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Has Enrollment in HSA-Eligible Health Plans Stalled?

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 2017, enrollment estimates in HSA-eligible health plans vary considerably from 21.4 million to 33.7 million policyholders and their dependents. But there is one consistency between the enrollment estimates – most sources show that growth appears to have slowed in 2017, especially when looking at the market share of HSA-eligible health plan enrollment.

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.
    - Two surveys (conducted by 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.
    - Two surveys (conducted by Kaiser Family Foundation (KFF) and Mercer) interview employers to determine enrollment.
    - 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 for 2017 range from 21.4 million to 33.7 million individuals. AHIP, whose estimates generally are the lowest, has not released 2017 estimates yet. AHIP, EBRI/Greenwald & Associates, and NCHS estimates are in the low 20-million range, while KFF and Mercer estimates are in the lower 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 that there was very little growth in HSA-eligible health plan enrollment from 2014 to 2017.
- 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 20 million at the

end of 2016. The Employee Benefit Research Institute (EBRI) HSA Database, which contains 5 million HSAs as of the end of 2016, 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 21 percent of HSAs were established in 2016.

Paul Fronstin is director of the Health Education and Research Program at the Employee Benefit Research Institute (EBRI). Any views expressed in this report are those of the authors 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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Table of Contents

Figures

Has Enrollment in HSA-Eligible Health Plans Stalled?

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Introduction

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 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.

Both the number of HSAs and enrollment in HSA-eligible health plans have grown significantly since HSAs first became available in 2004. In 2017, enrollment estimates in HSA-eligible health plans vary considerably from 21.4 million to 33.7 policyholders and their dependents. But there is one consistency between the enrollment estimates – most sources show that growth appears to have slowed in 2017, especially when looking at the market share of HSA-eligible health plan enrollment.

This *Issue Brief* examines trends in enrollment in HSA-eligible health plans. It examines surveys of individuals, employers, and 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.

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 in an HSA-eligible health plan. This *Issue Brief* examines data from the following five surveys, with all but one conducted annually since as far back as 2006:

- 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]

As can be seen in Figure 1, two of the five surveys (EBRI/Greenwald & Associates and NCHS) interview individuals with private health insurance obtained either through employment, directly from insurers, or through public exchanges. 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) surveys insurance companies and obtains estimates for individuals with private health insurance obtained either through employment, directly from insurers, or through public exchanges.

Enrollment estimates for 2017 range from 21.4 million to 33.7 million individuals. AHIP, which generally reports the lowest estimate, has not released 2017 estimates yet. AHIP, EBRI/Greenwald & Associates and NCHS estimates are in the low 20-million range, while KFF and Mercer estimates are in the lower 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.

Figure 1
Surveys on HSA-Eligible Health Plan Enrollment

Survey	2017 HSA-Eligible Health Plan Enrollment Estimate		Years	Sample
	(Millions)	(Percent of Total Enrollment)		
EBRI/Greenwald & Associates, Consumer Engagement in Health Care Survey (CEHCS)	21.4	11%	2005-2017	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	20.2	11%	2005-2016	Health insurers
Kaiser Family Foundation (KFF), Employer Health Benefits Survey	31.5	19%	2006-2017	Employers with three or more workers
Mercer, National Survey of Employer-Sponsored Health Plans	33.7	20%	2006-2017	Employers with 10 or more workers
National Center for Health Statistics (NCHS), National Health Interview Survey (NHIS)	21.9	10%	2010-2017	Individuals under age 65 with any private health insurance (calculated from survey of adults)

* 2016 estimates are used in the table above because 2017 estimates are not yet available.

