



# 2010 Consumer Benchmark Report

HSA Bank's annual survey of healthcare consumers



## Introduction

Results from research conducted by HSA Bank - one of the nations' most experienced Health Savings Account (HSA) Administrators - shows that consumers continue to adopt HSAs and HSA-compatible health plans as a viable way to pay for rising healthcare costs. HSAs and HSA-compatible health plans are also increasing in adoption by participants of all ages and income brackets. This dispels the myth that HSAs are only for the young, healthy and wealthy. The results of this year's survey reveal that individuals with an HSA represent all income brackets and age groups, with similar demographic breakdowns as those with a traditional health plan.

As a by-product of participating in an HSA-compatible plan, participants typically engage in a healthier lifestyle to retain control of their health and healthcare finances.

As consumer healthcare costs continue to rise, and with the widespread availability of Consumer-Driven Health Plans (CDHP), HSAs emerge as a preferred vehicle to pay for rising healthcare costs. Additionally, recent changes in federal legislation will likely contribute to an increase in the adoption of CDHPs with HSAs.

HSA Bank's 2010 Consumer Benchmark Survey reveals that HSAs continue to expand in acceptance and adoption. The survey distinguishes between participants who have an HSA-compatible health plan and those with a traditional PPO health plan.

## Data Collection

The 2010 Consumer Benchmark Survey provides metrics for the HSA industry relative to consumerism for healthcare and HSA owner characteristics and demographic patterns. The survey was distributed through employer relationships of HSA Bank. Employers were asked to forward a link to all employees regardless of healthcare plan or coverage. The majority of respondents received the survey from their employers; however, HSA Bank also collected responses via our public website – [www.hsabank.com](http://www.hsabank.com).

The findings were based upon 3,669 responses, an increase of over 56 percent from 2009. The results of the 2010 Consumer Benchmark Survey show that of all



respondents, 76.5 percent had an HSA-compatible health plan and 23.5 percent had a traditional PPO health plan.

Of respondents with an HSA-compatible health plan, 84.7 percent also have an HSA.

## Health Plan Participant Profile

Of survey participants with an HSA-compatible plan, 63.3 percent were female compared to those in a traditional plan where 73.6 percent were female.

Of respondents who only covered themselves under an individual plan, 49.9 percent of respondents had an HSA-compatible plan, and 48.1 percent had a traditional plan. Those respondents who were covering 2-4 individuals in a family plan comprised the next largest segment of the survey, with 42.7 percent having an HSA-compatible plan and 44.4 percent in a traditional family plan. Less than 8 percent of all combined respondents covered 5 or more individuals under their health plan.

Individuals with an HSA-compatible plan share similar education levels to those with a traditional plan. Of respondents with an HSA-compatible plan, 37.6 percent have a 4-year college degree, compared to 35.1 percent with a traditional plan. Both HSA-compatible plan and traditional plan participants share similar rates of advanced degrees such as a Master's Degree (13.9 percent vs. 13.5 percent, respectively). It is evident from the data that both HSA-compatible plan participants and traditional plan participants share similar education and income traits.

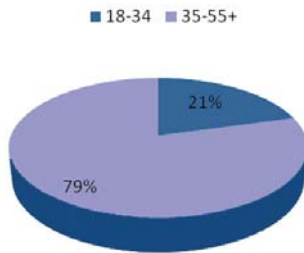
## Key Findings

The 2010 Consumer Benchmark Survey data reveals important information about healthcare consumerism and characteristics of HSA accountholders. Comparing data year over year reveals positive trends in the consumer-directed healthcare market and illustrates how HSAs are benefiting individuals and families from all age ranges, income brackets and health.

### Demographic Distribution

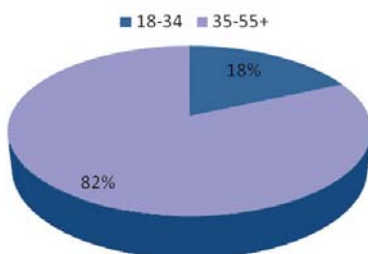
The 2010 Consumer Benchmark Survey revealed a wide age-range of participants in HSAs and HSA-compatible plans. The survey results reveal that over half (57.5 percent) are age 45 or older.

#### Age Distribution HSA-Compatible Plan



In both groups (HDHP and Traditional Health Plan), the majority of respondents were age 45 or older, while those under 34 represented less than 25 percent of all plan participants. Traditional health plan participants shared the same age demographic breakdowns as the HSA-compatible plan participants. This demonstrates that HSA-compatible plan participants mirror the age demographics of those in a traditional plan.

