

EBRI Policy Forum
on
HSA-Eligible Health Plan Enrollment

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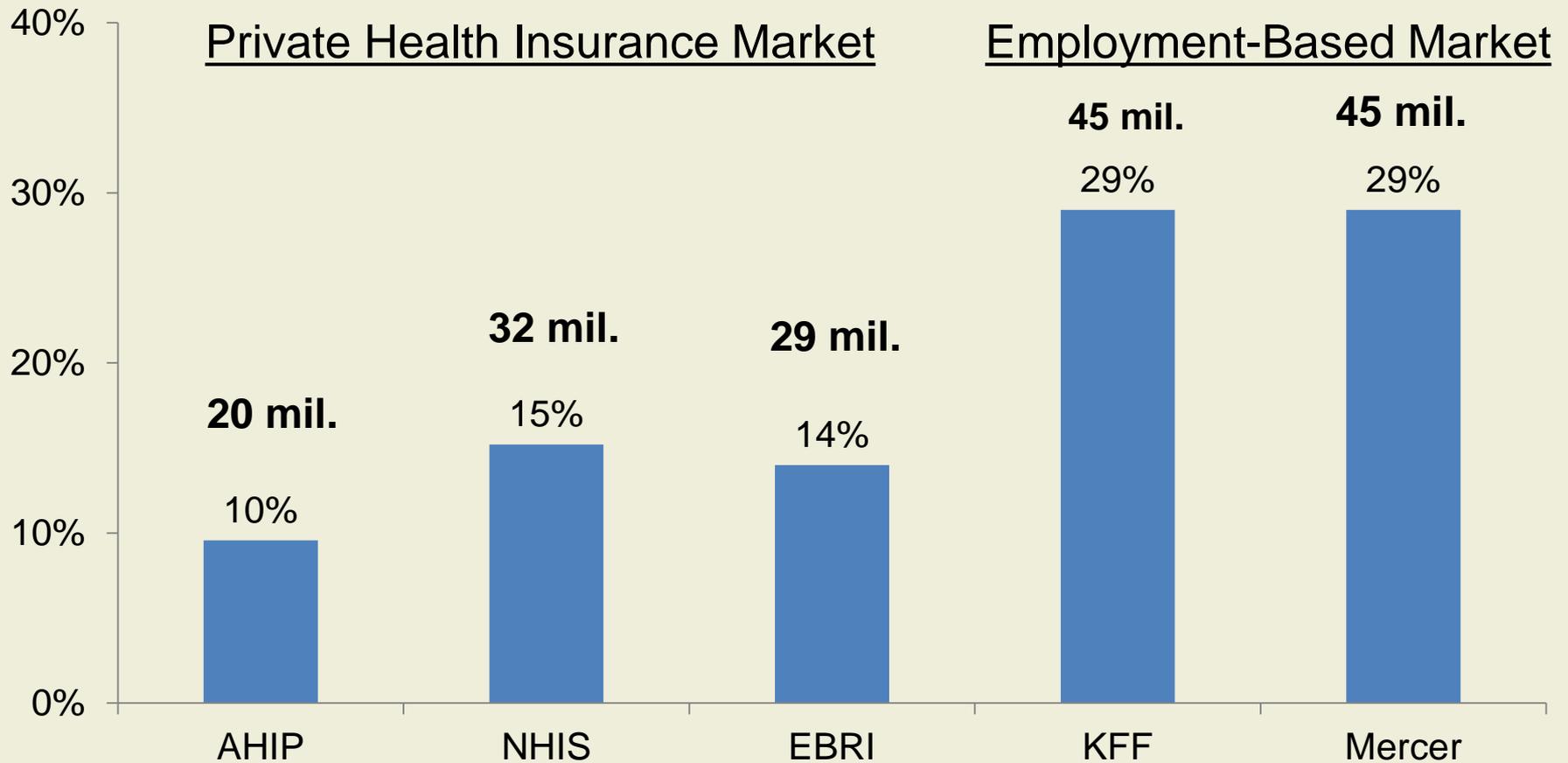