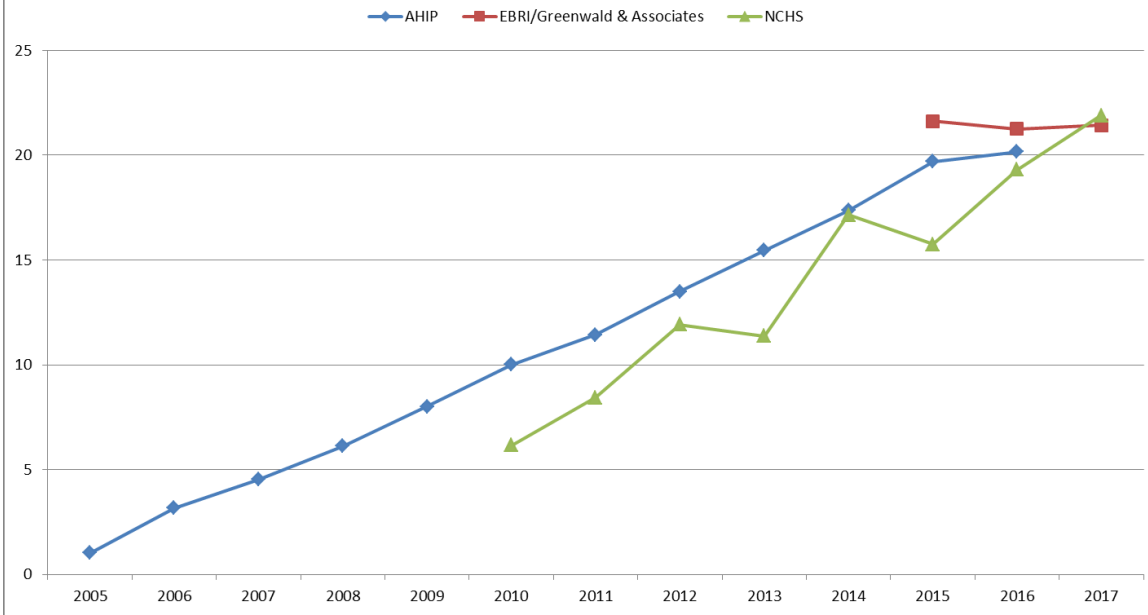
There are a number of questions that can be asked about the various surveys. Are the AHIP, EBRI/Greenwald & Associates, and NCHS surveys underestimating the privately insured marketplace? Are the KFF and Mercer surveys overestimating the employment-based marketplace? Is it possible that a combination 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, and actually underreport such enrollment. KFF collects data only on employers with three or more workers, and Mercer collects data only on employers with 10 or more workers.

All of the surveys find substantial growth in HSA-eligible health plan enrollment since HSAs were established in 2004. Figure 2 shows the growth in the number of enrollees for the AHIP, EBRI/Greenwald & Associates, and NCHS surveys, the surveys that examine both employment-based health insurance and coverage obtained in the non-group market. AHIP finds that enrollment increased from 1 million to 20.2 million between 2005 and 2016. NCHS did not start collecting enrollment data until 2010, and finds that it increased from 6 million to 22 million in 2017. The EBRI/Greenwald & Associates team was unable to separate HSA from HRA estimates before 2015. The EBRI/Greenwald & Associates survey shows enrollment is consistently in the low 20-million range, which may indicate that it was overestimating HSA enrollment before 2017.

