EBRI Policy Forum on HSA-Eligible Health Plan Enrollment

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Defining the Acronyms

- HDHP: health coverage with a statutory minimum deductible of $1,300 (employee-only coverage) or $2,600 (family coverage) in 2016
- HRA: employer-funded account, typically combined with a high-deductible health plan
- HSA: employer- or individual-funded account, that must be combined with a HDHP
- CDHP: consumer-driven health plan, or catch-all term describing HRAs and HSAs
Percent of Private or Employment-Based Health Insurance Market Enrolled in CDHP, 2016

Private Health Insurance Market

- AHIP: 10% (20 mil.)
- NHIS: 15% (32 mil.)
- EBRI: 14% (29 mil.)

Employment-Based Market

- KFF: 29% (45 mil.)
- Mercer: 29% (45 mil.)

Note: AHIP & NHIS estimates are HSA only. EBRI, KFF, & Mercer estimates are HSA & HRA.
Percentage of Employers Offering an HRA or HSA, 2005-2016

Source: Kaiser Family Foundation.

Source: Mercer’s National Survey of Employer-Sponsored Health Plans.
Percentage of Employers Offering HSA/HRA as the “Only Plan Option” is on the Rise, 2012-2016 (aka Full Replacement Plan)

HSA Assets Reached $37 billion in 2016: 20 million Accounts

Source: Devenir.
Is the “HSA” Market Growing?

• Regardless of measurement, growing market
• Health plan enrollees growing
• Number of HSAs growing
• Grow expected to continue
• Public policy could accelerate growth
• Findings from research could accelerate growth
### HSA Expansion Proposals

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<tr>
<td>Roth HSAs</td>
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<td>• Fed or state govt deposit funds to purchase health insurance and cover cost sharing</td>
<td>• Raise HSA contribution limit to maximum deductible amount</td>
<td>• Increase contribution limits to max OOP.</td>
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<td>• Double tax advantage - build up and distributions are tax free</td>
<td>• Expand access to HSAs for certain groups (e.g. Tricare)</td>
<td>• Reduce excise tax on non-qualified distributions to 10%</td>
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<td>• Contributions counted as taxable income</td>
<td>• Spouse catch-up contributions to same HSA</td>
<td>• Use HSA for expenses incurred prior to establishment of HSA</td>
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<td>• Individual contributions limited to $5,000 + govt contributions</td>
<td>• Reimbursement for expenses incurred within 60 days of HSA establishment</td>
<td>• Easier for spouses to make catch-up contributions</td>
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<td>• Tax-deductible HSA contributions are phased out.</td>
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Proposals are silent on enhancing HDHP, but draft EO would accomplish that.
EBRI Issue Briefs

HSA-eligible health plan enrollment
• The Impact of Offering Free Coverage on Enrollment Choice and Risk Selection in an HSA-Eligible Health Plan

EBRI HSA Database
• Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2016: Statistics from the EBRI HSA Database
• Trends in Health Savings Account Balances, Contributions, Distributions, and Investments, 2011-2016: Statistics from the EBRI HSA Database
Enrollment in HSA-Eligible Health Plan, 2011-2014

- Employee-only coverage
- Family coverage

- 2011: 
  - Employee-only coverage: 2%
  - Family coverage: 4%

- 2012: 
  - Employee-only coverage: 3%
  - Family coverage: 4%

- 2013: 
  - Employee-only coverage: 25%
  - Family coverage: 28%

- 2014: 
  - Employee-only coverage: 27%
  - Family coverage: 31%
Did Financial Incentive to Enroll in HSA-Eligible Health Plan Reduce Adverse Selection?

Adverse selection measured 3 ways:
- Charlson Comorbidity Index
- Presence of chronic conditions (hypertension, high cholesterol, diabetes, Asthma/COPD, depression)
- Prior of use of health care services (inpatient stays, ED visit, primary care visits, specialist visits, prescription drug fills)

Conclusion
- Elimination of employee share of the premium drove up enrollment
- Enrollment increased did not mitigate adverse selection. New enrollees were as healthy as prior enrollees
EBRI HSA Database: Variables Collected

- Beginning year balance
- End of year balance
- Individual contributions
- Employer contributions
- Distributions
- Year and month account was opened and/or closed
- Account owner age
- Presence of investments
- Balance in investments
- Transfers in and out of account
- Zip code: geo-coded income, education and race
EBRI HSA Database: Accounts and Assets, 2011-2016
Key Takeaways

• Most accounts are new: 77% opened since 2013
• Many accounts have no contributions: 36% in 2016
• Account balances trending up: $2,536 average in 2016
• Individual contributions trending up: $1,987 average in 2016
• Employer contributions flat: $935 average in 2016
• Percent taking distributions trending up: 63% in 2016
• Average distribution amount flat: $1,771 in 2016
• Percent investing is low: 4% in 2016
• Percent investing increases with age of account: 11% of accounts opened in 2005 had investments other than cash
EBRI: Just the Facts™

Contact us for more information and to learn about EBRI membership options

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