



Health Savings Accounts and High Deductible Health Plans Grow as Valuable Financial Planning Tools

APRIL 2018

Key Takeaways

21.8
million 

As of January 2017, 52 health insurance providers reported 21.8 million HSA/HDHP enrollees, up from 20.2 million in 2016.

9.2%
increase 

The 45 plans participating in both the 2016 and 2017 surveys saw a 9.2 percent increase in their HSA/HDHP enrollment.



The majority of health insurance providers reported offering additional tools to help members manage their health and finances, including online access to account information, health and wellness resources, and cost and quality data.



Additional action now can further promote American's health, financial security, and peace of mind.

What is an HSA?

Health savings account (HSA) plans offer individuals a way to save money while managing their health care costs. They combine a high-deductible health plan (HDHP)¹ with a tax-favored savings account. Money spent from this account on health care costs is not subject to federal taxes, but account contributions are limited: in 2018, an individual may contribute \$3,450 and a family may contribute \$6,850. The funds may only be used for qualified medical expenses.

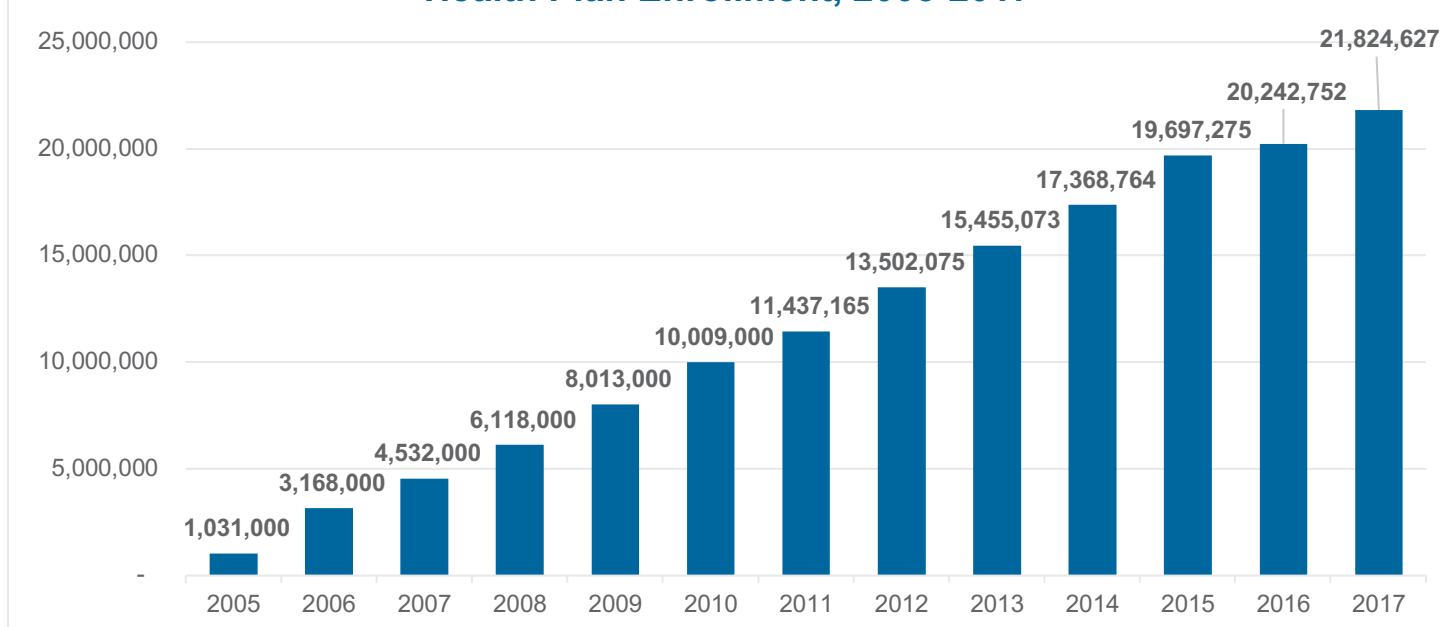
The funds in the HSA are owned by the member, and may be rolled over from year to year.