Figure 2
HSA-Eligible Health Plan Enrollment in Millions, 2005-2017

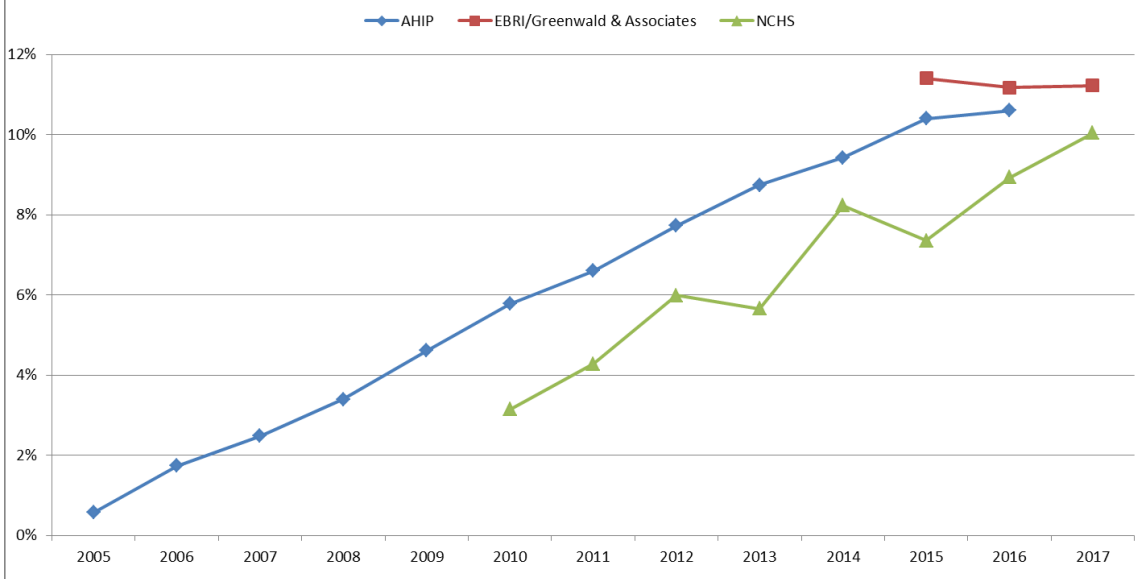


Source: America's Health Insurance Plans, EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey (CEHCS), and EBRI calculations from the National Health Interview Survey.

Similarly, Figure 3 shows the change in HSA-eligible health plan enrollment as a percent of the total commercially insured market using the AHIP, EBRI/Greenwald & Associates, and NCHS surveys. AHIP finds that enrollment increased from 1 percent to 11 percent between 2005 and 2016, while NCHS finds that enrollment increased from 3 percent to 10 percent between 2010 and 2017. EBRI/Greenwald & Associates find a constant 11 percent enrollment share from 2015 to 2017.

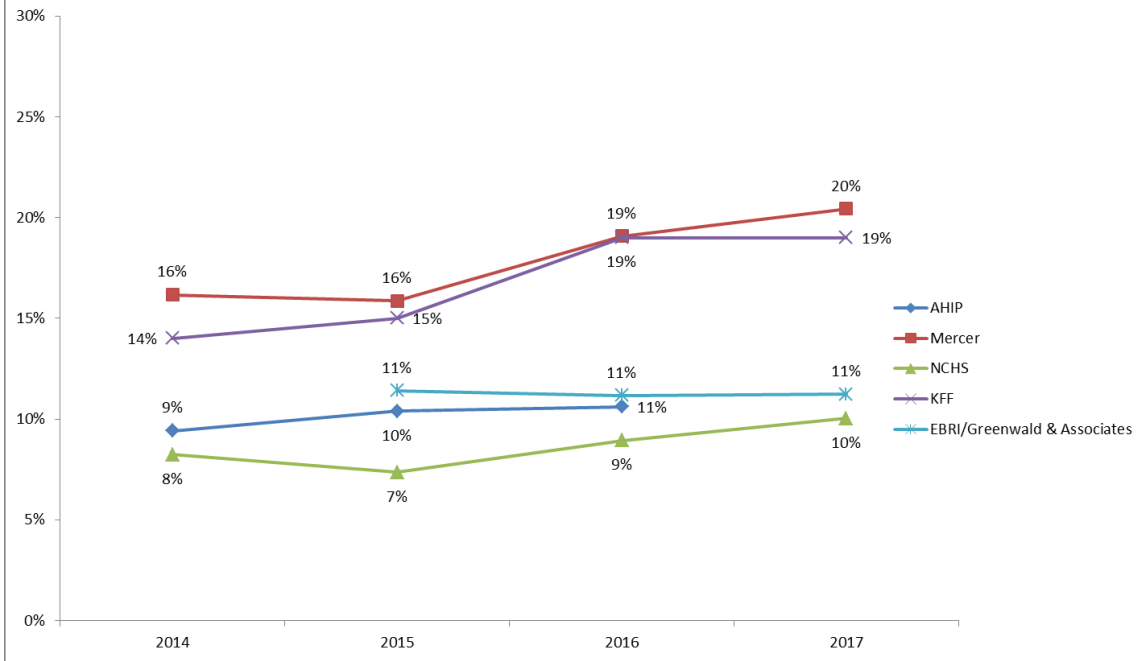
The surveys are also consistent in the finding that there was very little growth in HSA-eligible health plan enrollment from 2014 to 2017, as seen in Figure 4. EBRI/Greenwald & Associates and KFF find that enrollment in HSA-eligible health plans was steady from 2016 to 2017, while Mercer and NCHS find that enrollment increased by 1 percentage point between 2016 and 2017. Three surveys – NCHS, KFF and Mercer -- find a 2-4 percentage point increase in enrollment between 2015 and 2016. However, similar to the lack of growth between 2016 and 2017, four surveys find either no growth (Mercer and NCHS) or a one-percentage point growth (AHIP and KFF) between 2014 and 2015.

