

Welcome to Pt. 2011 HSA



by Leila Morris

Welcome to our annual HSA Survey. We asked the top companies in the state essential questions about coverage and services that affect you, the broker. Read on to find out what plans will work best for you and your clients.

16. What service guarantees do you offer?

Aetna: We do not offer HSA service guarantees.

Anthem Blue Cross: We do not offer performance guarantees in the Small Group market or Individual market.

Blue Shield: In order to ensure our members consistently receive excellent customer service, we have a number of service level agreements in place as part of our relationship with Wells Fargo

(e.g., performance agreements for average speed of telephone response).

CIGNA: The standard performance guarantees apply.

First Horizon Msaver: Service-level guarantees vary based on the scope of the relationship with the customer, but generally include commitments around the delivery of debit cards and Welcome Kits as well as Customer Call Center metrics.

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HSA California: HSA California guarantees outstanding service. Our customer service team has expert knowledge of the insurance industry and is available between 8 a.m. and 5:00 p.m. Monday-Friday for personal assistance.

Kaiser Permanente: Providing performance guarantees of our member services and care delivery is an important aspect of our customer service. A performance guarantee is a promise, backed by financial risk, to our customers with 500 or more non-Medicare members in a single Kaiser Permanente health plan that we will perform at an agreed-upon level of proficiency. We do not offer service guarantees to the Individual, Family or Small group markets.

Sterling HSA: Sterling HSA offers a full money back guarantee of up to 12 months of paid monthly maintenance fees if our accountholders are unhappy with our service for any reason. Sterling was the first HSA administrator to offer such a guarantee and made this commitment when the company was founded in 2004.

UnitedHealth Group: Service guarantees will vary based on the scope of the relationship with the customer, but are typically available with respect to administrative service delivered under the plan.

17. What kinds of depositories are desired?

Aetna: Not applicable.

Anthem Blue Cross: There is no minimum balance requirement.

Blue Shield: As members may open their HSAs with the financial institution of their choice, depository guidelines will vary by financial institution.

CIGNA: There are no minimum deposit or balance requirements. Contributions to the HSA can be funded through employer facilitated pre-tax payroll contributions (EFT/ACH transactions) or through unscheduled deposits in which participants arrange an EFT from their personal bank account or send a check and deposit slip to a lockbox for contribution to their HSA.

First Horizon Msaver: No minimum balance requirement and no minimum initial deposit requirement for employer groups.

HSA California: No minimum balance requirement to open an HSA
* No minimum deposit requirement for employer groups

Kaiser Permanente: Our preferred financial administrator for HSA plans, Wells Fargo, does not require minimum deposits for employer groups with payroll deduction. A minimum deposit of \$100 is required for individual and family plan members not enrolling through an employer group. Please note: We also offer extensive online decision support tools to both empower and help members when making these important decisions.

Sterling HSA: Sterling accepts cash, checks, and electronic fund transfers through www.sterlinghsa.com in a secure, password protected environment. We recommend an initial deposit of \$100 and require a minimum balance of \$20 to keep the account open and active.

18. Where is your company headquartered?

Aetna: Hartford, Conn.

Anthem Blue Cross: The headquarters building for Anthem Blue Cross is located at 21555 Oxnard Street, Woodland Hills, CA.

Blue Shield: Blue Shield is headquartered in San Francisco, California.

CIGNA: CIGNA HealthCare is headquartered in Bloomfield, Conn. and CIGNA Corp., the parent company, is headquartered in Philadelphia, Penn.

First Horizon Msaver: Overland Park, KS, with an office in Fresno, CA.

HSA California: HSA California is based in Orange, Calif., and does business throughout the state.

Kaiser Permanente: Our headquarters are located in Oakland, California.

Sterling HSA: We are a California owned company and are headquartered in Oakland, Calif. We cover the country with people and offices in the Southwest, Northeast, Midwest, and California.

UnitedHealth Group: Minnetonka, Minn.

19. Please provide the phone number and e-mail that brokers can use to find out more about your plan.

Aetna: 877-249-2472, prompt 6

CIGNA: Please contact your local CIGNA HealthCare sales representative at 888-802-4462.