Increasingly, these accounts offer additional tools to empower members to make affordable health care choices and control their health care dollars. They include tools to help members manage their HSA savings, monitor their health, and get additional information about health care costs and quality.

HSAs were authorized by the Medicare Prescription Drug Improvement and Modernization Act of 2003 and entered the market in January 2004. Since then, AHIP has conducted an annual survey to understand how Americans are enrolling in HSAs and the kinds of tools available to help them improve their health and financial stability.



Figure 1: HSA-Qualified High-Deductible Health Plan Enrollment, 2005-2017



Growth in HSA

Figure 1 shows that as of January 2017, nearly 21.8 million people were enrolled in HSA/HDHPs. This represents an overall increase of nearly 1.7 million enrollees since January 2016.

When comparing HSA/HDHP enrollment among just the 45 insurers that participated in both the 2017 and 2016 surveys, enrollment increased by 9.2 percent.

These findings reflect an increase in enrollment in HSA/HDHPs, which has continued over the past decade, observed through our research. See Appendix B for additional details.

Other organizations have reported similar findings. For example, the Employee Benefit Research Institute (EBRI)/Greenwald & Associates Consumer Engagement in Health Care Survey found that 21.4 million people were enrolled in HSA-eligible health plans in 2017.

Where People Enroll in an HSA

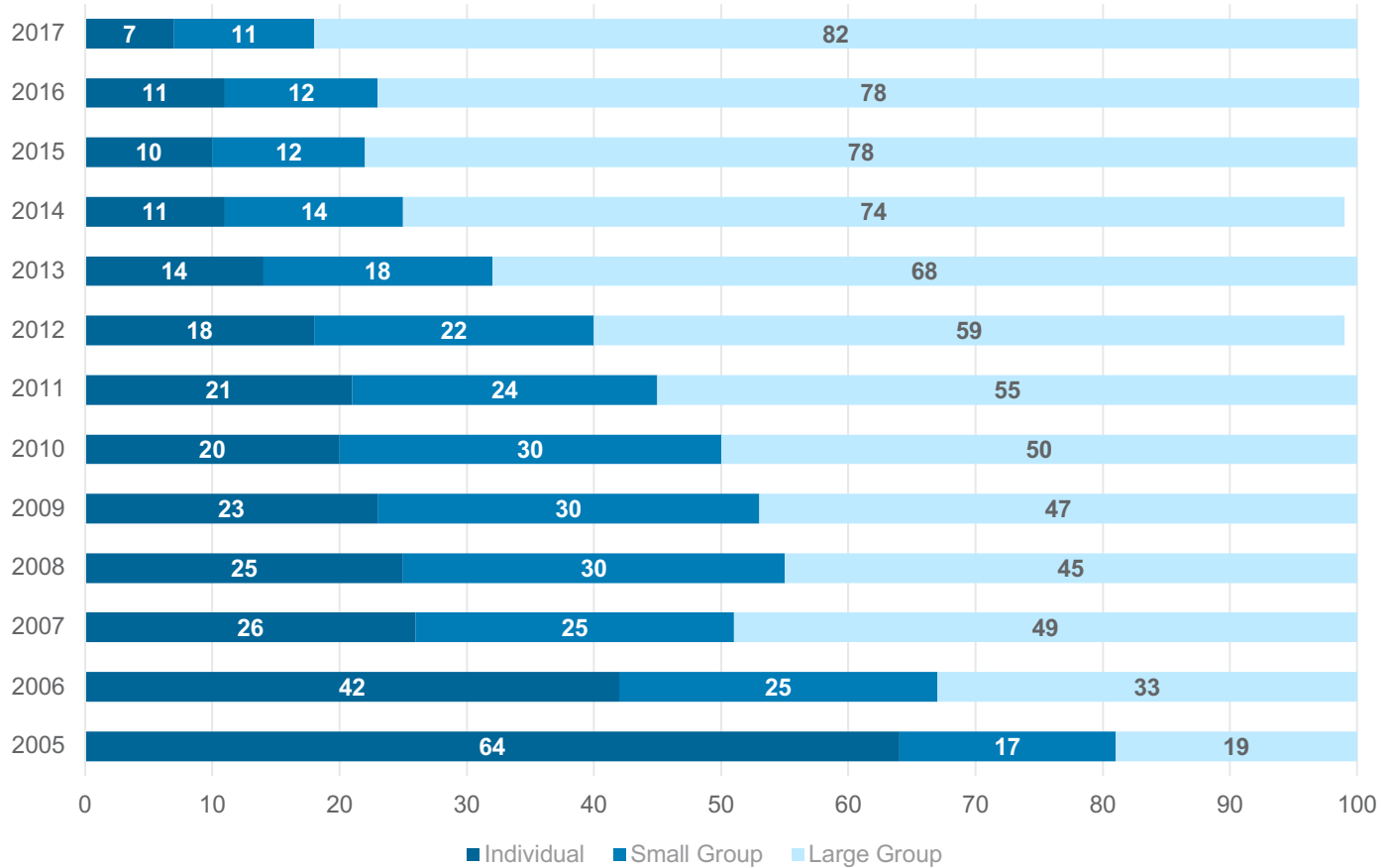
Figure 2 shows that, consistent with previous years, the majority of HSA members were enrolled in an account through a large employer. Approximately 82 percent of enrollees were enrolled in the large-group market (n=12.9 million).