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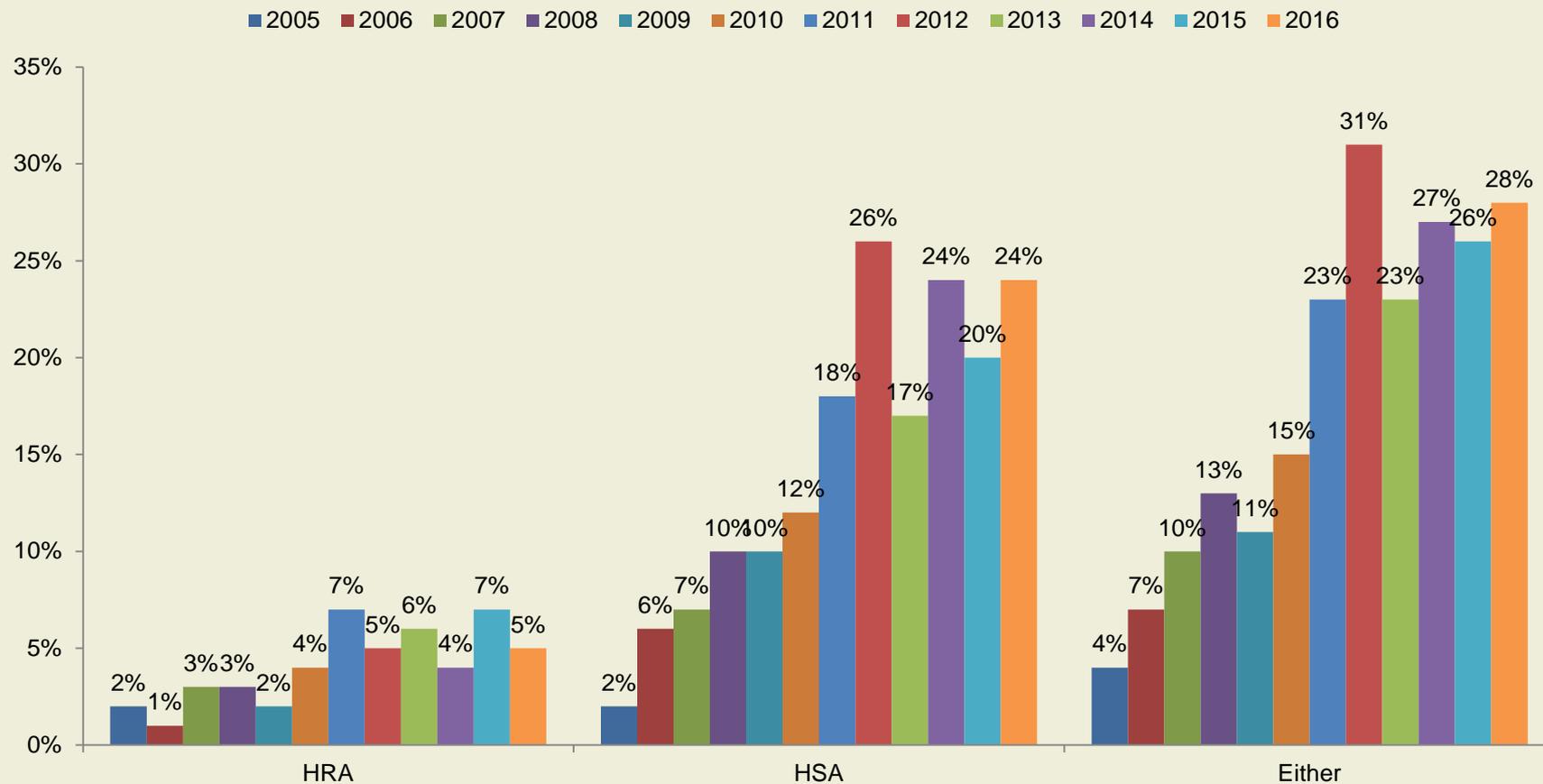
Defining the Acronyms

