

HSAs Continue Rock Solid Growth

by Roy Ramthun

On April 30, America's Health Insurance Plans (AHIP) released its 4th annual survey of enrollment in health plans that make people eligible for health savings accounts (HSAs). Total enrollment in HSA-qualified policies rose 35% -- by over 1.5 million -- to reach 6.1 million Americans in January 2008, up from 4.5 million in January 2007, and 3.2 million in January 2006.

As in previous years, AHIP received participation from virtually all private health insurance carriers in the HSA market for this census. This census does not include coverage associated with health reimbursement arrangements (HRAs), which are most commonly offered in the large-group market.

In each of the past two years HSA insurance coverage has grown by almost exactly the same amount (1.5 million each) while the total for HRAs has matched HSAs again and again, although this year HSAs grew at a faster pace.

The latest numbers show, for the first time, that healthcare accounts, such as HSAs and HRAs, have settled into a long-term growth pattern that adds 3 million Americans per year, while employer support for the product keeps getting stronger.

The data indicates that by 2010 the HSA headcount will likely hit 10 million and total enrollment in consumer-driven health plans (including HSAs & HRAs) may hit 20 million.

Continued Growth in Group Market

Overall, enrollment in HSA-qualified coverage in the group market rose to over 4.6 million in January 2008 from roughly 3.4 million in January 2007. The largest share of that enrollment (45%) is still in the large employer group market with almost 2.8 million covered lives.

However, the fastest growing market for HSA products in the past year was small-group coverage, growing by 70% in one year. Small employers (now 30% of the HSA market) are strongly embracing HSAs, with over 1.8 million lives were en-

rolled in HSA coverage in the small-group market. This is an increase of 70% from 2007 when there were only 1.1 million covered lives.

HSAs Appeal to Families

Enrollment in the individual market rose to 1.5 million covered lives in January 2008, up from approximately 1.1 million in January 2007. Forty-six percent of all individual market enrollees were 40 or older including dependents covered under family plans.

HSAs Offer Affordable Coverage

Premiums for HSA plans in the small and large group market are considerably lower than premiums reported in surveys of all employer-based coverage including other types of plans. For example, the average premium was \$12,106 in 2007 for all employer-sponsored family policies -- nearly \$4,000 higher than the reported average family premium for the best-selling small-group HSA/HDHP plan in January 2008, and almost \$3,900 higher than the average premium for large-group HSA/HDHP plans.

HSAs Are Helping the Uninsured

HSAs continue to make health insurance more affordable for the uninsured. HSA products accounted for 31% of new coverage issued in the small-group market and 27% of new purchases of health insurance in the individual market.

State-by-State Enrollment

For the first time, the AHIP census provided enrollment data for each state. States with the highest levels of HSA enrollment were California (639,000), Florida (397,000), Illinois (384,000), Texas (358,000), Ohio (353,000), and Minnesota (325,000).

However, the following states came out

on top when states were compared by percentage of HSA enrollees among their under 65 populations with private health insurance: Minnesota (9.2%), Louisiana (9.0%), District of Columbia (8.7%), Vermont (7.5%), Colorado (7.1%), Nebraska (6.4%), Connecticut (5.8%), Wisconsin (5.6%), Indiana (5.1%), and Iowa (5.0%). HSAs have the most room to grow in states like New York, Massachusetts, New Jersey, and Hawaii.

Carrier Participation Remains High

For this census, 97 health insurance companies reported coverage in HSA products. Sixty-six of these companies reported HSA enrollment in the individual market; 88 companies had HSA enrollment in the small-group market; and 89 companies had enrollment in the large-group market.

Fourteen companies responding to the census had HSA enrollment of more than 100,000 covered lives (including dependents) in January 2008, up from 11 in 2007. Thirty-seven companies had HSA enrollment of more than 25,000 people. Sixty-two companies reported HSA/HDHP enrollment of more than 5,000 people.

For more information about the 2008 census, visit www.AHIPResearch.org. □

Roy Ramthun is an expert on Health Savings Accounts and consumer-directed healthcare issues. He led the U.S. Treasury Department's implementation of HSAs after they were enacted into law in 2003. President George W. Bush then tapped Mr. Ramthun to be his healthcare policy advisor at the White House, where he developed the President's proposals to expand HSAs. As President of HSA Consulting Services, LLC, he continues to be an advocate for consumerism in healthcare and is a frequent speaker at conferences and seminars around the country.