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*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 Mentioned on NBC's TODAY Show**

Last Thursday, the TODAY Show featured a segment titled "The Rising Cost of Health Insurance" that included a favorable, if somewhat out dated, recommendation for HSAs by TODAY's financial editor, Jean Chatzky.

According to Ms. Chatzky, the cost of family health insurance in 2010 is up 14% over last year. However, the cost to employers is up only 3% because employers are shifting more costs to the employees. Employers argue that increasing the cost sharing is the only way they are able to afford to continue to offer health insurance to all employees. And, the show warns, this trend is likely to continue

So what are some cost-saving options that families should consider? Among the suggestions offered by Ms. Chatzky was that families should take the time to compare all available plans. Do the math, calculate premiums, deductibles, co-pays and see what plan makes the most sense for your family.

Ms. Chatzky continues by recommending that families look at "less expensive plans" like a "health savings account." She explains that HSAs allow you to "put away pre-tax money to fund a fatter deductible but you will have a lower premium costs down the line."

She states that they are "good options" for younger and healthier people.

Although the old misconception that HSAs are for the young and healthy remains, it is encouraging to see HSAs being given favorable coverage on a major news outlet other than FOX.

[Watch the Clip.](#)

### **CAHI Releases Study of Health Insurance Mandates in the States**

Last week, the Council for Affordable Health Insurance (CAHI) released its 2010 study of "Health Insurance Mandates in the States." The study found that the number of state mandated benefits increased nationwide over last year. A total of 2,156 this year, compared with 2,133 last year.

Per CAHI, "a health insurance mandate is a requirement that an insurance company cover specific health care providers, benefits or patient populations." CAHI argues that, while mandates do make insurance more "comprehensive," they also increase the cost of health insurance by requiring "insurers to pay for care consumers previously funded out of their own pockets."

This study is timely, as legislators and regulators seek to find ways to make health insurance more affordable. According to CAHI, state legislators need to be aware that they are "responsible for the mandate explosion, and what those mandates do to the cost and availability of health insurance."

The states with the most mandated benefits include Rhode Island with 69, Maryland with 67, Minnesota with 64, Texas with 60, and Connecticut with 59. The states with the least number of mandated benefits include Idaho with 13, Alabama with 19, Hawaii with 23, and Michigan and Utah with 25 each.

[Read the CAHI Study.](#)

## NAIC Adopts Final MLR Rules

The National Association of Insurance Commissioners (NAIC) announced last week that it voted to adopt a model regulation for calculating the Medical Loss Ratio (MLR) as required under PPACA.

This vote was the last step before the regulation is forwarded onto Health and Human Services (HHS) Secretary Kathleen Sebelius for final action.

The NAIC decided to include agents' commissions in the MLR calculation, disappointing many who hoped to see the NAIC adopt an amendment to exempt agent commissions from the calculation.

According to the NAIC, the decision to not exempt agent commissions was not based on its belief that those agent commissions should be included, but rather over a point of legality. The commissioners believed that they lacked the authority to exempt agent commissions before tabling a resolution encourage HHS to "allow special consideration for agents in any MLR."

Therefore, the exemption of inclusion of agent commissions is still in question.

In a sign that agent commissions could yet be exempt, the NAIC sent a letter of support to HHS that highlighted its opinion that agents and brokers play an important role in the sale of health insurance and the NAIC established a working group with HHS to tackle the concerns of agents and brokers.

Two other amendment failed during NAIC's meeting. One would have allowed insurers to average their medical spending nationwide, rather than state-by-state and the other would have modified the "credulity adjustment" formula to allow smaller insurers to meet the medical spending targets, even if they don't spend 80 percent on medical care.

### [Read the Model Regulation Adopted by NAIC.](#)

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HSA Update is edited by Kevin McKechnie, ABIA executive director, and Renee Galbraith, health policy manager. The HSA Council is a joint effort of the American Bankers Association and its insurance affiliate, the American Bankers Insurance Association. Please visit our Web site -- [hsacouncil.com](http://hsacouncil.com) -- for daily news updates, in-depth legislative analysis, and resources for implementing HSAs.

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