- 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

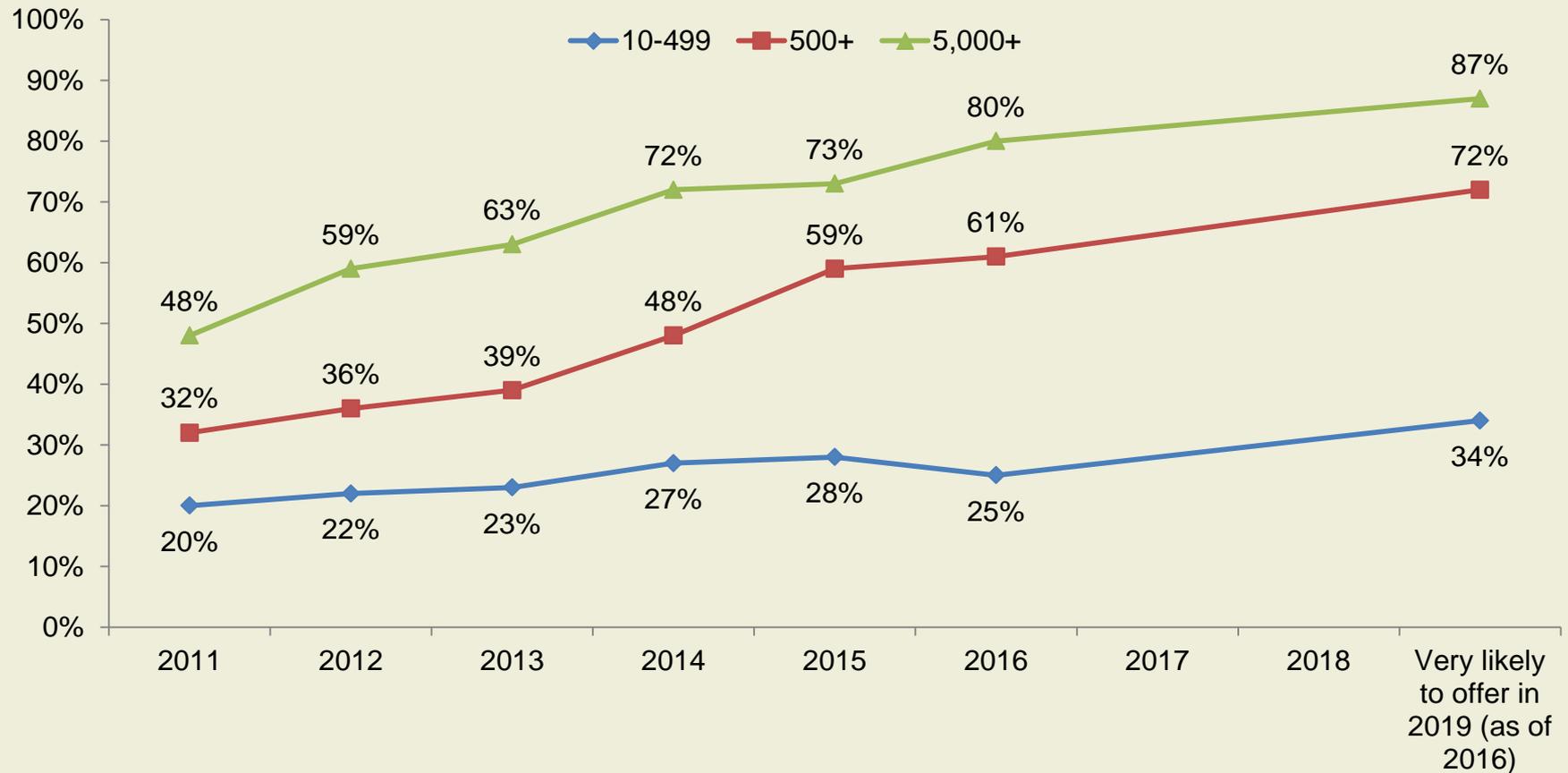
Percent of Private or Employment-Based Health Insurance Market Enrolled in CDHP, 2016



