# Making Health Savings Accounts Work: Interoperable with Health Plans, Providers and Patients

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**BiG**

BOUNDARY INFORMATION GROUP

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# Boundary Information Group

*Strategies for workflow, productivity, quality and patient satisfaction improvement through health care information*

- Business process consultant focusing on electronic health records, and electronic transactions between organizations
- Former positions with MGMA, University of Denver, Dartmouth College
- Active leader in the Workgroup for Electronic Data Interchange (WEDI)
- Speaker and author (two books on HIPAA Security and one on electronic health records)
- Recipient of the HIMSS 2005 Book of the Year Award
- Co-Founder of Health IT Certification

- **Strategic IT business process planning**
- **ROI/benefits realization**
- **Project management and oversight**
- **Workflow redesign**
- **Education and training**
- **Vendor selection and enhanced use of vendor products**
- **Facilitate collaborations among organizations to share/exchange health care information**

# Definitions

- HSA – Health Savings Account
- HDHP – High Deductible Health Plan, referenced here as one that meets the 2003 Medicare legislative requirements
- HSA Administrator – Usually a bank or other financial institution

# The Business Models for HSA/HDHP

- ☐ 1. Why are they important?
- ☐ 2. What are they?
- ☐ 3. Medicare MSA demonstrations
- ☐ 4. What are the implications for:
  - ■ Providers?
  - ■ Health plans?
  - ■ Consumers?
  - ■ Employers?

# 1. Why are the HSA/HDHP Business Models Important?

☐ The business models are associated with significant differences in:

- ■ Payer/Provider bad debt risk
- ■ Payer/Consumer responsibility for payment
- ■ Timing of consumer payment
- ■ Tools for providers and/or consumers
- ■ Involvement of employers

# Understanding the Business Models Supports

- ❑ Focusing tool development to support specific business needs
- ❑ Developing HDHP and HSA information access
- ❑ Workflow change design and implementation in the provider setting
- ❑ Enhancing vendor product capabilities
- ❑ Improving health plan and HSA administrator product development
- ❑ Education for providers, consumers, and employers

# Consumer Funding and Control of HSA Funds

- ☐ HSA business model characteristics
  - ■ The consumer controls whether or not withdrawals to providers can be made via the health plan (if option offered)
  - ■ Only the consumer can access the current balance amount in the HSA (debit card, kiosks, ATM, etc.)
  - ■ Consumer HSA Funding
    - ☐ Consumers may put their own funds in an HSA (tax deductible)

# Employer Funding and Control of HSAs

- **HSA Business model**
  - Some employers fund their total annual contribution to the HSA on January 1
  - Some employers fund 1/12 of their annual contribution on the first of each month
  - Some employers do not contribute to their employees' HSAs
  - Once employers contribute funds to an HSA, the employee controls the money

# HSA Administrator Options

- ☐ The Administrator decides how and at what cost the consumer can access HSA funds
- ☐ HSAs may offer a payment option via some/all health plans
- ☐ Debit card and/or checks are two common options
- ☐ HSAs may yield investment returns
- ☐ There may be fees to the consumer and/or provider for HSA transactions

# 2.  What are the HDHP/HSA Business Models?

- [ ] 1.  Payer Centric Financial Responsibility Model
- [ ] 2.  Patient Centric Financial Responsibility Model
- [ ] 3.  Mixed Payer and Patient Centric Financial Responsibility Model
- [ ] 3.a. Medicare Demonstration Model

# 1. Payer Centric Financial Responsibility Model

- ☐ Payer is responsible for 100% of the payment
- ☐ Payer manages patient responsibility
  - ■ HSA funds
  - ■ Credit card
  - ■ Debit card
  - ■ Loan from employer or others
  - ■ Other
- ☐ Payer is responsible for paying the total amount due

# 1. Payer Centric Model Characteristics

- **Real-time eligibility**
  - Method to communicate that the patient is in a payer centric financial responsibility arrangement
  - Benefit coverage
  - No co-pay from patient at POS
- **At the end of the service delivery, provider bills payer**
- **Payer pays provider for the full contractual amount**
- **Payer notifies patient of payment**

## 2. Patient Centric Financial Responsibility Model

- ☐ Provider is responsible for billing and collecting from the patient
- ☐ The patient is responsible for payment
- ☐ Examples include:
  - ■ Self pay
  - ■ Patient without an insurance card
  - ■ Patient with HDHPs who have not met the deducible
  - ■ Others

# 2. Patient Centric Financial Responsibility Model

- Providers may be restricted by contracts with health plans from collecting total payment from the patient prior to adjudication by the health plan

- Some health plans will not provide eligibility data to providers without the patient ID number

# 2. Patient Centric Model Characteristics

- Real-time eligibility
  - HDHP indicator
  - Balance to deductible
  - Preventive service that is covered by HDHP
  - Accumulator toward deducible has to be real-time
- Need an estimating tool to determine the patient payment amount due

# 2. Patient Centric Model Characteristics

- Real-time eligibility
  - Provider collects from patient:
    - Co-pay
    - Maybe full amount due from the patient
  - Provider bills health plan
  - Provider may bill/refund patient after health plan payment is recovered

# 3. Mixed Payer and Patient Centric Financial Responsibility Model

- ☐ Provider may be responsible for billing and collecting the co-payment and other payments from the patient
- ☐ The patient is ultimately responsible for the payment, but may not be responsible at the POS
- ☐ Health plan has one or more arrangements to access the patient HSA account for patient payment
- ☐ If HSA account has insufficient funds to cover patient portion, provider collects the balance from the patient

# 3. Mixed payer and Patient Centric Model Characteristics

- Real-time eligibility
  - HDHP indicator
  - Payer HSA account access indicator
  - Balance to deductible
  - Preventive service that is covered by HDHP
  - Accumulator toward deducible has to be real-time
- Need an estimating tool to determine the patient payment amount due
- Need indicators in the 835 to identify payer and patient responsibility payments separately

## 3. Mixed payer and Patient Centric Model Characteristics

- ☐ Access to the HSA funds may be by payer access to HSA funds and/or
  - ■ Debit card presented by the patient
  - ■ A check written by the patient for the HSA account
  - ■ A patient personal check (patient latter pays self from HSA)

# 3. Mixed payer and Patient Centric Model Characteristics

- Tools
  - Estimation of the amount that the patient owes
  - Access to the HSA account balance
  - Real-time updates to the payer system
- 835 correctly identifying each payer and patient payment source

# 3.a. Medicare MSA Demonstration Summary

- ☐ Medicare only deposits funds into MSA
- ☐ No coverage before deductible is met
- ☐ For 2007, $2,000 is the minimum deductible
- ☐ Medicare's preventive services covered before deductible met
- ☐ 100% coverage after deductible met
- ☐ Part D benefits not included

# 4. What Does this Mean to the Participant?

- ☐ Real-time access and information
- ☐ Tools
- ☐ Workflow changes
- ☐ Access to an expanded scope of payer information
- ☐ Patient (employee) and provider education
- ☐ What are the keys to making the mixed model work?

# Resources

- [www.wedi.org](www.wedi.org)
- HSA Forum July 2006 presentations
- HSA Forum Notes, July 2006
- HSA White Paper, January 2006

# Contact Information

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