Figure 3
HSA-Eligible Health Plan Enrollment as a Percent of Total Private Health Insurance Market, 2005-2017



Source: America's Health Insurance Plans, EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey (CEHCS), and EBRI calculations from the National Health Interview Survey.

Figure 4
Percentage of Enrollees in HSA-Eligible Health Plans, 2014-2017



Average Enrollment Growth Rates, by Time Period

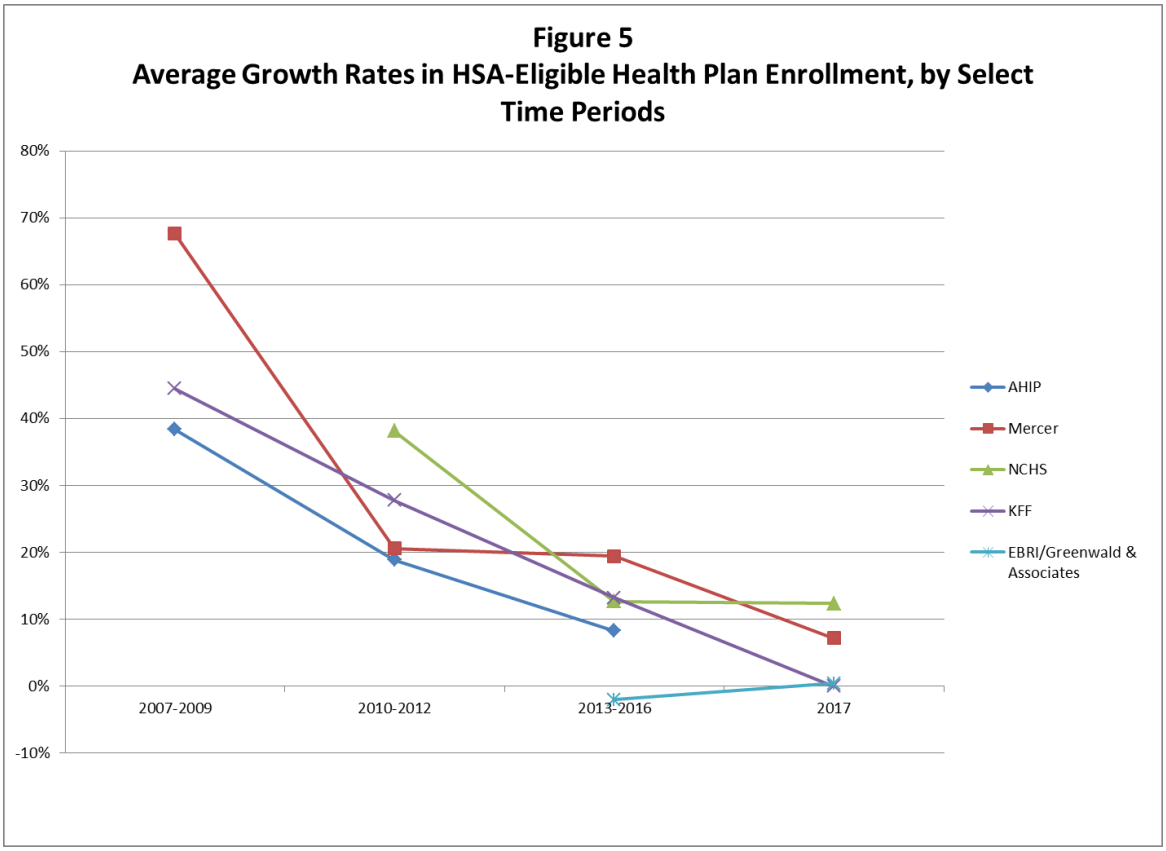
The surveys also report consistent growth rates over select time periods. In order to examine growth rates over time, we examine average annual growth rates for the following four time periods:

- 2007-2009
- 2010-2012
- 2013-2016
- 2017

These time periods were chosen 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. The end of 2016 brought renewed uncertainty with the presidential election and the possibility of repeal and replacement of the ACA. It can be argued that when it comes to enrollment in health plans, 2017 should be included with the 2013-2016 policy stability years because decisions about workplace health benefits and private health insurance coverage offered through the public marketplace were made long before the 2016 election.