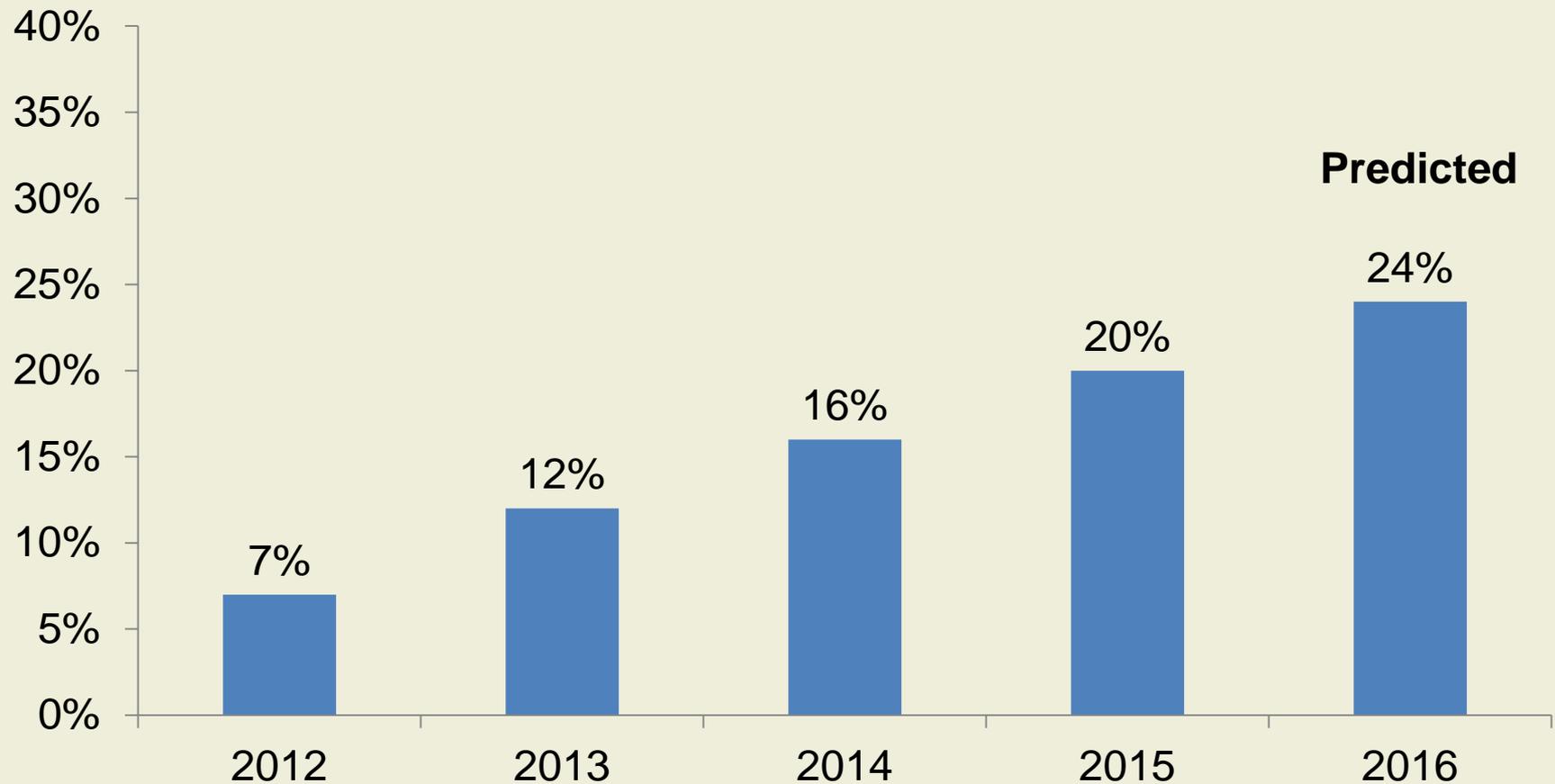
Percentage of Employers Offering an HRA or HSA, 2005-2016