Anthem Blue Cross: Please reference our online resources or contact the regional sales manager for individual and small group assistance. Large Group representatives should likewise call their group sales manager at the company.

Blue Shield: Brokers can call their Blue Shield sales representative or call Blue Shield Producer Services at (800) 559-5905 or visit Producer Connection at www.blueshieldca.com.

First Horizon Msaver: 1-866-889-8583, Option 3 msaverbroker.firsthorizon.com

HSA California: Brokers can call us at 866.251.4625 between 8 a.m. and 5 p.m. Monday-Friday, or e-mail us anytime at sales@hsacalifornia.com. Brokers can also visit us online at www.hsacalifornia.com, where they will find free sales training collateral, brochures and forms they can print and share with clients.

Kaiser Permanente: For questions or information about Kaiser Permanente please use the following contact information:

- BrokerNet Website: brokernet.kp.org
- Individual and Family Broker Sales: 800-789-4661, option 6 or 800-207-5084 (8:30 a.m. to 5 p.m. PST)
- Small Business Broker Sales: 800-789-4661 (8:30 a.m. to 5 p.m. PST)
- Client Services Unit: 866-752-4737 (8 a.m. to 5 p.m. PST)
- For questions about Wells Fargo: 866-890-8309 (5 a.m. to 6 p.m. PST)
- Wells Fargo Broker Support Line: 866-449-9929 (6:30 a.m. to 4 p.m. PST)

Sterling HSA: Brokers can contact any of our sales representatives. Their names, email addresses, phone numbers and territories are available at www.sterlinghsa.com on the Contact Us page. Brokers can also email broker.support@sterlinghsa.com or customer.service@sterlinghsa.com. Our phone number is 800-617-4729 available 6am-8pm PST. Personal service and account support is a hallmark of Sterling HSA.

UnitedHealth Group: For more information, please visit www.unitedhealthcare.com.

20. Which market segment (small/mid/large) do you anticipate these plans will best accommodate?

Aetna: All segments.

Anthem Blue Cross: We are seeing interest and adoption in all market segments.

Blue Shield: HSA-eligible plans continue to generate interest from all market segments, including individual and group markets. As such, Blue Shield members enrolled in HSA-eligible plans span across all lines of business, from the individual and small group markets to large, major employers.

First Horizon Msaver: We successfully service individuals to groups of thousands of employees. Our Implementation and Account Management teams can develop enrollment, funding, and communication programs to fit any size group.

HSA California: We believe HSAs are appealing to all market segments; however, HSA California is designed for employers with 2-50 employees.

Kaiser Permanente: Our HSA-Qualified deductible HMO, PPO, and EPO plans appeal to all market segments, including Individual and Family, Small, Mid, and Large.

Sterling HSA: HDHP/HSAs accommodate all market segments and we serve them all today.

UnitedHealth Group: All segments.

21. What channels have been most effective in selling HSAs?

Aetna: Brokers and general agents, consultants, Aetna sales force

Anthem Blue Cross: Agents and brokers remain our most effective channel for HSA marketing and sales.

Blue Shield: Our HSA-eligible high-deductible health plans are primarily sold via soliciting brokers. To assist brokers in selling our HSA-eligible plans, we've provided educational and marketing collateral as valuable resources to ease the plan purchase process.

CIGNA: We have found that the broker/consultant channel has been the most effective.

First Horizon Msaver: We believe that the most effective channel for selling HSAs is through an informed and empowered broker network.

HSA California: All HSA California sales are through licensed independent insurance brokers and authorized general agencies. To make sure brokers understand the unique selling opportunity behind HSA California – that we're the only small group, fully integrated HSA program with multiple carriers in California – we

produce timely communications and brochures that walk them through the program.

Kaiser Permanente: All channels have been successful in selling HSA programs.

Sterling HSA: We are committed to the broker, agent and consultant channel.

UnitedHealth Group: UnitedHealthcare's HSA-qualified plans are sold primarily through brokers and consultants, or directly to individuals purchasing insurance policies on their own.

