitutes an HSA-eligible health plan does not provide employers their desired level of flexibility around the design of the health plan. Ultimately, changes to public policy may be needed to expand enrollment.

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Endnotes

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- ¹ See Fronstin and Elmlinger (2017).
- ² See https://www.ahip.org/wp-content/uploads/2017/02/2016_HSASurvey_Draft_2.14.17.pdf
- ³ See <https://www.kff.org/health-costs/report/2017-employer-health-benefits-survey/>
- ⁴ See <https://www.mercer.com/newsroom/mercerc-national-health-survey-employers-finding-new-ways-to-hold-the-line-on-health-benefit-cost-growth.html>
- ⁵ See <https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201711.pdf>
- ⁶ HRA enrollment has been removed from the various sources cited in this paper. As a result, the HSA-eligible health plan enrollment numbers presented in this paper do not match the numbers in the referenced papers as those papers combine HSA-eligible health plan enrollment with HRA enrollment.
- ⁷ Employment-based health insurance and coverage obtained in the non-group market.
- ⁸ See page 3 in <https://www.segalco.com/media/3289/segal-aca-ahca-bcra-chart.pdf>
- ⁹ See <http://vbidcenter.org/draft-executive-order-enables-innovation-in-hsa-hdhps/>