

# Health Savings Accounts

## Saving For A Rainy Day – Our First Annual Survey

This year marks our first survey on Health Savings Accounts. Part I, which appears in this issue, covers the specifics of HSA plans that are on the market in California. In part II, which appears in February, companies will give their take on various aspects of the market and will offer some predictions. The survey reveals how new the product really is. Nearly half of the companies we contacted declined to participate. Many said their plans were not ready. Several of those who did participate still have certain things in development, such as expanding their HSAs to different sized groups, setting up online enrollment, offering HSAs to their own employees, and introducing more investment options. The good news for brokers who are new to HSAs, is that nearly all of the companies provide some kind of training -- from newsletters, product demos, and seminars to CE credit approved classes. We offer our greatest appreciation to companies that took the time to answer the survey and suggested questions to include. We can view these HSAs as some of the first out of the gate among many to come.



### 1. What are the primary services you offer as part of your HSA product?

- Aetna:** High deductible medical plan.
- Ben-e-lect:** We offer a complete package including promotion, training, proposals, plan design, compliance, implementation, customer service, as well as payment advisories.
- Blue Cross of California:** An HSA debit card, banking and investment options, streamlined enrollment process, dedicated HSA customer service unit, and online Web-access.
- Blue Shield of California:** An HSA debit card, dedicated customer service for Blue Shield of California (BSC) members with HSAs, online account management for HSAs, and an array of institutional mutual funds for investment of HSA funds. BSC has a preferred relationship with Wells Fargo Bank to administer HSAs for BSC members in HSA-eligible plans.
- CIGNA:** The CIGNA Choice Fund HSA product features a full range of services, including access to our network, strong medical management, consumer decision support tools to help members determine how best to use their healthcare dollars; and financial support and tools, such as debit cards, check books and interest bearing accounts. We also offer customizable communication strategies, including a pre-enrollment Website (myCIGNAplans.com.) This employer-specific portal features tools to enable employees to select the plan that is best for them.
- Financial:** CoPower Financial offers HSAs on a post-tax

basis as well as pre-tax through cafeteria plans, so that employers and employees receive tax benefits. CPF also offers healthcare flexible spending accounts, dependent care assistance plans, and transit plans alongside the HSA. We provide prepaid VISA cards with the capability of having all plans on one card at no additional cost. Prepaid card and check transactions are free through CPF's HSA plan, and the member can access plan and account information online, as well as through monthly statements with free check imaging.

- Great-West Healthcare:** A high deductible health plan coupled with the HSA contributions accepted in three formats -- ACH, wire, or lump-sum check. Distributions are accessible by debit card and/or checkbook. There is also Web access to balance and transactions, and investment options in a variety of mutual funds.
- HealthEquity:** We are an HSA administrator. Our services are centered on three core areas:
1. Banking services (online banking, debit card, etc.)
  2. Customer advocacy (24/7 assistance in using HSA)
  3. Decision support (Rx savings, online self-diagnosis, 24 hour nurse line)
- Kaiser Permanente:** We do not provide the actual HSA -- it will be provided by Wells Fargo, in conjunction with our HSA-qualified HDHP offering. The Wells Fargo HSA offers a wide variety of services, meeting all U.S. Treasury guidelines, which fully support HSA functionality.
- Nationwide:** There is 12-month rate guarantee, a national PPO network, a 24-hour nurse line, seamless enrollment (NHP pays first year fee), claims paid at UCR, and an 800 customer service number.
- PacifiCare:** PacifiCare is in the process of launching qualifying high-deductible health plans for all market segments. PacifiCare will offer high-deductible health plans for small group for effective dates of February 1, 2005 followed by Large Group April 1, 2005. Through a joint marketing relationship, PacifiCare will also offer the services of a qualified trustee for the individuals HSA. We expect to announce this partner by this month. PacifiCare will offer enrollees all of the standard benefits and perks programs available to current HMO and PPO members through pacificare.com.
- Sterling HSA:** Sterling HSA offers a comprehensive range of services to establish and manage HSAs:
- Enrollment meetings to educate, enroll, and set up health savings accounts at an employer work-site or on a one-to-one basis with individuals who are self-employed.
  - Collection and accounting of individual and employer contributions and investment returns.
  - Payment of healthcare service bills to providers with prior approval from individual subscribers who are Sterling HSA account holders.
  - A choice of self-directed investment options for HSAs.
  - Two product choices for account maintenance: the Sterling Standard Plan provides our complete range of administrative services for a single fee and the Sterling Value Plan offers a menu approach to our services so that clients can select the ones most important to them.
  - Service provided by Sterling HSA via phone, e-mail, and direct mail. Personal service is available

Monday – Friday from 6 a.m. – 6 p.m. PST.

- Quarterly statements for HSA account holders and employers to keep them well informed about account activity.
- Archived records regarding account activity in the event of an IRS audit.
- Money back guarantee. If for any reason our account holders become dissatisfied with Sterling HSA services, we will refund to them all monthly account management fees paid up to one year.

**Trust Administrators:**

Administration, including paying claims to providers or reimbursing employees. As part of our adjudication process, we will advise whether expense is an IRS eligible expense for tax free treatment or whether expense is not eligible, and therefore, taxable.

**Trustmark:** Administration, including paying claims to providers or reimbursing employees. As part of our adjudication process, we will advise whether expense is an IRS eligible expense for tax free treatment or whether expense is not eligible, and therefore, taxable.

**Veritas:** Automated and interactive proposal, broker/employer/employee sales, and enrollment tools, Web portal consumer tools.

## 2. Do you offer an HSA-qualifying high deductible health insurance plan?

**Aetna:** Yes. We will have three plan options for small group customers on 1/01/05 (at press time).

**Ben-e-lect:** We offer a turn-key package including the qualified DHHP offered by every carrier in the market but, more importantly, we can offer the HSA with alternative plan choices for members not wishing to enroll in an HSA

**Blue Cross of**

**California:** Offerings include an array of HSA-qualifying high deductible health plans with deductibles ranging from \$1,200 to \$3,500.

**Blue Shield of**

**California:** Yes, BSC offers HSA-eligible high-deductible health plans in the IFP and employer group markets.

**CIGNA:** Yes.

**CoPower**

**Financial:** CoPower Financial's sales partner, LISI, is one of the leading general agencies in California, offering 12 small group and 17 large group HSA compatible HDHPs.