22. Which customer segments have been most receptive to HSAs?

Aetna: All customer segments.

Anthem Blue Cross: All customer segments continue to express interest in and adoption of HSAs.

Blue Shield: HSA-eligible plans appeal to all customer segments, from the individual market to small, midsize, and large groups.

CIGNA: We have seen receptivity in all customer segments from the small group segment through National Accounts.

First Horizon Msaver: All segments.

HSA California: Employers looking to rein in premium increases while at the same time expand health plan choices to employees have been most receptive. HSA California is also appealing to small-business owners looking to offer medical coverage to employees for the first time because it is less expensive than traditional coverage and offers unique turnkey savings opportunities.

Kaiser Permanente: We have seen strong growth in all customer segments including the Individual and Family, Small, Mid, and Large Group segments.

Sterling HSA: Customers who want to contain their healthcare costs and reduce increases continue moving to the HSA market. Areas with high PPO penetration move quickly as well. We believe this trend will continue due to rising health plan premium costs and taxes.

UnitedHealth Group: All segments have been receptive to the HSA product.

23. How prone are brokers to support this with reduced commissions on the high deductible health plan side of the equation?

Aetna: We have seen widespread broker support of HSA plans as a viable option for their clients.

Anthem Blue Cross: There is high interest in supporting this product from brokers to date. We continue to believe brokers will promote the appropriate health plans based on their client's needs, regardless of commission rate.

Blue Shield: We have received positive broker feedback on our HSA-eligible HDHPs, as these plans have proven to be an important option for brokers looking to provide plan benefit designs at more affordable price points for their IFP and group clients. In addition, HSA-eligible HDHPs are also attractive because of the possible tax and personal saving advantages.

CIGNA: Brokers have been very supportive of these plans as they offer solutions to reduce trend and maintain appropriate health-care utilizations to their clients.

First Horizon Msaver: Brokers most prone to support high-deductible health plans are those who have received education, support, and the tools that allow them to recommend these plans with confidence.

HSA California: In today's economy, the owners of small businesses are looking to reduce premiums yet still provide quality benefits to employees. HSA California takes HDHPs and HSAs to a new level by not only offering affordable benefits, but packaging three top California health plans in one program – each employee can

choose a different health plan – a choice no other program in the state offers. As the market continues to change, we believe brokers will continue to adopt HSA-compatible plans as an applicable solution for many clients.

Kaiser Permanente: Brokers are very supportive of these programs when they meet their customers' business needs.

Sterling HSA: Brokers who think this is the right thing to do for their clients place them in an HDHP/HSA. Many brokers use the HSA concept as a marketing advantage to grow their book of business.

UnitedHealth Group: Brokers realize that the CDH plans are experiencing rapid adoption and they are doing their best to offer their customers the product that is right for them.

24. Will high-deductible health plans actually reduce utilization?

Aetna: We see continued positive signs of cost control and consumer engagement in studies in HSA and HRA results.

Anthem Blue Cross: When members engage in healthy choices and become active in their medical decisions, utilization is affected.

Blue Shield: While preventive care is covered on all our HSA-eligible HDHPs with low or no copayment and all Blue Shield members can take advantage of our core wellness programs, it is yet to be determined if HSA-eligible HDHPs reduce utilization.

CIGNA: During the past five years, CIGNA has compiled empirical data on literally millions of individuals enrolled in our CDHP, HMO and PPO plans based on claims experience that demonstrates that our consumerism products (HRA and HSA) offered as part of a comprehensive package of communication, member education and access to reliable and actionable information will substantially reduce the overall employer medical trend. Moreover, CIGNA's multi-year experience studies of CDHP plans provide evidence that demonstrates that our consumer-driven health plans both improve costs and health care quality.

First Horizon Msaver: High deductible health plans are designed to engage plan members in health care decisions by making the true cost of health care more transparent. First Horizon Msaver assists in this process by providing its HSA account holders with an online prescription drug cost comparison tool, a free consumer guide to help them determine fair prices for health care services in their area, and a medical bill evaluation and negotiation service.