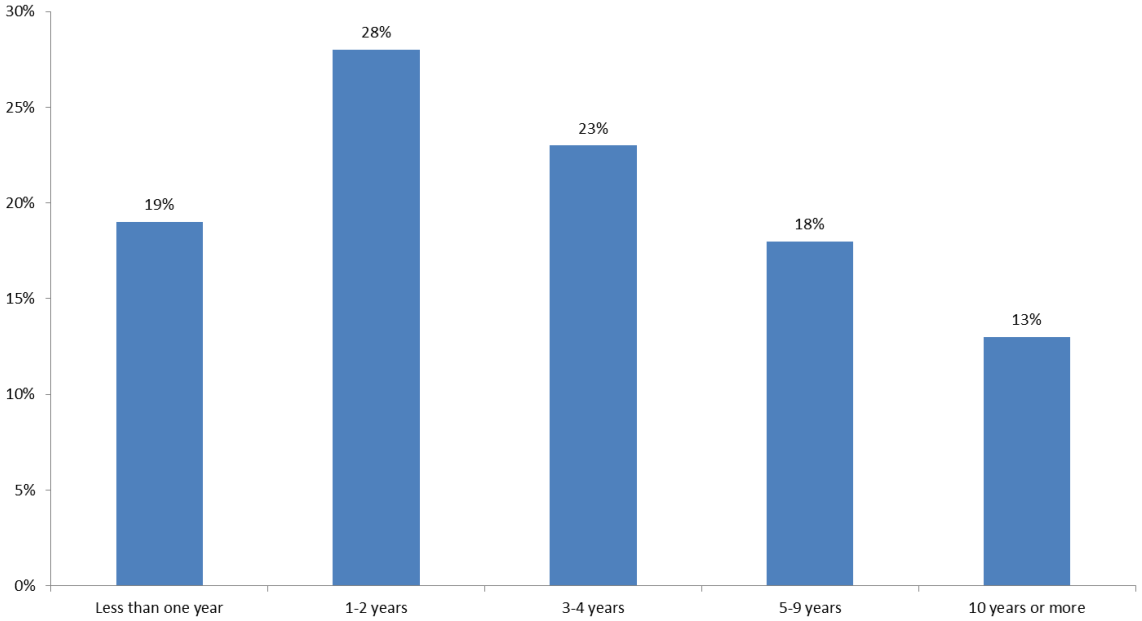
As can be seen from Figure 5, growth rates in HSA-eligible health plan enrollment have been trending down across most of the surveys examined in this paper over all of the distinct policy periods.

Figure 5
Average Growth Rates in HSA-Eligible Health Plan Enrollment, by Select Time Periods



Despite all the surveys showing little or no recent growth in HSA-eligible health plan enrollment, the EBRI/Greenwald & Associates survey finds data that implies enrollment growth. Specifically, a question related to the length of time someone had been enrolled in their health plan finds that 19 percent had been enrolled in their health plan less than one year, 28 percent had been enrolled 1-2 years, and 23 percent had been enrolled 3-4 years (Figure 6).