**Great-West**

**Healthcare:** Yes.

**HealthEquity:** We can administer the HSA for any insurance company offering a qualified high deductible health plan.

**Kaiser**

**Permanente:** Yes.

**Nationwide:** Yes – Choice Saver Plus individual PPO

**PacifiCare:** See answer to question one.

**Sterling HSA:** Sterling HSA does not offer health insurance. As an independent HSA administrator, we can work with any carrier offering HSA qualified high-deductible health plans.

**Trustmark:** Yes. All carriers are available.

**Veritas:** We work as a third party to provide the broker with all the HSA compatible plans available in the market and then couple our interactive CDH proposal with the HSA and our Web-based tools.

## 3. Are you providing a health-spending arrangement or a savings vehicle?

**Aetna:** We provide a referral to an HSA Administrator.

**Ben-e-lect:** Either, depending on group or member's needs.

**Blue Cross of**

**California:** The Company has arranged with JPMorgan Chase to provide health-savings account to eligible members.

**Blue Shield of**

**California:** BSC offers a health spending arrangement via a consumer-driven health plan. The health-spending arrangement is an HRA or a health-reimbursement account sponsored by the employer group. The consumer-driven health plan with an HRA is available for the ASO market. BSC offers HSA-eligible high-deductible health plans to IFP and employer group markets. BSC performed due diligence on various financial services companies that are HSA-qualified trustees or custodians and selected Wells Fargo to manage HSAs for members in BSC HSA-eligible plans. However, it must be noted that members in HSA-eligible high-deductible health plans may open an HSA with any HSA qualified trustee or custodian.

**CIGNA:** CIGNA has a relationship with JP Morgan Chase to offer a tax-advantaged interest-earning or investment account, a debit card, and checkbook, which allow members to pay for medical expenses directly from their account, automatic claim rollover (as of 4/1/05) that allows account holders to choose to have their account debited automatically instead of submitting forms manually, and an integrated approach that provides one customer service and Web experience for members to manage their HSA.

**CoPower**

**Financial:** Yes, we are providing a health spending account and a health savings account.

**Great-West**

**Healthcare:** Yes, through an alliance with Mellon Financial Corporation.

**HealthEquity:** We provide the Health Savings Account (i.e. saving vehicle).

**Kaiser**

**Permanente:** The Wells Fargo HSA is a savings vehicle, which belongs to the account holder to be used at the account holder's discretion. This HSA rolls over year-to-year. In addition, it is portable, so that it always stays with the account holder.

**Nationwide:** A savings vehicle.

**PacifiCare:** Provided through a joint market relationship.

**Sterling HSA:** Both. HSA accounts with Sterling HSA can be used to pay medical bills and unused balances can accrue interest and be invested as the account holder chooses.

**Trust**

**Administrators:** Both, FSAs and HSAs as well as HRAs.

**Trustmark:** Both, FSAs and HSAs as well as HRAs.

**Veritas:** We provide both HSA and HRA products.

## 4. What size employee groups is the HSA available for?

**Aetna:** All size groups.

**Ben-e-lect:** Ben-e-lect markets to groups from two to 500 employees.

**Blue Cross of**

**California:** All size groups.

**Blue Shield of**

**California:** IFP and small and midsize employer groups.

**CIGNA:** Employers with 200+ employees. Future expansion to new markets is under consideration.

**CoPower**

**Financial:** CoPower Financial offers HSAs for individuals and groups in size from small to large.

#### Great-West

**Healthcare:** 25+.

**HealthEquity:** All size groups.

#### Kaiser

**Permanente:** All size groups. It is also available for individuals. For all potential HSA account holders, the prerequisite is the holding of an HSA-qualified high deductible health plan.

**Nationwide:** Small groups of two to 49 employees.

**PacifiCare:** All size groups.

**Sterling HSA:** All size groups. We have clients who are sole proprietors, small businesses, and large entities with thousands of employees or members.

#### Trust

**Administrators:** Two or more.

**Trustmark:** Trustmark: Two or more.

**Veritas:** Groups of two to 50, 51 to 299, and 300+ upon request.

### 5. Is your management team experienced in health insurance, financial services, or both?

**Aetna:** Health insurance.

**Ben-e-lect:** Both, we offer combined insurance and financial experience.

#### Blue Cross of

**California:** Health insurance. However, our partners at Chase are equally as experienced in financial services.

#### Blue Shield of

**California:** BSC is experienced in offering and managing HSA eligible high deductible health plans. Wells Fargo is experienced in offering and managing financial services requisite to a health savings accounts.

**CIGNA:** CIGNA HealthCare is one of the nation's leading healthcare benefits providers. We offer experienced and trained medical management teams, client service and member service expertise and an expansive array of decision support tools to help our members maximize their health savings accounts. In addition, CIGNA HealthCare has joined with JPMorgan Chase to offer a wide range of financial services from a noted and leading financial institution.

#### CoPower

**Financial:** Health insurance.

#### Great-West

**Healthcare:** Both.

**HealthEquity:** Our management team has experience in financial services and health insurance. Dennis Stover (senior VP of Corporate Development) has over 25 years of banking experience at Mellon Bank. He was responsible for the launch of Mellon's MSA and HSA products.

#### Kaiser

**Permanente:** Both.

**Nationwide:** Both.

**PacifiCare:** Both.

**Sterling HSA:** The Sterling HSA management, sales and customer service team is highly experienced in health benefits management. The executive team has combined experience of more than 50 years and has served in leadership roles with a number of health insurance providers.

#### Trust

**Administrators:** Yes, both.

**Trustmark:** Yes, both.

**Veritas:** Combined 40 + years of health insurance service.

### 6. Do you provide training for brokers about HSAs?

**Aetna:** Yes.

**Ben-e-lect:** Yes, in fact training is the biggest priority in the delivery of our products and services.

#### Blue Cross of

**California:** On-going broker communications, newsletters, and product demos are provided as new products are introduced.

#### Blue Shield of

**California:** BSC and Wells Fargo jointly offer training for brokers. BSC focuses on HSA-eligible high-deductible health plans and Wells Fargo focuses on the management of HSAs.

**CIGNA:** While CIGNA does not provide any formal training for brokers on HSAs at this time, our highly skilled and knowledgeable sales managers can help brokers better understand HSAs and how this type of benefit package might be beneficial to their customers.