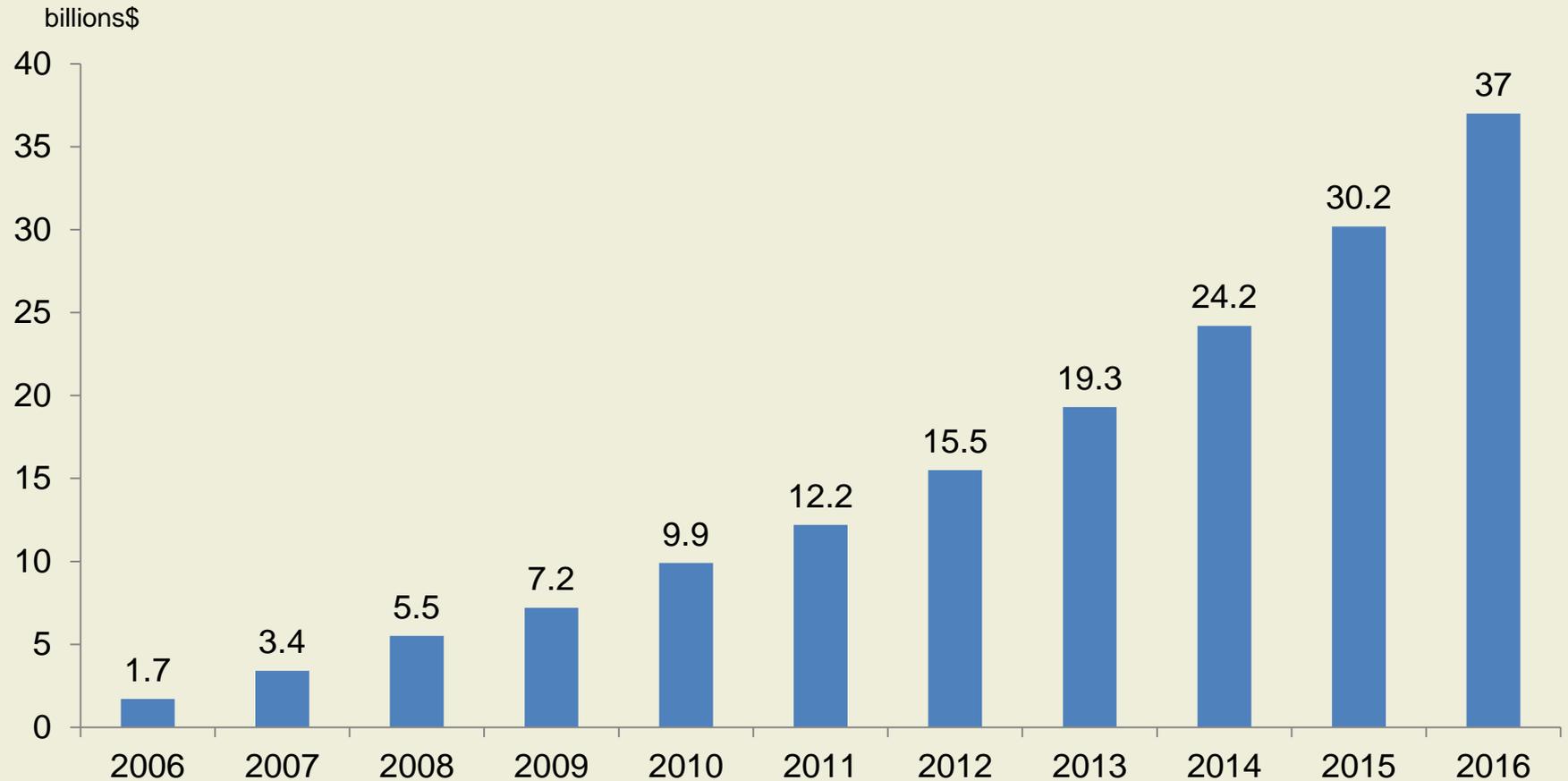
Percentage of Employers Offering CDHP, by Firm Size, 2010–2016, With Projections Through 2019



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



Is the “HSA” Market Growing?