All remaining members were enrolled either through a small employer (small group market), or through an account they purchased on their own (individual market).

Most respondents in 2017 reported HSA/HDHP total plan enrollments between 100,001 and 1,000,000 (37 percent, n=19). This is a decrease from 2016, when 41 percent of insurance plans reported total HSA/HDHP enrollments in the hundreds of thousands.

On the other hand, 33 percent of health insurance providers reported total HSA/HDHP enrollments between 10,001 and 50,000 compared to 27 percent of plans in 2016.

Figure 2: Percentage of Individuals in the Commercial Health Insurance Market Covered by an HSA-Qualified High-Deductible Health Plan, by Market Type, 2005-2017



In terms of enrollment by product type, the majority of enrollees had a PPO product (54 percent, n=6.8 million) followed by a variety of other product types (41 percent, n=5.1 million). HMO/POS products made up the remaining 5 percent (n=0.6 million) of enrollees.

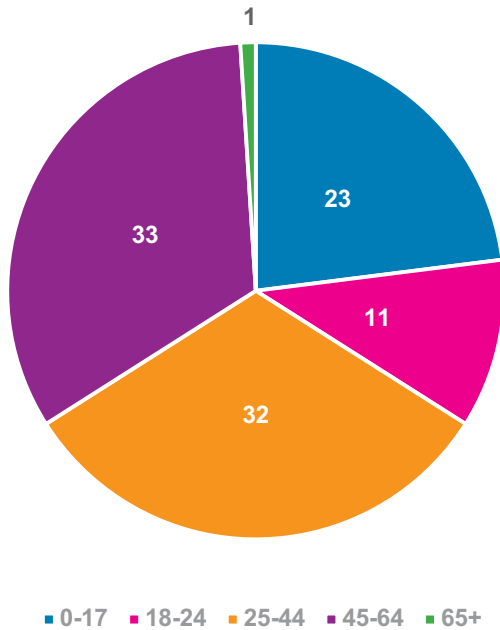
Group Market

As of January 2017, health insurance providers offering HSA/HDHP products in the small-group market reported enrollment of 1.8 million. In general, small-group coverage was defined by responding companies as coverage offered by employers with 50 or fewer employees.

Large-group HSA/HDHP coverage accounted for 12.9 million people. Of the plans that were able to report HSA/HDHP enrollment by market in 2017, 82 percent of enrollees were in the large-group market, a slight increase from 2016. Generally large-group coverage was defined as policies offered by employers with 50 or more employees.

Approximately 6.1 million enrollees were considered “uncategorized” as nine plans provided total enrollments and did not provide a breakout of their HSA/HDHP total enrollment by market type, which could account for what appears as reductions in the individual and small group markets.