#### CoPower

**Financial:** Yes.

#### Great-West

**Healthcare:** Yes, we train our brokers through seminars.

**HealthEquity:** Yes, we hold extensive training programs for brokers with the health plan that we have partnered with. We also hold seminars for brokers to explain the details of how HSAs work.

#### Kaiser

**Permanente:** Yes.

**Nationwide:** Yes, including CE credit approved classes

**PacifiCare:** Yes, PacifiCare routinely provides training to brokers on all of its products and services.

**Sterling HSA:** Yes, Sterling HSA provides broker training through continuing-education seminars. This is one of our hallmarks and something that brokers and agents tell us they value highly.

#### Trust

**Administrators:** Yes.

**Trustmark:** Yes.

**Veritas:** Yes.

### 7. What commissions are paid to brokers and when?

**Aetna:** Standard commission levels, monthly.

**Ben-e-lect:** Brokers receive the full commission paid by carriers as well as admin. fees added into services.

#### Blue Cross of

**California:** Brokers will continue to be paid commissions based on the HSA-qualifying high deductible health plan.

#### Blue Shield of

**California:** Wells Fargo offers brokers an HSA referral fee that is paid on a quarterly basis.

**CIGNA:** As with all our insured programs, we pay on a sliding scale based upon a percentage of the premium sold. This is paid on a monthly basis.

#### CoPower

**Financial:** 10% at set up and 10% monthly.

#### Great-West

**Healthcare:** Declined to respond.

**HealthEquity:** We do not pay commissions on the health-savings account. However, we have seen some brokers charge "consulting fees" to implement HSAs.

#### Kaiser

**Permanente:** Commissions for the health plan will be dependent on Kaiser Permanente's California region. No commissions will be paid for the HSA account setup by

Wells Fargo.

**Nationwide:** Higher first year and renewals paid monthly.

**PacifiCare:** PacifiCare's standard commission schedules and payment process will apply to the HDHP product.

**Sterling HSA:** Sterling HSA pays broker commissions quarterly on new and renewing business. Commissions are 10% flat.

#### Trust

**Administrators:** It varies with products.

**Trustmark:** Varies with products.

**Veritas:** \$5.00 PEPM. Amount can be set by broker.

## 8. Do you have electronic enrollment forms accessible through your Website?

**Aetna:** Yes.

**Ben-e-lect:** Yes but, as yet, we have not implemented, as most small group have preferred the feel of paper enrollment to get started.

#### Blue Cross of

**California:** PDF enrollment forms are available for download.

#### Blue Shield of

**California:** There are enrollment forms in a PDF format that members can download from the BSC specific Wells Fargo Website, launching by January 2005 (at press time.) There is no online enrollment at this time.

#### CoPower

**Financial:** Not yet, but will shortly.

**CIGNA:** This is an enhancement planned for next year. The account holder must sign a bank application that requires a "wet" signature to ensure banking regulations are met.

#### Great-West

**Healthcare:** No. We handle enrollment in the HSA automatically once we load the medical enrollment.

**HealthEquity:** Yes.

#### Kaiser

**Permanente:** Yes, it is available via a joint website by Wells Fargo and Kaiser Permanente.

**Nationwide:** Yes.

**PacifiCare:** Yes.

**Sterling HSA:** Yes. Forms can be downloaded in PDF format for completion. We are developing an interactive Web site that will allow clients to complete the forms on-line. However, a "wet" signature is required, under the Patriot Act, so forms still need to be mailed to Sterling HSA.

#### Trust

**Administrators:** Yes.

**Trustmark:** Yes.

**Veritas:** Yes, along with a customized benefits portal with complete consumer Web tools.

## 9. How do you assist account holders with paying medical bills?

**Aetna:** We provide estimator and quality assessment tools to allow members to become educated consumers.

**Ben-e-lect:** We instruct members not to pay bills until they receive our explanation of benefits. This eliminates over payments and struggles for requesting refunds from providers.

#### Blue Cross of

**California:** Account status and explanation of benefits are available through our member self-services Web site. Members will receive health-savings account reimbursements for point of service transactions.

#### Blue Shield of

**California:** As a health plan, BSC determines plan eligibility and payment for services incurred (i.e., determining plan and member responsibility based on plan

agreements). In terms of paying for medical bills from the HSA, the member is responsible for determining what qualified medical expenses to pay out of the HSA. Any HSA financial transactions (movement of money in and out of the HSA regardless of qualified medical expenses status) are managed by Wells Fargo.

**CIGNA:** CIGNA offers a MasterCard debit card and check books tied to a subscriber's HSA account to pay for medical expenses. In addition, our myCIGNA.com member Website gives members a variety of transaction features and information, including automatic claims tracking and savings account management.

#### CoPower

**Financial:** Direct access to HSA funds via prepaid cards and checks.

#### Great-West

**Healthcare:** HSA account holders may pay medical bills from the HSA using a debit card (that is restricted to medical merchant codes) or checkbook.

**HealthEquity:** There are three ways we can assist account holders with paying medical bills.

1. Debit card to access HSA funds immediately.
2. Reimbursements requests (online or paper).
3. Payment directly to the provider (if we are integrated with the health plan).

#### Kaiser

**Permanente:** We offer a number of financial services that will assist our members with their medical expenses. The HSA is one example of such financial services. They pay the CCN PPO discount rate for medical services and receive the Medco Health discount card for prescription drugs.

#### Nationwide:

#### PacifiCare:

PacifiCare will process all medical claims against benefits under the high deductible health plan and provide participants with an explanation-of-benefits statement. The participant will be able to use checks or optionally a debit card to access funds in their HSA to pay a provider directly for outstanding expenses or alternatively reimburse themselves for out-of-pocket expenses paid to a provider.

#### Sterling HSA:

Sterling HSA reviews bills, explanations-of-benefits and healthcare benefits for our clients. With their prior approval, we pay medical bills on their behalf and ensure that they never pay more than they should. We also archive documents to support our clients if their HSA account is the subject of an IRS audit.

#### Trust

**Administrators:** We provide access via our website at trustadmin.com or email or using our toll free advice line.

#### Trustmark:

We provide access via our Website at trustadmin.com or e-mail or by using our toll free advice line.