- Regardless of measurement, growing market
- Health plan enrollees growing
- Number of HSAs growing
- Growth expected to continue
- Public policy could accelerate growth
- Findings from research could accelerate growth

HSA Expansion Proposals

Cassidy-Collins (2017)	Rep. Paul Ryan “A Better Way”	AHCA & BRCA (2017)
<p>Roth HSAs</p> <ul style="list-style-type: none"> • Fed or state govt deposit funds to purchase health insurance and cover cost sharing • Double tax advantage - build up and distributions are tax free • Contributions counted as taxable income • Individual contributions limited to \$5,000 + govt contributions • Tax-deductible HSA contributions are phased out. 	<ul style="list-style-type: none"> • Raise HSA contribution limit to maximum deductible amount • Expand access to HSAs for certain groups (e.g Tricare) • Spouse catch-up contributions to same HSA • Reimbursement for expenses incurred within 60 days of HSA establishment 	<ul style="list-style-type: none"> • Increase contribution limits to max OOP. • Reduce excise tax on non-qualified distributions to 10% • Use HSA for expenses incurred prior to establishment of HSA • Easier for spouses to make catch-up contributions

Proposals are silent on enhancing HDHP, but draft EO would accomplish that.

EBRI *Issue Briefs*

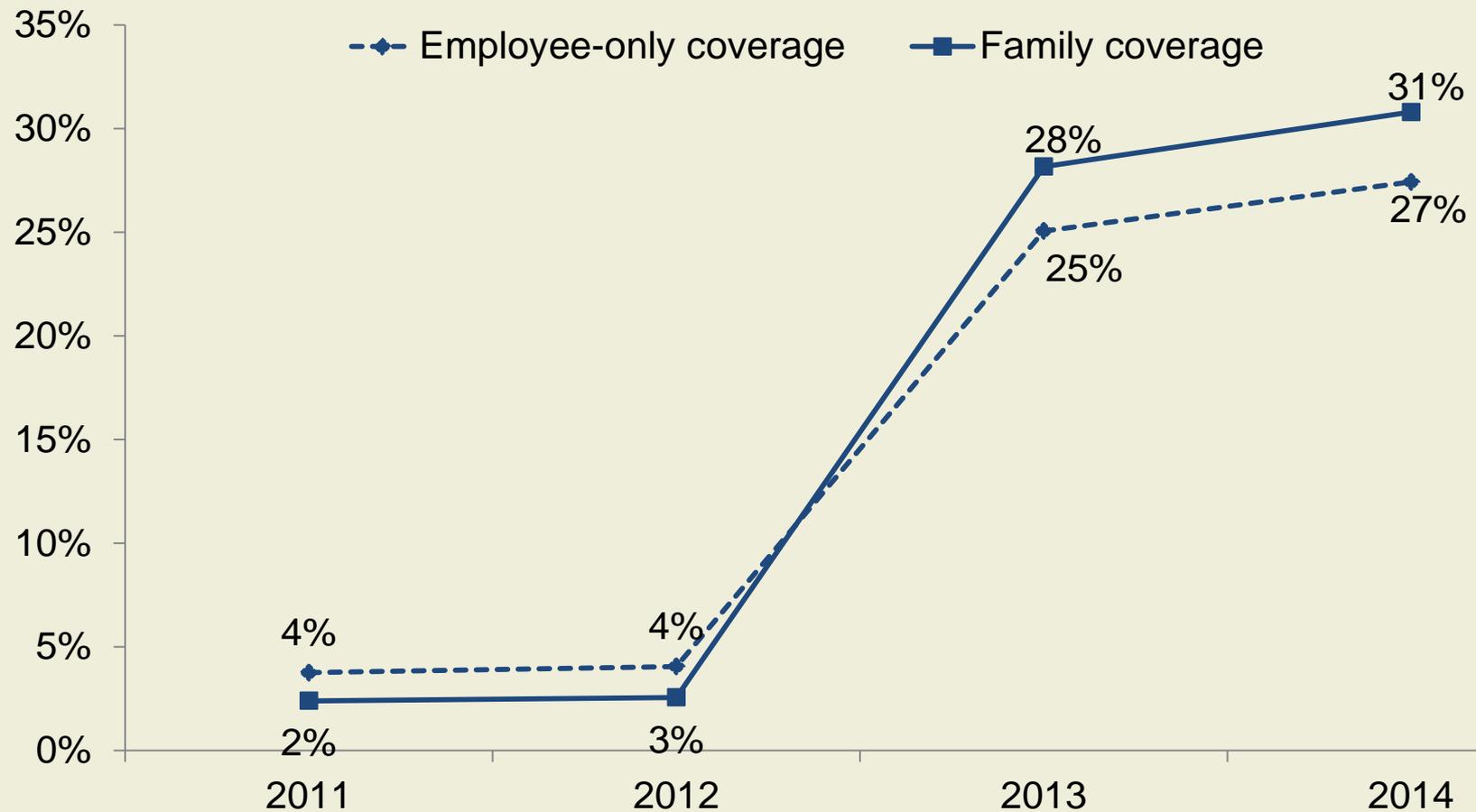
HSA-eligible health plan enrollment

- 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



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)

