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New Research from EBRI:

Health Accounts Continue to Grow in Numbers, Assets

WASHINGTON—Account-based health plans continued to grow in 2011, increasing to \$12.4 billion in assets among 8.4 million accounts, according to the latest survey by the nonpartisan Employee Benefit Research Institute (EBRI) and Mathew Greenwald & Associates (MGA). That's up more than 55 percent in the number of accounts and almost 70 percent in assets since 2010.

This growth comes after a leveling-off of account balances during the recession years of 2008 and 2009, and a slight decline in 2010. The average health account balance was \$1,490 in 2011, up 9 percent from 2010.

These and other findings are based on the results of the 2011 EBRI/MGA Consumer Engagement in Health Care Survey, published in the January 2012 *EBRI Issue Brief*, "Health Savings Accounts and Health Reimbursement Arrangements: Assets, Account Balances, and Rollovers, 2006–2011," online at www.ebri.org

Employers first started offering account-based health plans in 2001, when a handful of employers began to offer health reimbursement arrangements (HRAs), employer-funded health plans that reimburse workers for qualified medical expenses. In 2004, employers were able to start offering health plans with health savings accounts (HSAs), tax-exempt trusts or custodial accounts that individuals can use to pay for health care expenses. The theory behind these accounts is that by giving individuals more control over funds allocated for health care services, they will spend the money more responsibly, especially once they become more educated about the actual price of health services.

The EBRI report notes that by 2010, 16 percent of employers with 10–499 workers and 23 percent of those with 500 or more workers offered either an HRA or HSA-eligible plan. As a result, these plans covered about 21 million people in 2011, representing about 12 percent of the privately insured market.

"As the number of people with account-based plans grows, total assets in these plans can be expected to grow as well," said Paul Fronstin, director of EBRI's Health Research and Education Program and author of the report.

Other findings in the EBRI/MGA survey on health accounts:

Rollovers increase: After declining to \$1,029 in 2010, the average amount being rolled over from one year to the next increased to \$1,208 in 2011. Total assets being rolled over increased as well: \$6.7 billion was rolled over in 2011, up from \$3.7 billion in 2010.

Differences in rollover amounts: Men rolled over more money than women, and older individuals had higher rollover amounts than younger individuals. Rollover amounts increased with household income and education, and individuals with single coverage rolled over a slightly higher amount than those with family coverage.

Healthy behavior does not mean higher account balances: Individuals who smoke have more money in their accounts than those who do not smoke. In contrast, obese individuals have less money in their accounts than the nonobese. There is very little difference in account balances by level of exercise. Very small differences were found in account balances and rollover amounts between individuals who used cost or quality information, compared with those who did not use such information. However, next to no relationship was found between either account balance or rollover amounts and various cost-conscious behaviors. When a difference was found, those exhibiting the cost-conscious behavior were found to have lower account balances and rollover amounts.

The Employee Benefit Research Institute is a private, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions.

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