#### Veritas:

Online electronic funds transfer and debit card.

## 10. How does the administrator help the account holder with insurance-related questions?

#### Aetna:

The administrator can answer Treasury Guidance related health insurance questions but would refer account holders to Aetna for specific insurance-related questions.

#### Ben-e-lect:

There is complete customer service interface with the HDHP. In fact, we instruct members to call us before contacting the HDHP.

#### Blue Cross of

#### California:

On-going communications and newsletters are provided to members. A dedicated HSA customer

service unit is also available to answer any questions.

**Blue Shield of**

**California:** All insurance-related questions are referred back to BSC.

**CIGNA:** CIGNA offers integrated customer service via our mycigna.com website and a toll-free telephone number to respond to questions.

**CoPower**

**Financial:** CPF is tied to the benefits source in California — LISI, with six offices through California, and a dedicated customer service staff specializing in benefits. If the CPF staff is unable to answer an insurance related question, we can simply transfer the call to the LISI staff, or refer an experienced broker to assist the accountholder.

**Great-West**

**Healthcare:** Members have access to our customer-service representatives, Monday to Friday, who respond to member questions related to their medical plan or plans.

**HealthEquity:** We assist our members in using their HSA. This can include:

- Researching claims on behalf of members
- Explaining how the HSA works the insurance plan
- Explaining what the HSA can be used for
- Instructing members how to stretch HSA dollars

**Kaiser**

**Permanente:** Wells Fargo is working with us to direct members with insurance-related questions back to Kaiser Permanente to address such inquiries directly.

**Nationwide:** They refer them to the NHP toll free customer service for health plan questions.

**PacifiCare:** PacifiCare's customer-service unit will respond to all insurance related questions. The HSA trustee will respond to all HSA administration-related questions.

**Sterling HSA:** The Sterling HSA team is comprised of management, sales, and service representatives who are highly experienced in health-insurance benefits. We frequently help our clients sort out questions and issues related to their health insurance, including processing of insurance claims.

**Trust**

**Administrators:** Our staff is familiar with the rules relating to deductibles, co-insurance, and maximum out of pocket expenses.

**Trustmark:** Our staff is familiar with the rules relating to deductibles, co-insurance, and maximum out-of-pocket expenses.

**Veritas:** Full customer service is all done through Veritas Health Systems.

**11. Is the administrator integrated with the health plan?**

**Aetna:** Not at this time.

**Ben-e-lect:** Completely, which we feel is the key to efficient administration and reduction in errors.

**Blue Cross of**

**California:** An electronic interface has been established between JPMorgan Chase and Blue Cross of California.

**Blue Shield of**

**California:** No.

**CIGNA:** Yes. It is seamless to subscribers and members.

**CoPower**

**Financial:** No

**Great-West**

**Healthcare:** Yes. We have integrated enrollment and Web capabilities with the HSA administrator.

**HealthEquity:** We can administer HSAs that are either integrated or not integrated with the health plan. We are currently integrated with several health plans/TPAs.

**Kaiser**

**Permanente:** The administrator is integrated from a marketing and customer service perspective.

**Nationwide:** No. MSaver provides administrator services.

**PacifiCare:** No.

**Sterling HSA:** No. Sterling HSA is an independent HSA administrator, giving us the advantage of working with any insurance carrier.

**Trust**

**Administrators:** No. That means we are able to administer and HSA or HRA plan from any carrier.

**Trustmark:** No. That means we are able to administer an HSA or HRA plan from any carrier.

**Veritas:** No.

**12. Are investment choices limited by the administrator?**

**Aetna:** No.

**Ben-e-lect:** No.

**Blue Cross of**

**California:** Members will have the choice of five investment options in addition to a money market account.

**Blue Shield of**

**California:** Yes.

**CIGNA:** CIGNA offers an interest-bearing account, but we anticipate that we will introduce additional investment options in 2005.

**CoPower**

**Financial:** No.

**Great-West**

**Healthcare:** Yes. The HSA administrator provides a fixed list of mutual funds from which the member may choose.

**HealthEquity:** Yes.

**Kaiser**

**Permanente:** Yes, the investment choices are limited by Wells Fargo.

**Nationwide:** Savings vehicle only.

**PacifiCare:** Yes.

**Sterling HSA:** No. Sterling HSA account holders can self-direct funds in their account using the financial institution of their choice.

**Trust**

**Administrators:** Yes.

**Trustmark:** Yes.

**Veritas:** Yes.

**13. What forms are needed to submit an HSA case?**

**Aetna:** Same as for any other product.

**Ben-e-lect:** It is the standard type of employer and employee application along with beneficiary and declaration forms.

**Blue Cross of**

**California:** Group set up form and group participant application forms.

**Blue Shield of**

**California:** There is a specific claim form for reimbursement if the member has paid out-of-pocket and did not use their debit card.

**CIGNA:** It is no different from any other product.

**CoPower**

**Financial:** For an individual, it is the HSA application. If an employer is setting up a pretax HSA, the employer will be required to fill out all necessary applica-

tions to establish a POP plan. An employer offering a post tax HSA simply fills out an employer-contribution form while eligible employees complete the HSA application.

**Great-West Healthcare:**

The medical enrollment form is required as well as a signature card for the HSA. In addition, we give the employer a sample contribution election form to collect contribution information from the employees.

**HealthEquity:** HSA enrollment form. For employers, we also need an HSA contribution worksheet.

**Kaiser**

**Permanente:** Typically, our members submit an HSA case by using a debit card to access their HSA. However, claims forms will be available to our members from Wells Fargo, which can be mailed, faxed, or e-mailed to Wells Fargo.

**Nationwide:** Health application and first premium. HSA enrollment form and \$100 minimum deposit check.

**PacifiCare:** Forms vary by market segment, but will be the same forms as used today. In addition, participants wishing to establish an HSA will be required to complete the proper forms to set up the account.

**Sterling HSA:** Sterling HSA accounts are established using the individual subscriber application, beneficiary form, and, in the case of an employer group, the employer application.

**Trust**

**Administrators:** Employer engagement letter or completion of employer application and submission of employee-enrollment form.

**Trustmark:** The employer-engagement letter or completion of employer application and submission of employee enrollment form.

