

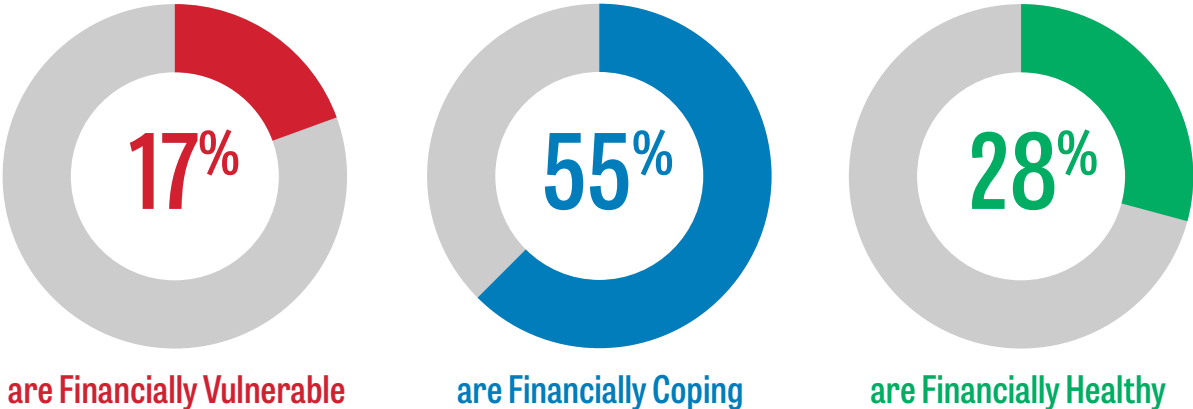
# “More Education” on HSAs is Not Enough

Presented by



FIFTH THIRD BANK

Health Savings Accounts (HSAs) officially turn “sweet 16” in 2019, but doesn't it seem like they're stuck in that awkward pre-teen stage waiting for a major growth spurt? While the numbers of HDHP and HSA enrollees continue to move upward according to industry hawks like Devenir and Aite, there's still a wide gap between those who are eligible and those who enroll. Although more employers are including HDHP options as part of their overall benefits offering, just over a third of employees are choosing them. And, the National Center for Health Statistics confirms that only about half of those with HDHPs also have HSAs.



Everyone in the employee benefits game knows there are very few circumstances in which a high deductible health plan paired with one or more tax-advantaged spending accounts isn't a better option for consumers, regardless of carrier and custodian.

And since recent research from the Financial Health Network (formerly CFSI – Center for Financial Services Innovation) shows that over half of Americans are struggling with some significant aspect of their financial lives, it makes the question we're about to pose even more urgent.

### If HSAs are so great, why don't more people have them?

Our answer to date seems to be “we need more education.” But, all signs indicate it's not doing as much good. What we're hearing from consumers in every study that comes across our news feeds is that they perceive the HDHP with HSA option as being too complex. Add up the regulatory burden, challenges with estimating upcoming healthcare expenses, fear of losing unused contributions at year-end, and wanting to avoid learning (and following) new disciplines, such as saving receipts and checking eligibility of OTC items, and you have a lot of hurdles to overcome. We should not be surprised that so many employees stick with what they know at open enrollment time, even though it may not be the best option for them in the long run.

<sup>1</sup>CDC/National Center for Health Statistics, “High-deductible Health Plan Enrollment Among Adults Aged 18–64 With Employment-based Insurance Coverage,” August 2018 [\[Link\]](#) <sup>2</sup>Financial Health Network, “U.S. Financial Health Pulse: 2018 Baseline Survey,” November 1, 2018 [\[Link\]](#)

Regulatory Burden + Unpredictable Expenses + Fear of Losing Money at Year-end + Fear of Paperwork & Process = **HIGH HURDLES**

**Simply put, we need to make the HDHP with HSA option simpler by knocking down hurdles.**

HIGH HURDLE: Doing the Math	HIGH HURDLE: Choosing HDHP w/HSA	HIGH HURDLE: Using the account
<p><b>CLEAR IT BY:</b> Offering easy to use calculators</p> <p>Let employees quickly plug in or imagine their numbers to see how a HDHP w/HSA works, and how it can benefit them.</p> <p>This seems like an obvious answer, but those of us in the financial services and benefits administration business can be an overly cautious lot. Even when we do provide calculators, we make them far too complicated so that they cover every scenario imaginable.</p> <p>By going for 100 percent coverage of all possible considerations, we maybe reach 10 percent. We need to step back, take a deep breath, and create examples that cover 80 percent of the population. Doing so will give us a far greater chance of helping people see how high deductible health plans with HSAs can benefit them.</p>	<p><b>CLEAR IT BY:</b> Showing how the high deductible health plan option is better...and doable</p> <p>Many Americans are living paycheck to paycheck. They may have a hard time getting past that large deductible amount – especially for family plans. They won't be able to see themselves coming up with that up front out-of-pocket expense, even though monthly premiums will be much smaller.</p> <p>Let's put adequate energy into helping people see how they can clear the deductible hurdle. If we don't, all our detailed explanations of how the accounts work will fall on deaf ears.</p>	<p><b>CLEAR IT BY:</b> Giving everyone an account...and putting some money in it</p> <p>In their 2018 Health &amp; Well-being Touchstone Survey, PwC found that the number of employers offering multiple health plans is rising, with HDHP options prevalent among them. However, the majority offer a flat contribution rate, and 18 percent do not contribute anything. Even when employers contribute to accounts, uncertainty about activation steps and how to easily use funds prevent 22 to 25 percent of those with funded accounts from using them.</p> <p>Americans love simple concepts and catchy slogans. Think "a chicken in every pot and a car in every garage," which was Hoover's winning campaign promise during the 1928 presidential election.</p> <p>If we fall back into traditional thinking that insurance and banking are complex by nature and that's just the way it is, we will stay stuck in the stagnant pool of slow progress.</p>