HSA California: The goal of an HDHP is to allow employees and their families to control what they spend on healthcare. It's still too early to tell whether utilization will actually be reduced by offering plans with higher deductibles.

Kaiser Permanente: We are evaluating the impact of high-deductible health plans on utilization. Based on early estimates, there has been a drop in utilization with our members enrolled in HSA-qualified health plans. However, the lower risk factor behind this population segment may be a contributing factor. Additionally, there are also some small studies that indicate a change in behavior from these members as they become more financially engaged and responsible for their health expense. Preliminary information shows that some members have pursued alternative options, such as E-mail Your Doctor's Office—an online service we're able to offer through our integrated system that has reduced our members' doctor's office visits.

25. How can vendors make HSAs more effective and attractive for brokers?

Aetna: Make the sales process as simple as possible and give brokers tools that allow them to present these options to employers and employees effectively.

Anthem Blue Cross: Vendors can make HSAs more effective by streamlining and simplifying the enrollment and communication processes.

Blue Shield: Blue Shield has relationships with HSA custodians to promote HSAs and offer consumer education to brokers and employer groups. For example, vendors can demonstrate for employers how moving from a traditional PPO or HMO product to an HSA-eligible HDHP offers more affordability, which also allows for greater employee coverage.

CIGNA: Provide information to help brokers understand the consumer advantages of the HSA product, provide products and processes that are easily understood by employers and support the member education at enrollment on an ongoing basis.

First Horizon Msaver: We make HSAs more effective and convenient for brokers by providing education and training as well as local and telephonic broker/employer support to simplify the enrollment and funding processes.

HSA California: Education is the key. It's important that brokers are comfortable explaining the concept of an HSA and how it can work to completely satisfy the needs of clients, employees and families. HSA California and The Bancorp Bank provide a number of educational resources for brokers to help them better explain HSAs to clients. For more information on these materials, brokers can call us anytime at 866.251.4625.

Kaiser Permanente: Vendors can make HSAs more effective and attractive by keeping the sales process simple, supporting good communications, supporting installations, and bringing effective online tools to employers and members.

Sterling HSA: We support the broker channel with sales representatives who handle their needs personally. We also offer HSA training and education. We have online toolkits for brokers and consultants who have registered with Sterling. These include spreadsheets, PowerPoint presentations, and other sales material. In addition, we support the broker's employer clients in a similar fashion. This helps our broker partners better satisfy their client's needs.

UnitedHealth Group: Make quoting, set up, and enrollment as simple as possible for the broker. Provide as much broker training as possible. Provide simple communication materials for HR staff and the enrollees. Leverage the experience and materials of your health plan partner, who can offer communications materials and other tools to provide assistance.

26. Will consumers purchase plans for their traditional health plan features and view the HSA account as a perk to cover short-term medical expenses or will the primary purchase decision focus more on long-term financial planning to cover immediate and long term medical expenses and to reduce tax liability?

Aetna: We see both with the latter being more common.

Anthem Blue Cross: The HSA plans offer choices for all members. The member can choose to save the tax deferred monies or choose to spend the monies to cover their individual or family medical and pharmacy claims.

Blue Shield: Research indicates consumers appreciate the lower cost of the actual HSA-eligible HDHP as well as the flexibility offered by HSAs, whether used to cover short-term medical expenses or for longer-term financial planning.

CIGNA: We've seen employers offer HSA's for a variety of reasons. Much of the consumer utilization is dependent upon the plan design and employer funding of the HSA, in addition to the way it's promoted by the employer. A number of employees are utilizing

their HSA to cover their near term out-of-pocket costs and find the auto-claim forwarding feature attractive. We are also seeing a growing interest in individuals saving for future expenses and/or retirements needs. CIGNA's Choice Fund HSA offers the tools and resources to support both options.

First Horizon Msaver: We recognize that the HSA appeals to both segments and we have designed our HSA offering to benefit both "spenders" and "savers." For example, our low monthly administration fee and no transaction fees approach appeals to "spenders," whereas our tiered interest rates and trio of investment options address the needs of those planning for the longer term.