**Veritas:** Completed HSA application, HSA deposits, and employer-service agreement.

## 14. Do you plan to offer an HSA-eligible plan to your own employees?

**Aetna:** Yes. (At press time, scheduled to begin January 1st.)

**Ben-e-lect:** Yes, it is in place for January 1, 2005.

**Blue Cross of**

**California:** Yes, in the near future.

**Blue Shield of**

**California:** We will be evaluating our experience in 2005 and may consider offering HSA-eligible plans to our employees for 2006.

**CIGNA:** CIGNA is offering an HSA plan for its employees in 2005.

**CoPower**

**Financial:** Yes.

**Great-West**

**Healthcare:** We are considering this for 2006.

**HealthEquity:** All of our employees have HSAs.

**Kaiser:** No response provided.

**Nationwide:** Employees of NHP have a HSA group plan option through the parent company starting 1/05.

**PacifiCare:** Yes.

**Sterling HSA:** Yes, Sterling HSA does offer an HSA-eligible plan to its employees.

**Trust**

**Administrators:** Yes, within the next 12 months.

**Trustmark:** Yes, within the next 12 months.

**Veritas:** We already do. It is our core health plan offering.

## 15. Are you using a trustee? If so, how long have you been with the trustee?

**Aetna:** No.

**Ben-e-lect:** No, not in the beginning.

**Blue Cross of**

**California:** JPMorgan Chase has been the HSA trustee since July 2004.

**Blue Shield of**

**California:** Wells Fargo is a trustee for HSAs. We announced our preferred relationship in October 2004.

**CIGNA:** JPMorgan Chase serves as the trustee for our CIGNA Choice Fund HSA product.

**CoPower**

**Financial:** Yes, UMB. Just initiating relationship with UMB, as part of rollout.

**Great-West**

**Healthcare:** We are using an HSA custodian. We partnered with them in August and will be going live with our product for 1/1/05 effective dates (at press time).

**HealthEquity:** We are expecting to get our trustee designation by the end of the year.

**Kaiser**

**Permanente:** Yes, we are using a trustee. We have selected Wells Fargo as the preferred HSA trustee.

**Nationwide:** MSAver Resources, Inc. for two years.

**PacifiCare:** Yes. PacifiCare is in the process of selecting a trustee, which will be announced shortly. (by January 2005 at press time)

**Sterling HSA:** Sterling HSA has used the same bank since our inception. However, we are completing an agreement with a new trustee to offer additional services to our account holders.

**Trust**

**Administrators:** Yes. Three years. Prior trustee services lasted for 17 years.

**Trustmark:** Yes. Three years. The prior trustee services lasted for 17 years.

**Veritas:** Goldman Sachs. October 2004.

## 16. What service guarantees do you offer?

**Aetna:** N/A

**Ben-e-lect:** Turn around and accuracy for both handling and financial calculations.

**Blue Cross of**

**California:** Negotiable for large cases.

**Blue Shield of**

**California:** BSC's preferred relationship with Wells Fargo has service guarantees as part of the working relationship. For example, a typical service guarantee would be telephone average speed of response.

**CIGNA:** The standard performance guarantees apply.

**CoPower:** Groups will be contacted within 48 hours of receipt of the "Intent to Enroll" form; all calls are returned within 24 hours.

**Great-West**

**Healthcare:** Declined to respond.

**HealthEquity:** We will waive admin. fees if members are not satisfied.

**Kaiser**

**Permanente:** For HSA service guarantees, please refer to Wells Fargo.

- Nationwide:**
- 12 month rate guarantee
  - National CCN PPO network
  - 24 hr. medical help line
  - UCR out-of-network
  - A+ rated by A.M. Best
  - Toll free Customer Service

**PacifiCare:** Service guarantees with respect to health plan administration are negotiated on a case-by-case basis. Service guarantees for the HSA are not available. However, an individual is free to choose another HSA trustee if they are unhappy with the level of service provided.

**Sterling HSA:** Sterling HSA offers a money back guarantee to account holders. If our account holders become dissatisfied with Sterling HSA services, for any reason, we will refund to them all monthly account management fees paid up to one year.

**Trust**

**Administrators:** Termination if services are unsatisfactory.

**Trustmark:** Termination if services unsatisfactory.

**Veritas:** None.

## 17. What kinds of depositories are desired?

**Aetna:** N/A

**Ben-e-lect:** Minimum.

**Blue Cross of**

**California:** There is no minimum balance requirement.

**Blue Shield of**

**California:** The arrangement with Wells Fargo is:

1. For IFP members, the minimum HSA deposit is \$100.

2. For employer groups, there is no minimum deposit.

3. Any deposits after the initial \$100 are swept into investment accounts dictated by the member.

**CoPower**

**Financial:** No minimum is required

**Great-West**

**Healthcare:** There are no minimum deposit requirements.

**HealthEquity:** No preference.

**Kaiser**

**Permanente:** Desired depositories are those that meet our members' savings and investment needs -- ranging from relatively conservative to relatively aggressive options.

**Nationwide:** Use Farm Bureau Bank out of San Antonio, Texas.

**PacifiCare:** N/A. PacifiCare is finalizing its selection of a joint marketing partner to serve as HSA Trustee.

**Sterling HSA:** We recommend that the account holder retain one-year's deductible amount in liquid instruments in the event that we need to pay medical bills on their behalf.

**Trust**

**Administrators:** N/A. We use omnibus account with allocated accounting.

**Trustmark:** N/A. We use omnibus account with allocated accounting.

**Veritas:** One time set-up, from there monthly or by specific deposit.

## 18. Where is your company headquartered?

**Aetna:** Hartford, CT.

**Ben-e-lect:** Visalia, Ca with additional claims/CSR offices in Fresno. In addition, we have eight regional sales offices throughout California, Nevada, and Arizona.

**Blue Cross of**

**California:** Thousand Oaks, CA.

**Blue Shield of**

**California:** San Francisco, CA.

**CIGNA:** CIGNA HealthCare is headquartered in Bloomfield, CT and the parent company, CIGNA Corporation, is based in Philadelphia, PA.