Figure 3: Age Distribution of HSA/HDHP Enrollees, January 2017



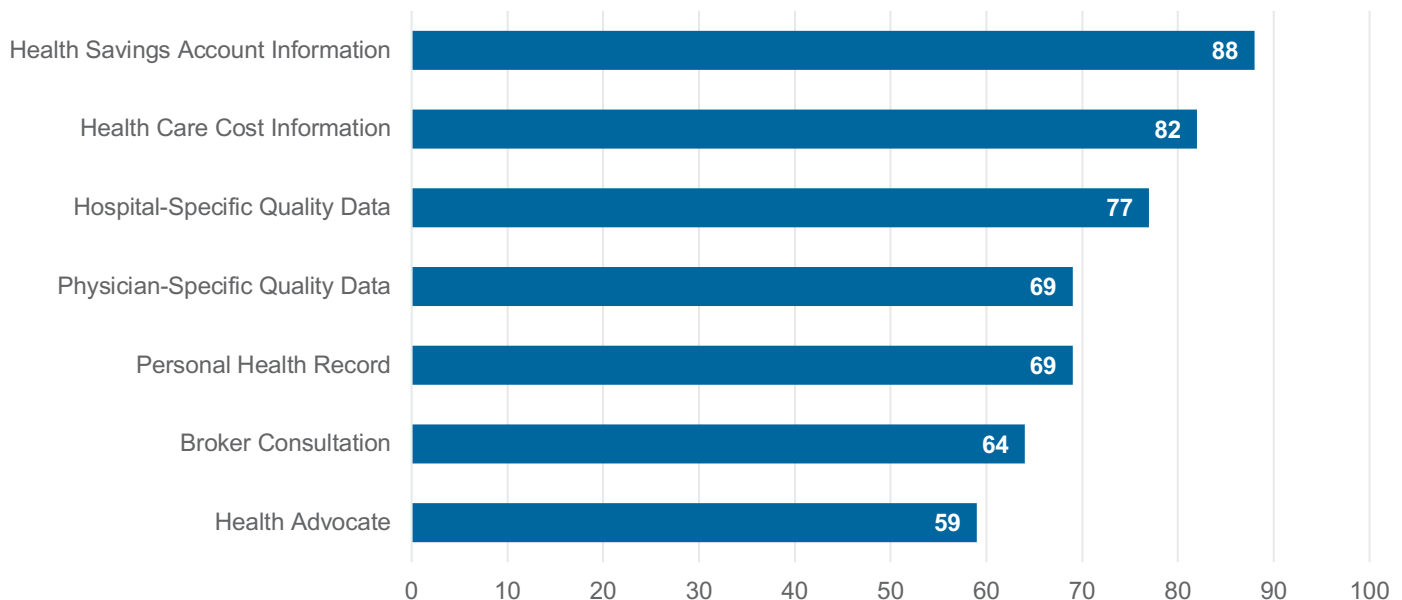
Individual Market

In January 2017, 1.1 million people were enrolled in HSA/HDHPs purchased in the individual market. However, nine respondents were not able to categorize their HSA/HDHP enrollment by market. Thus, it is possible that actual individual market enrollment was slightly higher than 1.1 million.

Enrollment by Age

For 2017, 36 health insurance providers submitted information on the ages of their HSA/HDHP enrollees, including dependents if covered under a family plan. As shown in Figure 3, approximately 23 percent of HSA/HDHP enrollees were under the age of 18; 11 percent were 18-24 years; 32 percent were 25-44 years; 33 percent were 45-64 years; and 1 percent were age 65 and older. With a majority of enrollees decades away from retirement, these accounts serve as tax advantaged savings tools to prepare for medical costs during retirement.

Figure 4: Percentage of Health Insurers Providing Access to Consumer Decision-Support Tools, January 2017



Tools for Health and Financial Planning

Many health insurance providers offering HSA/HDHPs have created online tools to help members manage their HSA accounts online. Such accounts allow members to access information about their health conditions, medical services, health care costs (e.g., negotiated rates for procedures and drugs), and quality of health services in their area.

Figure 4 illustrates responses from 40 health insurance providers on consumer decision-support tools offered to their HSA/HDHP enrollees. For example:

- 98 percent of respondents offered members access to health and wellness resources.
- 88 percent gave members access to information on their health savings account.
- 82 percent offer health care cost information.
- 69 percent supplied members with access to their personal health record.