HSA California: It depends on the individual consumer. Having funds available in an HSA for short-term medical expenses is a great feature. However, the long-term advantages are equally important. The ability to save HSA funds and earn interest tax-free year-after-year, provides the unique value inherent in HSAs. An HSA is a perfect savings vehicle to add to a long-term savings portfolio next to a 401(k), IRA or any retirement medium.

Kaiser Permanente: Consumers purchase our HSA-Qualified Deductible HMO plans and open HSAs to cover both immediate and long-term medical expenses, as well as to reduce tax liability. One hundred percent of our network physicians, facilities, and retail pharmacies accept our CarePay HSA debit card, and they can be paid directly through it. Generally, these transactions will appear on the Wells Fargo Bank HSA website within five days. At the time of service or upon receipt of a provider bill for services, employees can choose to pay for their out-of-pocket expenses using the HSA debit card.

Sterling HSA: The latter appears to be the case. This is truly a new way to finance the costs related to healthcare. In today's economic climate, the HSA is a great way to budget for medical, dental and vision expenses as well.

UnitedHealth Group: Based on research from OptumHealthBank released in April 2007, HSA accountholders typically can be categorized into one of three basic patterns of account usage: Spenders, savers and investors. Roughly half of OptumHealthBank 400,000 accountholders are spenders and most of the remaining are Savers. While less than 5 percent of today's HSA population are Investors, this may someday be the largest group based on early, accelerating balance trajectories. OptumHealthBank Spenders carry balances that hover between \$400 and \$600, spend 80 percent of contributions on current medical expenses and contribute an average of \$133 per month. OptumHealthBank Savers hold a balance of nearly \$1,500 on average and spend less than 10 percent of contributions to their account. OptumHealthBank Investors are the most active contributors with the highest total balances and highest expected tax savings, holding over \$2,000 in bank balances and, on average, investing another \$3,000 in any combination of OptumHealthBank eight highly regarded non-propretary mutual funds.

27. Do you envision interest in an HSA eligible HMO (low-cost) plan?

Aetna: Yes, since January 2006, Aetna has offered an HMO HSA in some markets.

Anthem Blue Cross: Anthem is reviewing market interest and feasibility of offering an HSA HMO.

Blue Shield: There are currently no plans for offering an HSA-eligible HMO product.

CIGNA: We have not seen significant interest at this time.

First Horizon Msaver: Yes, and since our HSA may be paired with any carrier's eligible plan, the HSA becomes portable making it easy for a member to move between eligible plans without

disrupting the saving portion of the program.

HSA California: HSA California currently offers four HSA eligible HMO plans. For details Brokers can call 866.251.4625 between 8 a.m. and 5 p.m. for full benefit plan summaries for all HSA California plans.

Kaiser Permanente: Yes. Since 2005, our HSA-Qualified Deductible HMO plans have appealed to all market segments, including Individual and Family, Small, Mid, and Large Groups.

Sterling HSA: There has been widespread interest in HMO plans that are HSA compatible.

UnitedHealth Group: Yes.

28. Which geographic areas and consumer demographics are brokers seeing a demand for competitive individual and family plan HSAs?

Aetna: We are not in that market segment, so we cannot respond.

Anthem Blue Cross: Being our HSA plans are consumer centric and come with strong preventive benefits, we are seeing strong demand across all territories and demographics.

CIGNA: Our HSA qualified high deductible individual and family plans are relatively new to the market. We are seeing growing interest across all demographics and geographic areas, particularly due to the lost cost of the high deductible health plan coupled with the tax savings offered by the HSA.

First Horizon Msaver: We have seen growing interest throughout the state.

HSA California: We're seeing growing interest throughout the state.

Kaiser Permanente: We are seeing demand across all geographic areas and demographics

Sterling HSA: We know that the early baby boomer is very interested in choosing a HDHP/HSA product. Areas with high PPO concentration and lower pricing are high sales areas. The individual market has been a PPO market for some time and was the first to migrate to the HSA. Some individuals already have a HDHP and now have a tax-advantaged way to pay for medical expenses or save for retirement

UnitedHealth Group: All.