**CoPower**

**Financial:** San Mateo, CA

**Great-West**

**Healthcare:** Denver, CO.

**HealthEquity:** Tucson, AZ.

**Kaiser**

**Permanente:** Oakland, CA.

**PacifiCare:** Cypress, CA.

**Sterling HSA:** Oakland, CA.

**Trust**

**Administrators:** Oakland, CA

**Trustmark:** Oakland, CA.

**Veritas:** Redding, CA.

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

**Aetna:** (877) 249-2472, prompt #6

**Ben-e-lect:** Phone (559) 733-1240 Fax 559-636-6527

**Blue Cross of**

**California:** Brokers should contact their current regional-sales manager (Individual and Small Group) or their group-sales manager (Large Group).

**Blue Shield of**

**California:** Brokers can call their Blue Shield sales representative. Call Blue Shield Producer Services at (800) 559-5905, or visit Producer Connection at [www.mylifepath.com](http://www.mylifepath.com).

**CIGNA:** Please contact your local CIGNA HealthCare sales representatives as follows:

San Diego (858) 625-5600.

Orange County (714) 428-5858.

Los Angeles area (818) 500-6262.

San Francisco/Bay Area (510) 273-8400.

Also, visit [www.cignachoicefund.com](http://www.cignachoicefund.com) for more information.

**CoPower**

**Financial:** Six LISI offices: San Mateo (800) 944-5474, Sacramento (800) 573-5474, Fresno (800) 449-5474, Los Angeles (800) 970.5474, Orange (888) 567-5597 and San Diego (800) 442-9846

**Great-West**

**Healthcare:** (866) 442-3890.

**Kaiser**

**Permanente:** (800)789-4661.

**HealthEquity:** [dhall@healthequity.com](mailto:dhall@healthequity.com)  
[www.healthequity.com](http://www.healthequity.com).

**Nationwide:** (888) 909-8471 toll free or email at [healthsm@nationwide.com](mailto:healthsm@nationwide.com) or visit [www.nationwidehealthplans.com](http://www.nationwidehealthplans.com).

**PacifiCare:** N/A. PacifiCare's product is not available.

**Sterling HSA:** (800) 617-4729, [www.sterlinghsa.com](http://www.sterlinghsa.com), e-mail [customer.service@sterlinghsa.com](mailto:customer.service@sterlinghsa.com).  
Trustmark: (800) 932-2529 or email:  
[info@trustadmin.com](mailto:info@trustadmin.com).

**Trust**

**Administrators:** Phone (800) 932-2529 or email: [info@trustadmin.com](mailto:info@trustadmin.com).

**Veritas:** 877-313-7700,  
[info@veritascdh.com](mailto:info@veritascdh.com),  
[www.veritascdh.com](http://www.veritascdh.com).

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

**Advantage**

**Health Solutions:** We only sell to small to medium sized employers. Most groups we work with have FSAs rather than MSAs. (Answers provided by *Connie Floerchinger, MS, MHA project director*)

**Aetna:** All segments.

**Ben-e-lect:** This will be strongly influenced by the HDHP offered by carriers. Currently the 2 to 50 market has the most aggressive offer-

ings. We expect the 51to 199 market to develop in 2005. But if I were a broker, I would focus on the two to 50 market.

**Blue Cross of**

**California:** All sizes. (Answers by Brian Sassi, general manager, CA Individual and Small Group and Pam Kehaly, general manager, CA Large Group)

**Blue Shield of**

**California:** BSC's HSA-eligible high-deductible health plans are available for IFP and employer group segments. To date, BSC has members in IF, small group, and midsize employer groups. (Answers by Maria Chaves, senior manager, New Product Development)

**CoPower**

**Financial:** Small.

**HealthEquity:** All.

**Nationwide:** Small.

**PacifiCare:** Individual followed by Small Group.

**Sterling HSA:** The HDHP/HSA model fits all group sizes. The early adopters have been individuals and small groups. However, mid-market and large groups are enrolling effective January 1, 2005 as well. (Answers by Chris Bettner, executive vice president of Business Development for Sterling HSA.)

**Trust**

**Administrators:** TAI believes that the smaller market will adopt HSAs (and HRAs) faster since the decision maker is usually the owner. The mid and larger markets will follow.

**Veritas:** Mid market and small group.

**21. Which channels have been most effective in selling HSAs?**

**Aetna:** Brokers and general agents.

**Ben-E-Lect:** One-hundred percent of our distribution is through independent brokers. This is why we have invested heavily in our Web-based quoting system. With our sales support, the broker has a simple method of delivering consumer-driven plans.

**Blue Cross of**

**California:** Agents and brokers. BSC is a broker-driven organization. Its HSA-eligible high-deductible health plans are sold via the broker channel.

**CIGNA:** We have found that the broker/consultant channel has been most effective. (Answers by Bill Corba, CEBS, general manager, CIGNA HealthCare)

**CoPower**

**Financial:** Broker/Agents.

**HealthEquity:** Brokers.

**Kaiser**

**Permanente:** We are just introducing this product and still do not have enough data in gauging the various channels. However, we anticipate that

the broker channel will be extremely important.

**Nationwide:** Independent agents and brokers.

**PacifiCare:** Brokers/agents to individual purchasers.

**Sterling HSA:** Sterling HSA is committed to the broker/agent/consultant channel and this is our primary channel for business.

**Trust**

**Administrators:** Directly through brokers.

**Veritas:** When we meet with brokers and their clients to present HSAs.

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

**Aetna:** Small group employers in the beginning, but now, with Treasury Guidance, larger customers have begun to have a lot of interest.

**Ben-E-Lect:** The customer is the broker. The most successful broker for us is one who strives for one or both of the following: growth in his/her agency or client retention.

**Blue Cross of**

**California:** All segments. Larger groups are very interested, but they are moving more slowly than small companies.

**Blue Shield of**

**California:** We are looking forward to first quarter 2005 data to determine which members are most likely to open HSAs with our preferred vendor, Wells Fargo. It is important to note that a member with an HSA-eligible plan can open an HSA with any qualified trustee or custodian. While we may obtain information on those that open an HSA with Wells Fargo, we cannot track members who choose to open an HSA with another HSA administrator.

**CIGNA:** We have found interest in this type of product across all industries and sizes.

**CoPower**

**Financial:** Those who are currently on PPO plans with ER contributions.

**HealthEquity:** Small business and individuals

**Kaiser**

**Permanente:** As our HSA will not be launched until Jan 1, 2005, we do not yet have historical data. However, we anticipate that the HSA will be attractive to multiple segments.