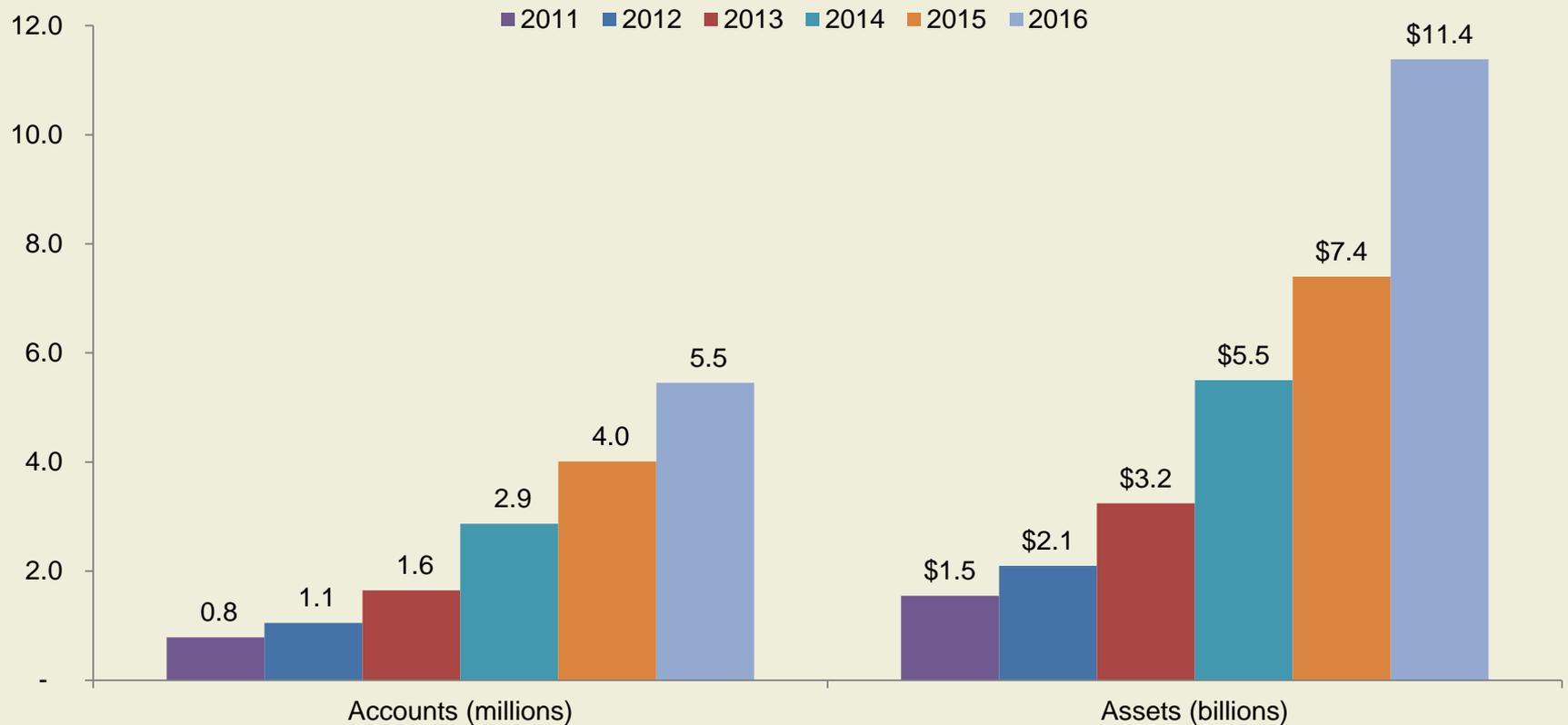
Conclusion

- 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

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