Some HSA/HDHPs provide enrollees with information on providers. For example, 93 percent of respondents supplied enrollees with information on provider networks, 69 percent provided physician specific quality data, and 77 percent provided hospital specific quality data.

In addition, 64 percent of respondents gave enrollees access to broker consultations and 59 percent employed a health advocate.

State and U.S. Territory Enrollment

As shown in Table 2 (Appendix B), 42 health insurance providers reported enrollment by state and U.S. territory for 15.6 million lives with HSA/HDHP coverage as of January 2017. States with the largest reported HSA/HDHP enrollment levels were Illinois (1,623,027), Texas (1,534,513), Minnesota (1,178,559), Ohio (1,008,177), and California (1,001,308).

Empowering Greater Choice Through HSA/HDHPs

HSAs have enjoyed consistent and significant growth since they were first offered to consumers in 2005. They provide an attractive option for employers, employees, and individuals seeking an efficient way to cover health care costs. Many people who have an HSA find it to be a consumer-friendly savings tool that empowers them to plan for future health care expenses and gain peace of mind to supplement the security of a health insurance plan.

The continued increase in popularity of HSA/HDHPs, combined with current health trends in America, mean more changes are needed to support good health and financial stability: Health insurance providers are focused on treating chronic disease. They recognize that most Americans have at least one chronic illness and the importance of treating conditions early and consistently to avoid harmful and costly complications down the road.

Health Savings Accounts Grow as Valuable Financial Planning Tools

- Presently, an enrollee in an HSA-qualified plan must meet his or her full deductible before the plan can pay for most services, treatments, or medications. Recognizing that preventive treatment is critical to improving health outcomes and avoiding costly long-term complications, Congress allowed for preventive care to be covered pre-deductible. There is a similar recognition that ensuring consistent access to treatment for those with chronic conditions such as diabetes, heart disease, and substance abuse disorder can help prevent expensive, debilitating complications.
 - The Chronic Disease Management Act (H.R. 4978/S. 2410) would provide much-needed flexibility by allowing HSA-qualified plans to cover services that help Americans manage their chronic conditions pre-deductible just as they do for preventive care. This approach improves the value of HSA-qualified plans for consumers and enables patients to more easily access care they need to effectively manage their chronic conditions.
- With more and more people increasingly choosing HSAs, it is imperative that federal rules are able to keep pace with evolving consumer needs. Additional changes to HSA account and plan rules can lower costs and enable more choice, control, and greater flexibility for millions of consumers.
 - The Bipartisan HSA Improvements Act (H.R. 5138) would improve the value of HSAs and HSA-qualified plans by increasing contribution limits, expanding eligibility to a wider array of plans, allowing pre-deductible coverage at onsite and retail clinics, expanding access to telemedicine services and over-the-counter medications without a prescription, and allowing HSAs to be used for wellness activities. These improvements will make it easier for individuals to stay healthy while also lowering costs.

With nearly 21.8 million lives covered in HSA-qualified plans, and enrollment expected to continue in the coming years, HSAs and HSA-qualified plans represent a vital option to provide Americans with greater control and choice over their health and financial security, leading to greater peace of mind.

Acknowledgments

AHIP would like to thank the health plans that participated in this year's survey.

Endnotes

1 For 2017, the minimum annual deductible for self-only HSA/HDHP coverage is \$1,300, and the maximum out-of-pocket limit for self-only coverage is \$6,550. For family HSA/HDHP coverage, the minimum deductible is \$2,600 and the maximum out-of-pocket limit is \$13,100.

These amounts are indexed annually for inflation. Accessed 01/22/2018 at <http://www.irs.gov/pub/irs-drop/rp-15-30.pdf> and <https://www.irs.gov/pub/irs-drop/rp-16-28.pdf>.

2 EBRI Issue Brief, "Has Enrollment in HSA-Eligible Health Plans Stalled?" (February 16, 2018, No. 441); https://www.ebri.org/pdf/briefspdf/EBRI_IB_441.pdf.