#### Age Distribution Traditional Plan

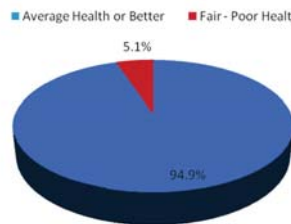


### Overall Health

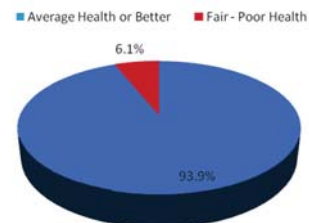
The majority of all respondents (94.7 percent) considered themselves to be in “average” or “better” health. When comparing the two groups, both the HSA-compatible and traditional plan respondents ranked their health virtually the same.

Of HSA-compatible plan participants, 94.9 percent stated they were of “average” or “better” health. Compare that to traditional plan participants, where 93.9 percent considered themselves in “average” or “better” health. Both groups also shared very similar results for those in “fair” to “poor” health (5.1 percent with HSA-compatible plans and 6.1 percent in traditional plans) which demonstrate individuals with HSAs share similar health characteristics of those in traditional plans.

#### Overall Health HSA-Compatible Plan



#### Overall Health Traditional Plan



### Annual Household Income

The majority of respondents in an HSA-compatible plan (44 percent) earn \$25,000 - \$74,999 in annual household income. 2008 survey results showed that the median household income was \$85,000 and over. Compare this to survey respondents in a traditional health plan and the data reveals that 45 percent earn \$25,000 - \$74,999 in annual household income.

Results show that both plans share very similar income distribution rates. Those with an HSA and HSA-compatible plan are no wealthier than those with a traditional plan.

When comparing annual household incomes, a higher percentage of those in an HSA-compatible health plan

(21.5 percent) plan earned less than \$50,000, compared to 18.1 percent in a traditional health plan. Additionally, 14 percent of respondents in an HSA-compatible plan earned an annual household income of \$25,000 or less compared to 10 percent of respondents in a traditional plan. The survey results reveal that respondents who participate in an HSA-compatible plan typically earn less than those in a traditional health plan.

**Annual Household Income  
HSA-Compatible Plan**



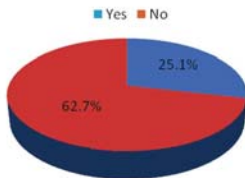
**Annual Household Income  
Traditional Plan**



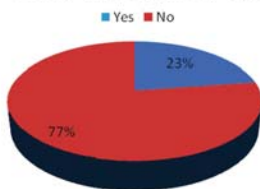
**Medical Utilization**

While the majority of respondents, regardless of health plan, do not yet inquire about health costs prior to an office visit or procedure, one quarter of HSA-compatible plan participants (25.1 percent) do inquire about cost, prior to an office visit, an increase of over 2 percent from 2009 results. Additionally, this is almost 5 percent higher than those in a traditional plan.

**Inquire About Cost Prior to an Office  
Visit/HSA-Compatible Plan**



**Inquire About Cost Prior to an Office  
Visit / Traditional Plan**

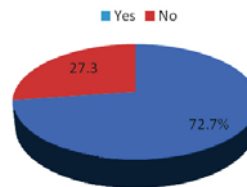


HSA-compatible plan participants have a similarly higher rate of inquiry than those in a traditional plan when it concerns lower cost alternatives for a recommended treatment.

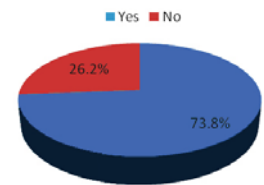
Of those respondents who had seen their physician in the past 12 months, 31.3 percent of those with an HSA-compatible plan asked about lower cost alternatives for recommended treatments as compared to 25.3 percent those with an individual plan.

When given a choice in selecting a lower cost option for a recommended test or treatment, 34.6 percent of respondents with an HSA-compatible plan selected a lower cost option compared to 32.2 percent of those with a traditional plan. Additionally, 27.8 percent of those with a traditional health plan delay treatment due to cost, while 33.4 percent of those with an HSA-compatible plan delay treatment due to cost.

**Preventive Physical Exam  
HSA-Compatible Plan**



**Preventive Physical Exam  
Traditional Plan**



**Preventive Care**

The survey revealed that respondents with both types of health plans participated in preventive physical exams recommended for their age at similar rates. However, those in an HSA-compatible plan take advantage of preventive physical exams at slightly higher rates than those in a traditional plan (27.3percent vs. 26.2 percent).

HSA-compatible plans and traditional plans generally offer similar coverage for preventive care. The survey reveals that 57.3 percent of HSA-compatible plans pay for preventive healthcare prior to the deductible being met compared to 59.3 percent of those with a traditional plan.

### HSA-Compatible Health Plans

Nearly 75 percent (74.3 percent) of all survey respondents chose an HSA-compatible plan, versus 25.7 percent who choose a traditional plan. The majority of survey respondents (84.9 percent) with an HSA-compatible health plan also have an HSA.

