



HSA Update



Volume 5: June 23, 2010

Welcome to the HSA Update, keeping you up-to-date on the Health Savings Account marketplace with bi-weekly analysis and review of public policy, market innovations, and technology advances in the HSA arena.

■ **HSA Council is Partnering with CDHP Solutions**

The HSA Council is proud to announce that it is partnering with *CDHP Solutions*, the leading health care consumerism magazine, to sponsor the [CDHP Solutions Forum](#).

As part of our partnership, HSA Council members will be given a 20% discount on Sponsorship and attendee fees for the Forum!

In addition, each HSA Council member will be provided with a print subscription and eNewsletter subscription to CDHC Solutions as part of member benefits.

About the Forum:

The Forum is "A One-Day Health Care Benefit Forum to help Employers prepare for and manage the new 'Health Care Law' and Give A-to-Z Insight into Consumer-Directed Health Care Solutions."

At the Forum you will:

- Learn about the latest CDHC trends, including new products and technologies
- Network with your peers to share concerns and opportunities around CDHC
- Discover products and services that will help your CDHC implementation succeed

This Forum will be educational for anyone interested in the consumer-driven health care market, including:

- CEOs / Presidents / CFOs
- Banks
- HR and benefits executives
- Health plan administrators
- Benefit consultants
- Third party administrators
- Corporate wellness and medical directors
- Benefit brokers

Please review the [Forum's website](#) and contact [Renee Galbraith](#) if you have any questions about becoming a member of the HSA Council.

■ **HSA Bank Releases 2010 Consumer Survey Data**

HSA Bank, a unit of Webster Financial Corp., published results from a survey of 3, 669 employees of companies that have HSAs through HSA Bank.

One of the "myths" surrounding HSAs is that they are only for the "young, healthy, and wealthy." This survey compares participants with a traditional health plan and those with an HSA-compatible health plan. According to HSA Bank this survey reveals that "individuals with an HSA represent all income brackets and age groups, with similar demographic breakdowns as those with a traditional health plan."

Among the key findings

- **Age:** 57% of those with HSA-compatible plans are 45 or older, compared to 61% with traditional plans.
- **Health:** 95% of those with HSA-compatible plans stated they were of “average” or “better” health, compared with 94% with traditional plans.
- **Income:** 44% of those with HSA-compatible plans have annual household incomes between \$25,000 and \$75,000, compared with 45% with traditional plans.

[Read the entire report.](#)

■ EBRI: CDHP Trends 2006-2009

The Employee Benefit Research Institute (EBRI) has released an Issue Brief on “Health Savings Accounts and Health Reimbursement Arrangements: Assets, Account Balances, and Rollovers, 2006-2009.”

Among the key finding

- In 2006, there were 1.2 million accounts (HSAs and HRAs) totaling \$835.4 million in assets. In 2008, there were 4.2 million accounts totaling \$5.7 billion in assets. In 2009, there were 5 million accounts totaling \$7.1 billion in assets.
- In 2006, average account balance was \$696. In 2007, average increased to \$1,320 (up 90%). In 2008 the average was \$1,356 and in 2009 it was \$1,419.
- According to EBRI, “The typical CDHP enrollee was more likely than traditional plan enrollees to be young, unmarried, higher-income, educated, and exhibit healthy behavior. No differences were found between CDHPs enrollees and traditional plan enrollees with respect to gender, race, and presence of children. “
- The average rollover increased from \$592 in 2006 to \$1,295 in 2009.

[Read the entire report.](#)

■ When is a Plan Grandfathered?

[Information for this article provided by Seyfarth Shaw LLP.](#)

The new federal Office of Consumer Information and Insurance Oversight (OCIO), together with the IRS and the Employee Benefits Security Administration released interim final regulations on “Grandfathered” health plans. The regulations were first made publically available on June 14, 2010.

Public comments on the interim final regulation are due August 16, 2010. The IRS is accepting public comments on there “proposed rules” until September 15, 2010.

If a plan is has “Grandfathered” status, then it will be exempt from many PPACA health plan requirements. A “Grandfathered” plan had to be in existence as of March 23, 2010 and cannot have made any impermissible changes. However, until the release of the interim final regulations, it was not clear what were considered “impermissible changes.”

In order to address this concern, the interim final regulations provide a grace period to employers and issuers so they can “revoke or modify any changes adopted prior to June 14, 2010, where the changes might otherwise cause the plan or health insurance coverage to cease to be a grandfathered health plan.”

The grace period will end on the first day of the first plan or policy year beginning on or after September 23, 2010. It is only available for changes made after March 23, 2010, which were in good faith

compliance with the terms of the Act (PPACA).

Seyfarth Shaw LLP has released a "[Management Alert](#)" that details the definition of a Grandfathered plan, impermissible changes, permissible changes, disclosure requirements, and an employer action plan.

According to Seyfarth Shaw, the impermissible changes include:

- Elimination of Benefits Covered
- New Policy, Certificate of Benefits or Contract of Insurance
- Substantial Increase in Participant Premium Level
- Any Increase in Percentage for Cost-Sharing Requirement
- Certain Increases in Fixed-Amount Cost-Sharing Requirements (other than copayments)
- Certain Increases in Fixed-Amount Copayments
- Adding or Lowering Annual or Lifetime Limits
- Anti-Abuse Rules

And the permissible changes include:

- Add New Enrollees
- Increase Benefits
- Changes to Comply with Federal, State or PPACA/HCERA Requirements
- Voluntary Changes to Implement Reforms
- Changes to Third Party Administrator
- Renewal of Policy, Contract or Certificate of Insurance
- Changes made to Comply with Contracts Entered into Prior to Enactment

Read the full report by Seyfarth Shaw for detailed explanations and additional information.

[Read the full report and other Management Alerts by Seyfarth Shaw LLP](#)

HSA Update is edited by Kevin McKechnie, ABIA executive director, and Renee Galbraith, health policy manager. Please visit our Web site for daily news updates, in-depth legislative analysis, and resources for implementing HSAs. www.hsacouncil.com

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