



# **HSAs: EMERGING TRENDS**

**National Consumer Driven Healthcare Summit**

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# AGENDA

- **ABOUT STERLING HSA**
- **EMERGING TRENDS**
  - **DEMOGRAPHICS**
  - **UTILIZATION**
  - **EMPLOYER ADOPTION**



## ABOUT STERLING HSA

- Privately held, independent HSA administrator
- Domain expertise in health insurance
- Review/pay medical and other bills on behalf of accountholder
- Enables self-directed investments
- Work with employers and their brokers/benefit consultants

## **Sterling HSA Demographics**

**More men open accounts than women (61%/39%)**

**BUT . . . Women are the primary users!**

**Source: Sterling HSA data: August, 2006**



## STERLING DEMOGRAPHICS . . . APPEAL TO YOUNG BABY BOOMERS

<b>&lt;25 yrs. old</b>	<b>5%</b>
<b>26-40</b>	<b>32%</b>
<b>41-55</b>	<b>43%</b>
<b>56-64</b>	<b>20%</b>

Source: Sterling HSA data, August 2006

## **HSA CONTRIBUTIONS/DISBURSEMENTS (PER ACCOUNTHOLDER)**

	<b><u>2004</u></b>	<b><u>2005</u></b>
<b>Contributions</b>	<b>\$763</b>	<b>\$1,845</b>
<b>Disbursements</b>	<b>\$137</b>	<b>\$580</b>
<b>Ending Balance</b>	<b>\$626</b>	<b>\$1,403</b>
<b>% Using HSA funds</b>	<b>29%</b>	<b>41%</b>

Source: Sterling HSA data, February, 2006

## **USE OF HSA FUNDS...**

**Meets HP Deductible 41%**  
**Mostly drugs, MD visits**

**Meets IRS Med Expense Criteria 49%**  
**Mostly dental, alternative medicine**

**Does Not Meet IRS Med Criteria 10%**

**Source: Sterling HSA data January, 2006**

## Employer Adoption by Size

- **Large group** favor HRAs and HSAs
- **Mid-size group** favor HSAs
- **Small group** favor HSAs as total replacement

**Source: Buck Consulting study, June, 2006 and Sterling HSA data**





## **THE TEAMSTERS' EXPERIENCE**

- **Five Employers facing unaffordable insurance with HMO/low deductible PPO**
- **Benefit Design: HDHP with HSA**
  - **Employer contributed \$1,000 to each employee's HSA**
- **56% used funds to pay for medical care**
- **\$440 average ending balance/Accountholder**

## Emerging Results: Lower Medical Cost for the Teamsters Groups

<b>Service</b>	<b>HDHP</b>	<b>PPO</b>	<b>HMO</b>
<b>Medical</b> (per employee/per month or pepm)	<b>\$249</b>	<b>\$333</b>	<b>\$524</b>
<b>Rx (pepm)</b>	<b>\$13</b>	<b>\$107</b>	<b>\$107</b>

# Lessons in Effective HSA Implementation for Employers

- **Design insurance product (deductible, out-of-pocket limits) to meet employer objectives**
- **Involve the leadership**
- **Fund HSA accounts to speed adoption/reduce risk of out-of-pocket cost exposure**
- **Develop pro-active education program**
- **Launch ongoing, customized communications program**
- **After launch, provide regular feedback**



**THANK YOU**

- **Questions?**

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