Figure 6
Length of Time Enrolled in an HSA or HRA Plan, 2017



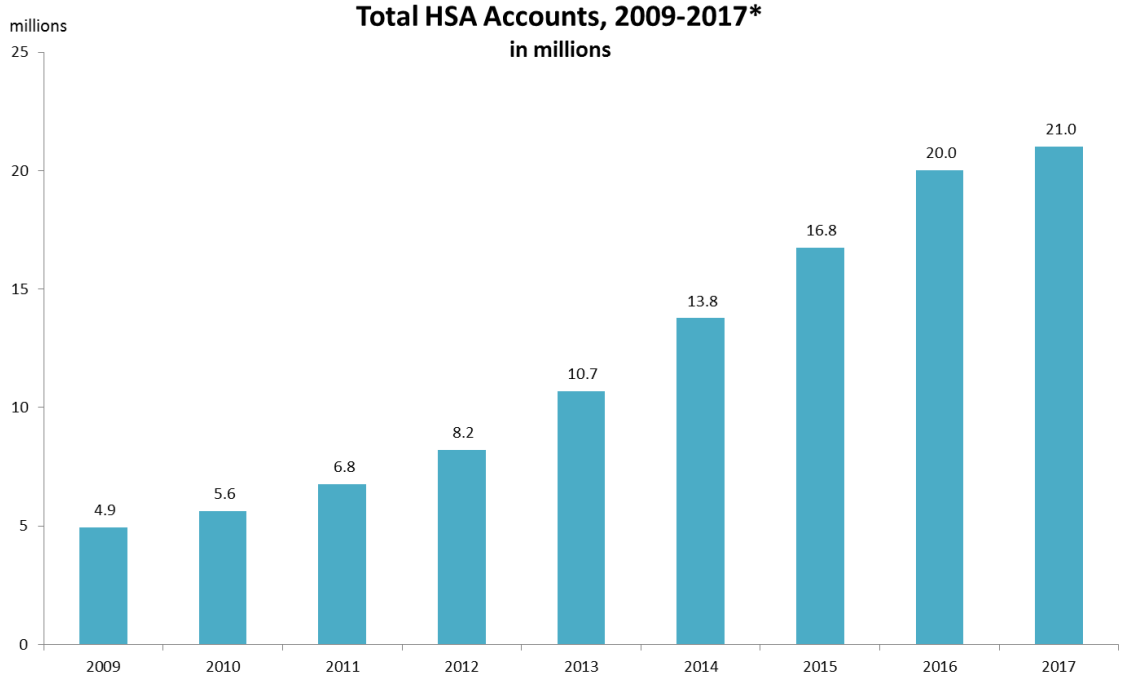
Source: EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey (CEHCS).

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 finds that the number of accounts increased from 16.8 million at the end of 2015 to 20 million at the end of 2016 (Figure 7). While it also shows an increase to 21 million accounts by the middle of 2017, most of the growth in the establishment of accounts occurs at the end of calendar years in anticipation of coverage that begins January 1, and so the growth between the end of 2016 and mid-2017 should not be viewed as slow growth. Devenir notes that 24 percent of the accounts in 2016 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.

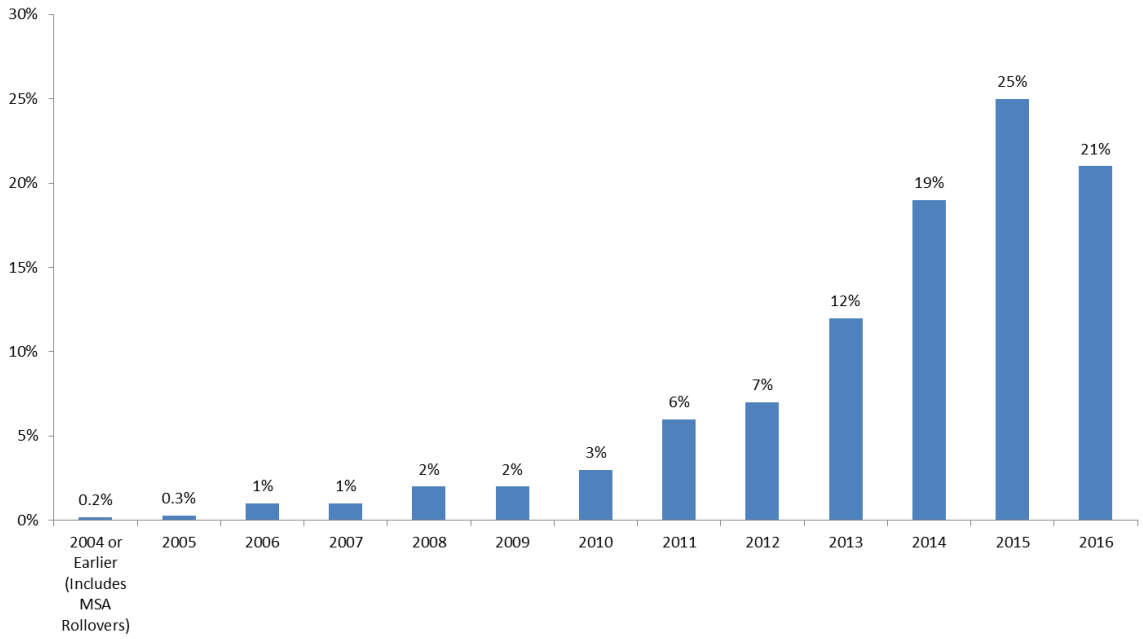
The EBRI HSA Database, which contains 5 million HSAs as of the end of 2016, finds that most HSAs have been established relatively recently and this indirectly supports the notion that we should be seeing growth in enrollment in HSA-eligible health plans. Data from the EBRI HSA Database show that 21 percent of HSAs were established in 2016 (Figure 8).