3 Results for responding companies are reported by grouping data from all subsidiaries into one unit, regardless of the number of subsidiaries or number of states where the company does business.

Appendix A

Methodology

A data collection instrument was developed by AHIP to ascertain total enrollment, premiums, and other information on HSA/HDHPs as of January 2017. The instrument was developed using Qualtrics software (Qualtrics, Provo, UT), and was emailed to 93 AHIP member and non-member companies believed to sell HSA-eligible high-deductible health plans.

Data collection occurred from June 2017 through January 2018. Fifty-two health insurance companies responded, yielding a 56 percent response rate.

Forty-two responding companies reported HSA/HDHP enrollment in the individual, small-group, and large-group markets. Nine companies provided total HSA/HDHP enrollment only, as they were unable to give detailed information on each market. One company indicated that they no longer offered HSA/HDHP products.

We analyzed the data to examine national trends in enrollment, distribution of enrollment by state/U.S. territory, and individual versus group markets. In addition, we analyzed changes in enrollment for plans that responded in 2016 and 2017. Ten companies could not provide their HSA/HDHP enrollment by state/U.S. territory for all enrollees, representing approximately 6.1 million enrollees.

Twenty-seven responding companies provided information on average monthly premiums at the state level, representing 6.4 million enrollees. For this report, premium data were not published for states that had fewer than four companies in a state contributing premium data.

Data Limitations

AHIP did not receive participation in the annual census from all health insurance providers that sell HSA/HDHP insurance coverage or administer HSA/HDHP coverage for self-insured group health plans. This census does not include coverage associated with health reimbursement arrangements (HRAs), which are most commonly offered in the large-group market. Further, while the rate of response was similar to that of the 2016 study, AHIP did not receive responses from every health plan that participated in 2016.

Identifying trends over time is most accurate when using data from the same responders. For this study, 45 of the 52 health insurance providers that responded to the 2017 census also participated in the 2016 study. Seven health insurance providers were new respondents to the 2017 study. Fourteen health insurance providers reporting data in 2016 did not participate in 2017. Two of the 14 non-responders were purchased by another company. The non-responders accounted for 1.3 million lives in the 2016 study. Such changes in the respondent population for 2017 may have resulted in an understatement of the total HSA/HDHP enrollment for this year's report.

Additionally, not all health insurance providers were able to provide data broken out by state or market type, and nine could provide only total enrollment in their HSA/HDHPs. We believe the census understates the number of individual purchasers choosing HDHP plans with HSAs because market-specific data are unavailable for certain states reported in this study.

Appendix B

Table 1: HSA-Qualified High-Deductible Health Plan Enrollment, March 2005 to January 2017

Date	Individual	Small-Group	Large-Group	Other Group	Uncategorized	Total
Mar 2005	556,000	147,000	162,000	88,000	77,000	1,031,000
Jan 2006	855,000	510,000	679,000	247,000	878,000	3,168,000
Jan 2007	1,106,000	1,057,000	2,044,000	291,000	34,000	4,532,000
Jan 2008	1,502,000	1,816,000	2,777,000	13,000	10,000	6,118,000
Jan 2009	1,832,000	2,429,000	3,752,000	0	0	8,013,000
Jan 2010	2,053,000	2,970,000	4,986,000	0	0	10,009,000
Jan 2011	2,358,497	2,779,208	6,299,460	0	0	11,437,165
Jan 2012	2,470,840	3,019,347	7,939,023	0	72,865	13,502,075
Jan 2013	2,029,646	2,590,037	9,597,759	0	1,237,631	15,455,075
Jan 2014	1,974,895	2,505,931	12,813,021	0	749,177	17,368,764
Jan 2015	2,042,520	2,294,590	15,357,063	0	3,102	19,697,275
Jan 2016	1,894,113	2,113,133	13,902,214	0	2,255,470	20,164,930
Jan 2017	1,083,331	1,805,046	12,864,664	0	6,071,586	21,824,627

