A Total Replacement HSA Plan for Company X

Evaluation of a Natural Experiment

Presented by:
Jon Gabel, NORC
Jeremy Pickreign, NORC
Paul Fronstin, EBRI
Kaeley Shannon, NORC

Objectives

• Examine how the adoption of a full replacement HSA plan affected
  • Claims expenses
  • Use of services
  • Employee out-of-pocket expenses
  • Use of preventive services
• Major contribution – follow performance for four years of an HSA full replacement plan.
The Natural Experiment

- Company X offered traditional HMO and PPO plans to non-union active workers through 2006, and early retirees through 2007.
- In 2007, all non-union active workers and their dependents were transferred to an HSA plan.
  - Higher Deducible
  - Higher OOP limit
  - Employer contribution to Savings Account
- In 2008, all early retirees were transferred to the HSA Plan.

Database

- Monthly enrollment files for all sponsors and dependents from 2006-2010.
- Merged enrollment files with medical and pharmacy claims corresponding to all years.
- Medical claims files include ambulatory and inpatient claims.
- All beneficiaries enrolled during study years.
  - N= 50,514 actives and 8,571 retirees
  - Includes neo-natal, disabilities and decedents.
Analysis

- Examine active and retiree trends.
- Use continuously enrolled analytic file.
- Descriptive
  - Claims expenses per year
  - Utilization per year
    - Use of select preventive services

Average Total Allowed Charges, 2006-2010

Continuous Enrolled Active Workers and Early Retirees

NOTE: Active Workers changed over to HSA in 2007, Early Retirees changed over in 2008.
Distribution of Insurance Payments and Out-of-Pocket Expenses, 2006-2010

**Continuously Enrolled Active Workers and Early Retirees**

- **Actives Workers**
  - 2006: 83.3% Insurance Payment, 6.6% Deductible Expenses, 6.6% Coinsurance and Copayment Expenses
  - 2007: 66.0% Insurance Payment, 33.0% Deductible Expenses, 11.0% Coinsurance and Copayment Expenses
  - 2008: 69.6% Insurance Payment, 29.3% Deductible Expenses, 0.9% Coinsurance and Copayment Expenses
  - 2009: 71.5% Insurance Payment, 27.6% Deductible Expenses, 0.9% Coinsurance and Copayment Expenses
  - 2010: 74.8% Insurance Payment, 24.7% Deductible Expenses, 0.6% Coinsurance and Copayment Expenses

- **Early Retirees**
  - 2006: 85.6% Insurance Payment, 6.8% Deductible Expenses, 6.6% Coinsurance and Copayment Expenses
  - 2007: 89.5% Insurance Payment, 1.7% Deductible Expenses, 0.8% Coinsurance and Copayment Expenses
  - 2008: 76.0% Insurance Payment, 21.8% Deductible Expenses, 1.3% Coinsurance and Copayment Expenses
  - 2009: 73.5% Insurance Payment, 20.4% Deductible Expenses, 1.1% Coinsurance and Copayment Expenses
  - 2010: 80.3% Insurance Payment, 18.7% Deductible Expenses, 1.0% Coinsurance and Copayment Expenses

**Average Number of Inpatient Discharges Per 1000 Beneficiaries, 2006-2010**

- **Continuously Enrolled Active Workers and Early Retirees**

**NOTE:** Active Workers changed over to HSA in 2007, Early Retirees changed over in 2008.
Average Number of Outpatient Visits Per Beneficiaries, 2006-2010

**Continuously Enrolled Active Workers and Early Retirees**

<table>
<thead>
<tr>
<th>Year</th>
<th>Active Workers</th>
<th>Early Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>7.1</td>
<td>5.5</td>
</tr>
<tr>
<td>2007</td>
<td>11.9</td>
<td>11.2</td>
</tr>
<tr>
<td>2008</td>
<td>11.2</td>
<td>9.7</td>
</tr>
<tr>
<td>2009</td>
<td>9.7</td>
<td>11.0</td>
</tr>
<tr>
<td>2010</td>
<td>6.8</td>
<td>10.9</td>
</tr>
</tbody>
</table>

**NOTE:** Active Workers changed over to HSA in 2007, Early Retirees changed over in 2008.

Average Number of Drug Claims Per Beneficiaries, 2006-2010

**Continuously Enrolled Active Workers and Early Retirees**

<table>
<thead>
<tr>
<th>Year</th>
<th>Active Workers</th>
<th>Early Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>8.8</td>
<td>19.6</td>
</tr>
<tr>
<td>2007</td>
<td>7.9</td>
<td>21.5</td>
</tr>
<tr>
<td>2008</td>
<td>8.6</td>
<td>19.0</td>
</tr>
<tr>
<td>2009</td>
<td>9.1</td>
<td>20.5</td>
</tr>
<tr>
<td>2010</td>
<td>9.5</td>
<td>21.2</td>
</tr>
</tbody>
</table>

**NOTE:** Active Workers changed over to HSA in 2007, Early Retirees changed over in 2008.
Percent of Female Beneficiaries at Least Age 40 Receiving Breast Cancer Screening, 2006-2010

Continuous Enrolled Active Workers and Early Retirees

NOTE: Active Workers changed over to HSA in 2007, Early Retirees changed over in 2008.

Percent of Female Beneficiaries at Least Age 18 Receiving Cervical Cancer Screening, 2006-2010

Continuous Enrolled Active Workers and Early Retirees

NOTE: Active Workers changed over to HSA in 2007, Early Retirees changed over in 2008.
Summary

Major Findings

• Allowed charges declined for both actives and retirees following changeover to HSA plan.

• In subsequent years, increases in allowed charges were substantial.

• Outpatient visits and drug claims fell in first year of HSA but rose in subsequent years.
  • Inpatient days were volatile during the study period.

• In first year of HSA use of preventive services generally declined, but rose for some services
Thank You!

insight for informed decisions™