## Jan Pynappel

Vice President, Consumer-driven Health Care | Fifth Third Bank

We administer consumer-directed health accounts for a large employer with 14,000 insurance-eligible employees that has successfully pulled various levers over a period of five years in their quest to drive cost savings along with employee wellness.

**Year 1:** During open enrollment, they added a high deductible health plan to their plan offerings that also included two PPO plans. This was their first foray offering a high deductible health plan accompanied by an HSA to their workforce.

**Year 2:** The employer changed the offering to two high deductible health plans and one PPO plan and continued to further educate their workforce on the benefits of high deductible health plans with HSAs.

**Year 3:** They introduced an employer contribution to the HSA, which further increased participation. An HSA was automatically opened for anyone who chose the HDHP, so that the employer contribution could be made. Employees accepted the bank's HSA terms and conditions on the employer's benefit site so that accounts would be active right away.

**Year 5:** The spread in monthly premium was significantly widened between the HDHP offerings and the PPO to further increase participation in the HDHP plans.

According to the HR team, this employer has increased enrollment in high deductible health plans with HSAs from 49 percent in 2015 to 80 percent in 2019, a 63 percent gain. Cited as essential drivers of this success are employees choosing a HDHPs being automatically enrolled in HSAs at the time of enrollment; and the employer contributing \$250 for single coverage and \$500 for double/family coverage annually. This employer is pleased to see that the average employee HSA balance has grown to exceed \$2,000.



## Jeff Bakke

Chief Strategy Officer, Health Division | WEX Inc.

In 2018, WEX Health released our first consumer-focused research study called Clear Insights, which confirmed that most employees spend less than an hour studying the materials provided by their employers as they consider their health plan options during open enrollment. The findings prompted us to invest in three follow-on qualitative and quantitative research studies to better understand the areas of hesitation and confusion that are preventing more Americans from enjoying the benefits that consumer-directed health plans. Our 2019 report, titled "Paying for Healthcare in America: Challenges, Missed Opportunities & What We Can Do", sheds light on healthcare benefit education and motivation gaps that lead Americans to miss out on opportunities to better prepare for unexpected healthcare costs, now, in the future and in retirement.

In addition, WEX continually analyzes the vast and rapidly growing amount of transactional data on WEX Health Cloud to better understand the mix of employer offerings and employee usage patterns.

If you are still having trouble envisioning a simple, “chicken in every pot” world where way more Americans take advantage of HDHPs and HSAs to save and pay for healthcare, consider this. Just a few short years ago, “binge-watching” happened only when a major broadcast network decided to serve up a day of Andy Griffith Show reruns and you happened to see it as you clicked through hundreds of cable channels offering nothing you really wanted to see. Now, you get asked at least once a day what you’re going to binge-watch over the weekend. The only network programming that masses of people watch according to broadcast schedules are major sporting events like the Super Bowl or FIFA World Cup. Everything else – you stream it when, where and how you wish.

How did Amazon and Netflix accomplish this massive shift in viewing and shopping habits (and satisfaction)? **They gave away the first seasons** of many popular series to get us all sufficiently hooked and accustomed to the new paradigm.

Okay, consumer-directed healthcare leaders, it's time we for us to crank up our Netflix-sized consumer-directed strategies. Consider implementing the following, if you are not already doing so.

- Pay the monthly HSA service fees as part of your benefits offering.
- Allocate some of the company savings in lower premiums to your employee's HSA as an employer contribution.
- Implement a wellness program and make employer contributions to the HSA when they achieve the program goals.
- Include a tool or calculator during open enrollment that walks your employees through the decision-making process and that recommends the health plan that best meets their needs.
- If a high deductible health plan is chosen, automatically open the HSA for your employee via a file submission versus having the employees open their HSA individually.
- Request that your administrator or HSA custodian provide you with informational brochures and disseminate them to your employees both before and after enrollment.
- Implement lunch and learns to further educate your employees and leverage your administrator or custodian to conduct them where possible.

The key is to make it clear and easy by removing as many barriers as possible – just like Netflix and Amazon who removed nearly all the barriers between us and our favorite movies and TV series.

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