**Nationwide:** Professionals, self-employed business owners; age 35 to 50 groups

**PacifiCare:** Individual.

**Sterling HSA:** The early adopters have been individual and small groups with the mid-market coming right behind. The major accounts market is enrolling effective January 1, 2005. It is believed that January 1, 2006 will be a watershed year for that segment of the business.

**Trust**

**Administrators:** For the individual market, HSAs have been

sold to younger persons and those who can afford the large deductible in the event of a catastrophic illness. For employer groups, it's the same story; it's the young and wealthy unless the employer is making contributions. Typical employers that have accepted HSAs have been law firms and other white-collar groups.

**Veritas:** Blue collar and white collar with current PPO penetration.

### 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.

**Benelect:** The "facts of life" answer is that, if brokers do not promote the concept to their clients, someone else will thus jeopardizing the agent's case entirely. However, the broker can build in fees that will make up for commission reductions due to lower premium. Therefore, brokers can lower group health cost, improve benefits, and maintain compensation. Brokers can make it be a better plan for all involved.

#### **Blue Cross of**

**California:** There is high interest in supporting this product from brokers to date. Brokers will continue to promote the appropriate health plans based on their clients' needs regardless of commission rate.

#### **Blue Shield of**

**California:** BSC has been selling high-deductible health plans for many years, even before the passage of the Medicare legislation that enabled HSAs. High-deductible plans have been an important option for brokers in providing their IFP and group clients plan benefit designs at more affordable price points. The new HSA-eligible high-deductible health plans are even more attractive because of the tax and personal saving advantages. We have received very positive broker feedback on the new HSA-eligible high-deductible health plans and our preferred HSA relationship with Wells Fargo.

**CIGNA:** Brokers have been very supportive of these plans as there is significant demand from their clients for these products.

#### **CoPower**

**Financial:** While some are adamant about selling HSAs in order to maintain customer loyalty, others have complained that it is too complicated for the minimal return. However, I believe that brokers who choose not to offer their clients the HSA option will lose in the end.

**HealthEquity:** They do not want to work harder for less money. You have to provide the education and support to have brokers sell HSAs effectively.

**Nationwide:** They will sell a good product.

**PacifiCare:** Unknown. However, market dynamics may require that brokers support the product; this may be the only way that certain individuals and/or small group employers may be able to afford to provide benefits.

**Sterling HSA:** Most brokers have been supportive of the HDHP/HSA market. With the escalation of medical premiums, the HDHP/HSA gives their clients an opportunity to control health insurance costs. Brokers are advising employers and individuals to take advantage of this when it is a good fit for the organization or individual.

#### **Trust**

**Administrators:** Brokers will need to accept higher deductible plans, and particularly HSAs, as the trend continues or HSAs will follow MSAs, which never caught on.

**Veritas:** By brokers who want to give their employers an option that makes sense for now as well as the future are very prone. Also, we have additional PEPM broker compensation schedules available.

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

**Aetna:** It's too early to tell, but that is the expectation.

**Ben-E-Lect:** In the short term (3-5 years), HDHPs will lower the employer and employee cost and not cost the carrier more. However, the long-term answer is yes, as there is one indisputable fact about consumer driven plans and that is that members realize the benefits they receive cost money and that the plan their employer offers is an employee benefit not an employee entitlement.

#### **Blue Cross of**

**California:** The hypothesis is that discretionary care ultimately may be reduced as well as promoting a better use of the healthcare system.

#### **Blue Shield of**

**California:** BSC experience over the years in its non-HSA high-deductible health plans is that the members who choose these products do decrease their utilization. It is to be determined if the HSAs combined with HSA-eligible high-deductible health plans reduce utilization.

**CIGNA:** Yes. HSAs, enhanced decision support tools available via myCIGNA.com, and CIGNA's leading communication strategies, enable

consumers to determine how their health-care dollars are spent, becoming more prudent users of the medical system.

**CoPower**

**Financial:** Yes

**HealthEquity:** Yes, studies have already shown this. (RAND did a study showing 30% lower utilization for people in high-deductible plans with no difference in outcome).

**Nationwide:** Yes, trends indicate this. Consumers are more careful with health services & expenditures

**PacifiCare:** Yes, actuarial studies show that high deductibles reduce utilization.

**Sterling HSA:** The belief is that it will abate the rate of increase. As we all know, historically the HDHPs have the lowest utilization and best experience.

**Trust**

**Administrators:** No, the idea behind having high-deductible plans is that it will force consumers to look realistically at their health care expenses and not buy plans that are intended for extensive utilization and much higher premiums.

**Veritas:** If they are coupled with the needed consumer tools and savings vehicles.

## 25. Are producers selling HSAs or are they continuing with grandfathered MSAs?

**Aetna:** We see producers selling HSAs.

**Ben-E-Lect:** Currently, neither. However, as 2005 arrives the HSAs will be apart of most discussions brokers have with employers. It is a win-win for brokers as HSAs will make the broker look good to employers and it makes the employer look good to employees.

**Blue Cross:** Producers are selling HSAs.

**Blue Shield of**

**California:** BSC only offers HSA-eligible high-deductible health plans.

**CoPower**

**Financial:** HSAs

**Nationwide:** Yes, trends indicate this. Consumers are more careful with health services and expenditures

**Sterling HSA:** The belief is that it will abate the rate of increase. As we all know, historically the HDHPs have the lowest utilization and best experience.

**Veritas:** If they are coupled with the needed consumer tools and savings vehicles.

**Sterling HSA:** The MSA model went into sunset in December 2003. The HSA replaced this product effective January 1, 2004.

**Trust**

**Administrators:** From my experience, we do not see MSAs, only the new HSAs are being sold, and still on a limited basis.

## 26. How can vendors make HSAs more effective/attractive to brokers?

**Advantage Health**

**Solutions:** Unsure at this date

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

**Ben-E-Lect:** It is in the delivery. We have all heard enough seminars about the rules to the point if brokers hear one more, they may tune out. However, if you give brokers a means of quoting or proposing an HSA, along with the written material to explain and enroll HSAs then, brokers will sell HSAs.

**Blue Cross of**

**California:** Since HSA is more complex, vendors can make HSAs more effective by streamlining the enrollment and communication processes. Tiered incentives would also make HSAs more attractive to brokers.