29. What problems, if any, have you encountered with HSA eligible plans?

Aetna: None

Anthem Blue Cross: Many health plans in the California market have had challenges pricing the 100% HSA plans. Anthem made pricing adjustment in 2008 and a pharmacy benefit adjustment in 2009 to reflect the actual utilization we were seeing in these 100% plans. Anthem small group also introduced new 80% plans in 2009 and the market continues to show an interest in HSA plans in all market sizes.

CIGNA: We have not encountered problems with the administration of the HSA eligible plans. Two of the challenges we've experience in introducing these plans are: 1) Educating the member on the value of the plan when combined with a Health Savings Account, and 2) Increasing the awareness of tools and resources available to assist them in the management and maintenance of their own health care.

First Horizon Msaver: A common problem is the insufficient orientation of employees as to how both parts of the program (HDHP and HSA) work together. To help brokers and employers with this education process, First Horizon Msaver has added to frsthorizonmsaver.com a number of short video clips of real people telling of their first hand experiences with the program. We have also added an interactive HSA tutorial that provides a self-guided tour of HSA basics. These new features compliment existing HSA education located at firsthorizonmsaver.com.

HSA California: We haven't encountered any problems with our benefit plan designs.

Kaiser Permanente: It is important to provide education on how the deductible plans and the HSA work together in order to eliminate any problems for the employer and employee. Along with our financial administrator for HSAs, Wells Fargo, we have developed extensive training materials and marketing collateral for brokers, employers, employees and individuals to eliminate any problems and to provide clear communication.

Sterling HSA: Some of the carriers have not priced them competitively enough and the prices were dramatically increased in 2009 and 2010. Employers want to see enough of a differential in cost and deductible limits. Carriers that have priced the products most competitively are finding the greatest opportunity to sell.

UnitedHealth Group: The main challenge with the HSA product is educating the consumer to take financial responsibility when receiving health services. Most consumers are used to dealing

with a health insurance company or their bank. The HSA product is more than the sum of its parts; it involves educating the members and encouraging them to ask financial questions when seeking and receiving health services.

30. How has your plan changed from last year?

Anthem Blue Cross: We have enhanced our online support of resources with our banking partners BNY/Mellon (ACS/Mellon), added Rx Copay vs. Coinsurance and a variety of enhanced deductibles for our HSAs. We have also eliminated several 100% HSA plans from our portfolio due to high cost and poor performance.

Blue Shield: Similar to other health plans, Blue Shield is actively engaged in ensuring our products are compliant with Healthcare Reform. As for HSA-eligible HDHPs specifically, we continued expanding HSA-compatible plan offerings, with additional options for all markets, including individual, small, and midsize product portfolios.

CIGNA: CIGNA continues to expand tools and resources integrating the health care and financial components of the plan, while enhancing the customer experience. Recent improvements include: mobile applications for many of the consumerism web tools found on mycigna.com - enabling consumer decision support at the time of need; an industry leading Explanation of Benefits (EOB) that is simple and easy to understand; a Treatment Cost Estimator for physicians (a similar version is in pilot for consumers), Quicken for Health Expense Tracker; online bill payment functionality for the HSA; a robust HSA calculator suite including tax savings and future value calculators; and an educational video explaining the administration and tax savings associated with the HSA.

HSA California: HSA California is strongly positioned to meet all of the requirements set forth by health reform. All plan designs are 100% compliant with health reform legislation.

Kaiser Permanente: We have no significant changes planned for 2011, but we are always exploring ways to make improvements to meet our customers' needs. We have expanded member support activities including proactive outreach activities to assist with employee understanding of these programs.

Sterling HSA: Sterling HSA has seen steady growth despite the economic environment. We have adjusted our plan based on the economic forecast, healthcare reform and rising health insurance premium costs. We expect industry growth to continue in 2011 and beyond. We expect Sterling to have a strong year based on early indicators. Our product and geographic expansion were investments we believe will pay off in 2011. □



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