Figure 7
Total HSA Accounts, 2009-2017*
in millions



Source: http://www.devenir.com
* 2017 data are as of June 30, 2017, data for all other years are as of Dec. 31 in that year.

Figure 8
HSAs, by Year Account was Opened



Source: EBRI HSA Database.

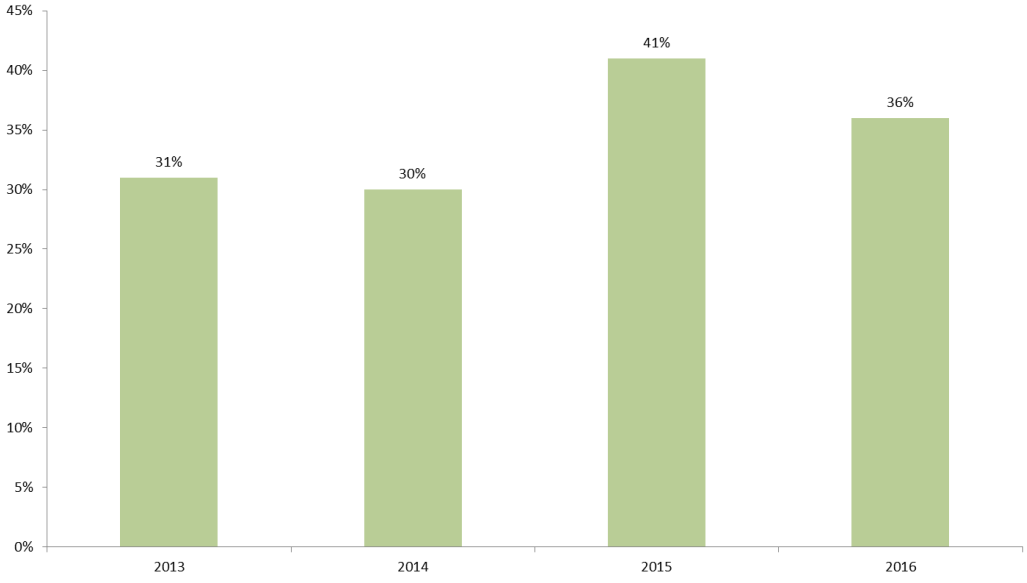
Why Might HSA Counts Show Growth When Enrollment Does Not?

It is interesting that surveys on enrollment in HSA-eligible health plans are not showing growth, while surveys on the number of established HSAs are showing growth. The surveys on enrollment count the number of people enrolled in an HSA-eligible health plan at a specific point in time. While the EBRI/Greenwald & Associates survey finds that 19 percent of enrollees are new, implying there is enrollment growth, no survey directly measures disenrollment from HSA-eligible health plans that may be offsetting new enrollment. Unpublished EBRI tabulations of enrollment and disenrollment data in the Truven Health Analytics' MarketScan Commercial Claims and Encounters Database indicate that 10 percent of persons with individual coverage and 8 percent of persons with family coverage disenrolled from their HSA-eligible health plan between 2013 and 2014.