The survey also asked respondents with an HSA-compatible plan whether they selected their plan over another health plan. Respondents that selected their HSA-compatible plan over another health plan were 74.4 percent, while 75.8 percent respondents in 2009 had selected an HSA-compatible plan over another health plan. Statistically, year over year, the responses are similar. This indicates that participants are taking an active role in their healthcare decisions.

Of survey respondents who contributed annually to their HSA, nearly a quarter of respondents (24.1 percent) did not spend any of their annual contributions. However, 28.4 percent spent all of their annual contribution, while 18.4 percent spent one-quarter, and 12.9 percent spent about half of their annual contribution on qualified medical expenses. HSAs also offer the opportunity to invest their funds into an investment account, yet only 8.8 percent did so. An overwhelming majority (91.2 percent) did not invest their funds.

The majority of employers (76.3 percent) continue to contribute to their employees' HSAs, which provides an

incentive for employees to participate in an HSA. While the contribution rates vary by employers, 22.4 percent of them contribute within the range of \$725 - \$1,499 and 20.3 percent contribute \$1,500 - \$2,999. The third largest contribution rate from employers (16.4 percent) ranged from \$250 - \$724. Only 10.7 percent of employers did not contribute to employees' HSAs.

### Preventive Care

The percentages in which HSA-compatible plans and traditional plans pay for preventive care prior to the deductible are quite similar. For example, 57.3 percent of HSA-compatible health plans pay for preventive healthcare prior to the deductible being met, compared to 59.3 percent of those with a traditional plan. Approximately 21.8 percent of all respondents were unsure if their health plan paid for preventive care prior to the deductible being met.

There was also very little difference between participants in HSA-compatible plans versus traditional plans when it concerned going to the doctor to receive a recommended preventive physical exam for their age. For example, in the last 5 years 26.6 percent of HSA-compatible plan participants received 5+ annual preventive care exams, while 29.7 percent with a traditional health plan received 5+ annual preventive care exams.

### Medical Utilization

While growing numbers of individuals with an HSA-compatible plan inquire about cost prior to physician visits or lower cost alternatives to treatment, almost half (49.2 percent) did not decide against treatment because of cost. Survey respondents with a traditional health plan shared similar rates of not foregoing treatment because of cost at 54.3 percent. Similar statistics emerge for those who have delayed treatment due to cost. While 27.8 percent of those with a traditional health plan delay treatment due to cost, only 33.4 percent of those with an HSA-compatible plan delay treatment due to cost and nearly 23.4 percent of respondents had no treatment recommended in the past 12 months.

A cost that affects all individuals regardless of healthcare plan is that of prescription medication. The vast majority of those in both HSA-compatible and traditional health plans were prescribed medication in the past 12



months -- 63.2 percent of those with an HSA-compatible health plan and 63.1 percent of those in a traditional health plan -- asked their doctor or pharmacist for a lower-cost, generic prescription drug instead of a brand name prescription. Of all respondents, 30.9 percent were not prescribed a prescription drug in the past 12 months.

### Trends

Since the inception of HSAs and HSA-compatible health plans in 2004, adoption by consumers has steadily increased. Since 2008, HSA Bank has conducted a survey to provide a benchmark for the HSA industry in terms of healthcare consumerism and HSA owner characteristics.

The 2010 results indicate positive trends in HSA adoption by consumers and employers alike. More importantly, the HSA and HSA-compatible plan emerged as a viable solution for those in all demographics of income, age and health. For example, the \$50,000 - \$74,999 household income range represented the largest number of respondents with an HSA-compatible plan at 22.9 percent. The second largest household income bracket of respondents at 21.5 percent was \$25,000 - \$49,999. Compare these results to our 2008 survey where the median household income of respondents was \$85,000 and over. Based upon these results, the decrease in median household income among those with HSAs proves that even those in lower income brackets benefit from HSAs and are increasingly adopting HSA-compatible plans.



The 2010 Consumer Benchmark Survey also demonstrates that the majority of HSA-compatible health plan participants comprise all age groups. For example, 57.5 percent of all survey respondents with an HSA-compatible health plan were 45 years of age or older. Survey respondents with an HSA-compatible plan age 25 and younger only represented 20.7 percent of respondents.

As healthcare costs continue to rise at an accelerated pace, employers, employees and consumers alike are increasingly adopting HSAs as a viable solution to address their healthcare needs and costs. HSA Bank's 2010 Consumer Benchmark Survey reveals that individuals with an HSA and HSA-compatible plan and those in a traditional plan share many of the same socioeconomic and health characteristics; and that those in an HSA-compatible plan on average, are more cost conscious concerning their healthcare decisions.

*HSA Bank is one of the nation's most experienced HSA administrators and one of the few administrators with an exclusive focus on HSAs. HSA Bank works with individuals and companies of all sizes and complexities. HSA Bank actively listens to the needs of our clients and customers to develop solutions and create flexible HSA programs that include online access for employers and individuals. HSA Bank offers reliable and responsive support to its business partners and accountholders from friendly, knowledgeable service staff.*

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