



HSAadvisor

Message from the CEO
Bright forecast for the HSA industry

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On Thursday, June 28th the Supreme Court ruled that the Affordable Care Act (ACA) is constitutional by effectively upholding the law in its entirety. I want to share with you the perspective that the Supreme Court's decision may ultimately be a good thing for the HSA industry.

First and foremost the decision creates certainty around the structure of healthcare for at least the next several years. It means that employers and insurance carriers who have hung back from either offering, promoting or aggressively underwriting HSA plans can now proceed without wondering whether their efforts will be wasted. We have seen first hand the delaying effect of this uncertainty in certain markets and we are optimistic that this decision will encourage forward progress.

Secondly, by upholding the so-called "individual mandate" the decision brings 20 to 30 million new consumers into the market. All of our research and conversations with partners indicates that an overwhelming percentage of these new healthcare consumers (between 40% and 65%) will be seeking the most affordable plan they can purchase.

Naturally, this is an HSA qualified plan. We don't expect it will occur overnight or even next year. Instead, we expect HSA plan adoption to ramp up notably between 2014 and 2018 as the tax penalties for not having health insurance kick in and increase significantly. Our expectation, therefore, is that adoption of HSA plans between 2014 and 2018 will increase over and above their current strong growth projections.

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Furthermore, the "guaranteed issue and community rating" provisions of the ACA should mean that cost incentives to adopt HSA plans vs. other plans will become more pronounced even as the MLR and actuarial value rule forces carriers to eliminate extremely high deductible plans.

Finally, you are sure to hear lots of discussion and debate about repealing ACA. My personal view is that repeal is highly unlikely. What is far more likely to happen - no matter who wins the White House - is that we'll see a host of "technical fix" bills that will adjust various portions of the ACA. Many of these bills have already been written. We've had a chance to review those that are written and they are overwhelming HSA friendly, although admittedly it remains to be seen whether the Senate and the Administration will be as friendly to HSA plans as the bills themselves are.

More than ever though, we have the chance to work together and pursue new opportunities for Health Savings accounts.

Sincerely,



D. Dean Mason
CEO, HSA Bank

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