Table 2: Total HSA/HDHP Enrollment by State/Territory, January 2017*

State/Territory	Enrollment
Alabama	70,104
Alaska	5,313
Arizona	354,056
Arkansas	89,680
California	1,001,308
Colorado	403,232
Connecticut	377,817
DC	15,039
Delaware	49,260
Florida	741,795
Georgia	620,326
Hawaii	181
Idaho	54,535
Illinois	1,623,027
Indiana	334,042
Iowa	94,644
Kansas	127,044
Kentucky	186,733
Louisiana	72,588
Maine	89,490
Maryland	151,575
Massachusetts	469,590
Michigan	146,492
Minnesota	1,178,559
Mississippi	28,328
Missouri	380,835
Montana	80,743
Nebraska	207,957
Nevada	57,997

State/Territory	Enrollment
New Hampshire	94,153
New Jersey	223,926
New Mexico	34,423
New York	679,780
North Carolina	268,870
North Dakota	19,350
Ohio	1,008,177
Oklahoma	84,866
Oregon	130,162
Pennsylvania	404,247
Rhode Island	115,212
South Carolina	66,934
South Dakota	15,579
Tennessee	547,172
Texas	1,534,513
Utah	176,512
Vermont	12,815
Virginia	338,096
Washington	208,693
West Virginia	154,074
Wisconsin	463,025
Wyoming	12,312
Guam	17
Northern Marina Islands	2
Puerto Rico	68
US Virginia Islands	140
American Samoa	1

* Nine out of fifty responding health insurance providers did not break out their HSA/HDHP enrollments by U.S. State/Territory.

Table 3: Average Monthly Premiums, HSA/HDHP, January 2017*

State/ Territory	Single	Family
Alabama	\$336.27	\$849.42
Alaska	\$621.08	\$1,490.62
Arizona	\$390.27	\$904.66
Arkansas	\$393.23	\$922.75
California	\$570.16	\$1,302.05
Colorado	\$484.38	\$1,260.22
Connecticut	\$531.43	\$1,353.30
DC	\$468.70	—
Delaware	\$583.13	\$1,256.99
Florida	\$460.19	\$1,045.56
Georgia	\$434.10	\$1,109.61
Hawaii	—	—
Idaho	\$430.40	\$896.55
Illinois	\$466.91	\$1,149.67
Indiana	\$503.71	\$1,153.61
Iowa	\$457.92	\$1,003.21
Kansas	\$375.02	\$864.97
Kentucky	\$410.09	\$990.69
Louisiana	\$418.92	\$1,001.37
Maine	\$417.94	\$947.00
Maryland	\$436.92	\$1,085.53
Massachusetts	\$506.08	\$1,344.54
Michigan	\$409.91	\$1,005.07
Minnesota	\$665.14	\$551.31
Mississippi	\$434.59	\$939.90
Missouri	\$412.45	\$918.89
Montana	\$531.48	\$1,152.33
Nebraska	\$544.34	\$1,143.85
Nevada	\$462.12	\$995.75

State/ Territory	Single	Family
New Hampshire	\$596.79	\$1,352.57
New Jersey	\$577.40	\$1,516.88
New Mexico	\$438.37	\$1,032.26
New York	\$577.15	\$1,508.79
North Carolina	\$460.99	\$1,085.91
North Dakota	—	—
Ohio	\$448.46	\$1,109.67
Oklahoma	\$410.71	\$1,022.61
Oregon	\$443.12	\$958.70
Pennsylvania	\$468.06	\$1,151.32
Rhode Island	\$461.96	\$1,206.40
South Carolina	\$440.68	\$1,025.52
South Dakota	\$511.50	\$506.87
Tennessee	\$423.73	\$975.37
Texas	\$487.50	\$1,185.71
Utah	\$396.61	\$1,097.90
Vermont	—	—
Virginia	\$406.62	\$977.26
Washington	\$474.52	\$1,040.83
West Virginia	\$428.62	\$986.40
Wisconsin	\$485.87	\$1,179.84
Wyoming	\$434.54	\$973.35

* Premium information is excluded if fewer than four companies reported premium data for a state. Not all plans could provide their average premiums by state; however, for plans covering single individuals, survey participation ranged from four plans (AL, DC, and NM) to eleven plans (FL). For family coverage, survey participation ranged from four plans (AL, AK, and AR) to eleven plans (FL and PA).