



HSA's More Than Double In Six Months

More than a million people currently receive health coverage through lower-premium, high deductible health insurance plans offered in conjunction with health saving accounts, twice as many as six months ago, a study by America's Health Insurance Plans shows.

According to the study, the new insurance policies eligible for health savings accounts (HSAs) now cover 1,031,000 people, up from 438,000 last September, with much of the recent growth coming from employers offering HSAs to their employees.

"HSAs are steadily gaining momentum in the marketplace," said AHIP president and CEO Karen Ignagni. "HSA-eligible policies now fill an important niche for employers and individual purchasers, and America's health insurance plans continue to make them a valuable part of the suite of products they offer."

Released at a briefing today, the study is based on responses from 99 AHIP member companies, representing almost all the health insurance plans offering HSA-eligible plans, and more than three times the number reporting last September. The second in a series of periodic updates, the study is the most comprehensive census of the new health insurance option available.

These lower-premium plans are an important option, especially for those who might not otherwise be able to afford coverage, Ignagni said, noting that among the companies tracking the information, previously uninsured people purchased 37% of the individual policies. Twenty-seven percent of the policies in the small group market have been sold to employers who did not previously offer coverage to their employees.

Shattering the myth that these new products only attract young and healthy individuals, the census indicates that nearly half of people covered by HSA-eligible insurance are over the age of 40.

An HSA is an account to which employers and individuals can contribute pre-tax dollars for future medical expenses. The accounts belong to the individuals, and unused contributions can roll over from year to year.

Congress created these tax-preferred accounts in late 2003 as part of the Medicare drug legislation. The law requires qualifying high deductible health insurance plans to accompany HSAs. The Internal Revenue Service provided guidance on their specific requirements during the first half of last year, issuing its most detailed guidance in early August.

"Most of these plans rely on networks of doctors and hospitals to give consumers access to the same kinds of negotiated discounts available to participants in other health insurance plans, stretching the consumers' health care dollar and increasing the value of the HSA-eligible plan," Ignagni said.



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Ignagni noted the introduction of HSAs has far outpaced earlier experiences with similar account-based high deductible plans. Only 40,000 Medical Savings Accounts (the precursor to HSAs) were established during the first year they became available, she said, and they failed to ever reach the same level of market penetration in 10 years that HSAs have already achieved.

AHIP's new Web site, HSADecisions.org, provides up-to-date information on companies that currently offer HSA-eligible health insurance plans, including a state-by-state locator. The site also features a comprehensive HSA learning center, cosponsored by the U.S. Small Business Administration.

Ignagni said growth of health insurance plans offering HSA-eligible products has occurred across the board in the last six months. She said there are now 71 health insurers offering high deductible plans to large employers, compared with 15 in September; 68 insurance companies providing plans to small employers, up from 20 at the time of the earlier report; and 56 companies have HSA-eligible plans for individuals, contrasted with 11 six months ago.