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. They are not able to make contributions to an HSA after disenrolling from an HSA-eligible health plan, but they are 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 2016, the EBRI HSA Database contained 2.0 million HSAs that did not receive any contributions in 2016, 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 was 31 percent in 2013, 30 percent in 2014, 41 percent in 2015, and then 36 percent in 2016 (Figure 9). Other than the decline from 41 percent to 36 percent between 2015 and 2016, the percentage of accounts not receiving any contributions appears to be trending up, which would imply that simply looking at the number of accounts is not a good proxy to measure trends in HSA-eligible health plan enrollment.

Figure 9
Percentage of HSAs Without Any Contributions, 2013-2016

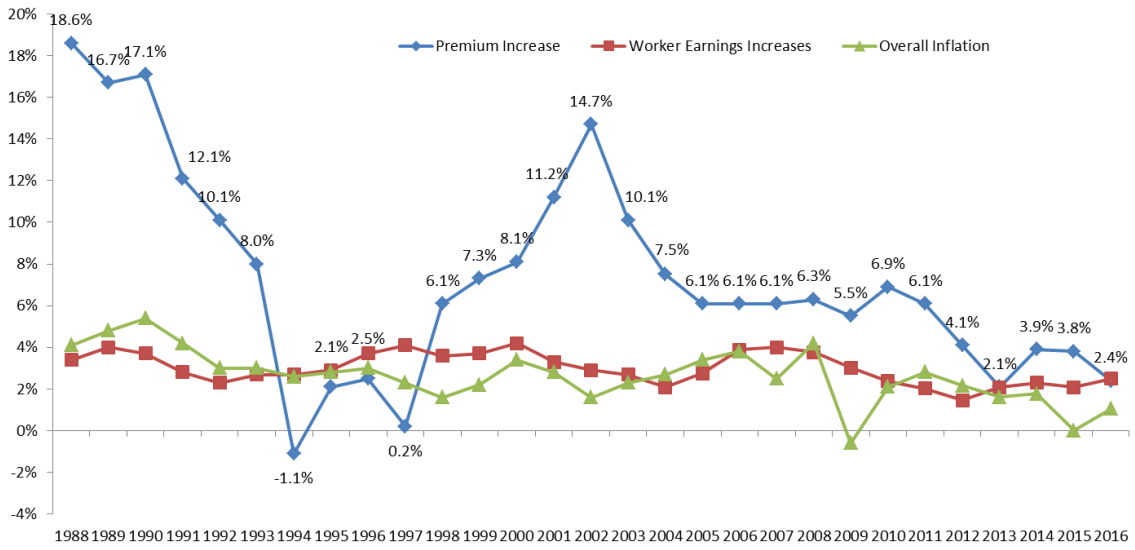


Source: EBRI HSA Database.

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.

Figure 10
Premium Increases Among Employers With 10 or More Employees, Worker Earnings and Inflation, 1988-2016



Source: Mercer, *National Survey of Employer-Sponsored Health Plans* (http://www.mercer.com/newsroom/national-survey-of-employer-sponsored-health-plans-2016.html), and Bureau of Labor Statistics.

In addition, new research findings indicate some of the impacts of HSA-eligible health plans may be holding back enrollment growth. For example, a recent 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. Recently both members of Congress[6] and the Trump administration[7] 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 need to add an HSA-eligible health plan.

One final issue to consider is whether the surveys accurately portray growth in any given year. While 2017 is a year with consistent low growth across the surveys, there is at least one year in most of the surveys that shows low, no, and negative growth followed by a rather large jump in enrollment. For example, in 2013, KFF shows an 8 percent reduction and Mercer finds 1 percent growth in HSA-eligible health plan enrollment, followed by 27 percent and 59 percent growth, respectively, in 2014. Similarly, NCHS shows no growth in 2014 followed by 17 percent growth in 2015. Hence it is possible that such statistical anomalies are driving what appears to be low growth in 2017. Ultimately, more years and more research into this question are necessary to better understand trends in HSA-eligible health plan enrollment.

References

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Endnotes

[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/mercer-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] See page 3 in https://www.segalco.com/media/3289/segal-aca-ahca-bcra-chart.pdf

[7] See http://vbidcenter.org/draft-executive-order-enables-innovation-in-hsa-hdhps/

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