**Blue Shield of**

**California:** From a broker perspective, they would like higher referral fees from the HSA administrator and ease of enrolling their client into an HSA.

**CIGNA:** By offering more customized communications support pre and post enrollment resulting in increased member enrollment, which leads to enhanced cost savings for employers.

**CoPower:** Any approaches that simplify explanations and enrollment will make them more attractive to brokers.

**HealthEquity:** Providing the enrollment and customer support.

**Kaiser**

**Permanente:** By providing a streamlined set up process, educational materials and immediate, on-going broker support.

**Nationwide:** Improved Internet technology, further education/training, simplicity of plan design

**PacifiCare:** Make quoting, set up, and enrollment as simple as possible for the broker. Provide training for the brokers. Provide simple communication materials for enrollees.

**Sterling HSA:** The one thing that brokers look for is simplicity, service, and support. Sterling HSA is built on this model.

**Trust**

**Administrators:** Education is primary. Also, there is a need for better integration for the HSA investments and the administrator, especially for the employer segment.

**Veritas:** Simplicity of the proposal and service, along with enhanced commissions to equal current commissions on traditional plans.

## 27. 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?

### Advantage Health

**Solutions:** The interest seems to be in the ability to save for the long term.

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

**Ben-E-Lect:** Initially, the only people enrolling in HSAs will be the members who know that each year they seldom or never use the plan their employer provides. This population will view the HSA as the first opportunity to really "benefit" from their employer's benefit plan. The decision to enroll in an HSA will be made based on this population's probability of not using the HSA moneys. Therefore, it will make the HSA be more of a financial plan than a benefit plan. But, once carriers understand that people do not wake up each January 1st and look for a way to spend \$2,000 in healthcare, the carriers will be able to develop plans that are better priced and more profitable. After all, the consumer driven plans are the first time in which the employer actually becomes a partner with the carrier.

### Blue Cross of

**California:** We are still in the early stages. There will be consumers utilizing the HSAs for their short-term medical needs while others will be focused on the long-term. Still too soon to tell.

### Blue Shield of

**California:** For the first time, BSC's preferred relationship with Wells Fargo will enable BSC to obtain aggregate data on member behavior. It must be noted, however, that we cannot track members who choose to open HSAs with another HSA administrator.

**CIGNA:** In July 2004, CIGNA HealthCare conducted a survey of consumers regarding their opinions about HSA products. Survey data revealed that, overall; consumers expressed a high level of interest in the concept of a health savings account. When asked directly about their overall interest in a health savings account, 67% of those polled said they were at least somewhat interested in such an account.

In addition, our survey found that as consumers are asked to assume greater responsibility for the use of their healthcare dollars, they are planning ahead. More than

two-thirds of those surveyed agreed that they plan ahead by researching costs ahead of time and determining what their health plan covers. Sixty-two percent recognize that their insurance does not cover everything so they pay attention to how much their healthcare costs. Fifty-eight percent would find it valuable to have data that allows them to forecast how much their medical care will cost in the future so that they can select the right health plan.

They were also interested in the financial attributes of the plan. Sixty-five percent said they would find the opportunity to invest the money in the account appealing, while nearly 79% said it would be appealing if they could use the account to help pay for healthcare after they retire. More than half said they would find it appealing if the account included a debit card (57%) or checks (52%) that they could carry with them to pay for their share of health care expenses.

### CoPower

**Financial:** We think consumers will focus on long-term financial planning and reduction of tax liabilities in purchasing HSAs.

**HealthEquity:** Eighty percent will use them to cover short-term costs, while 20% will use them as a savings vehicle

### Kaiser

**Permanente:** Wells Fargo has stated that they expect there to be a 50/50 split between consumer's use of HSAs for immediate and long-term needs.

**Nationwide:** Reducing tax liability is a strong incentive and focus is primarily on the long term

**PacifiCare:** Long-term financial planning is the focus.

**Sterling HSA:** We have seen both of these responses from our account holders. Some individuals use the money for current medical expenses and others are able to save the majority of the funds for later years.

### Trust

**Administrators:** It may be a combination based on the ages of employer's employees, and the current plan versus the proposed HSA option. Also factored in the decision mix, will be whether they have health FSAs.

**Veritas:** These are savings accounts (with current spending features) that should be viewed for and used as a savings account for today and the future.

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

### Advantage Health

**Solutions:** We are using an HMO based High

Deductible plan

**Aetna:** Yes.

**Ben-E-Lect:** Absolutely, but the HMO plans will need to embrace the PPO mentality. That is to say that HMOs will need to be comfortable with the employee managing the care. With their market advantages, HMOs could dominate the market, but they will need to partner with TPAs for the missing components and a market vision.

**Blue Cross of**

**California:** Perhaps, but not in the near future. Deductible administration is a challenge for our medical groups.

**Blue Shield of**

**California:** Yes.

**CIGNA:** We believe that enabling members to become more active consumers requires enhanced choice for the member – choice to access the provider that is most attractive on cost and quality. In order to deliver more price transparency, the member should not be shielded from the true cost of care via a co-pay.

**CoPower**

**Financial:** Yes, many regions are high HMO users who have difficulty moving to the PPO concept.

**HealthEquity:** Yes, anything to lower premiums.

**Kaiser**

**Permanente:** Yes.

**Nationwide:** No. The HSA concept is to provide greater consumer control and choice, not less

**PacifiCare:** Yes.

**Sterling HSA:** It will be interesting to see this concept and plan design when it is released. There is a HDHP HMO in the Eastern market currently.

**Trust**

**Administrators:** It's possible, but the PPO carriers will find their plans more acceptable since their plan designs are easily adaptable to the HSA (and HRA) model.

**Veritas:** Yes.

## 29. Which (geographic areas and/or consumer demographics) are brokers seeing a demand for competitive individual and family plan (IFP) HSAs?

**Advantage Health**

**Solutions:** NA

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

**Ben-E-Lect:** Ben-e-lect does not deal in the individual market, but I think this area provides carriers a huge opportunity to reduce their risk while keeping members enthusiastic about coverage. Carriers will need to embrace brokers completely in their strategy of mar-

keting and maintaining these products.

**Blue Cross of**

**California:** It is definitely the more financial savvy consumers, ages 35+ with discretionary income to cover the deductible.

**Blue Shield of**

**California:** BSC experience indicates that the broker interest in IFP HSAs is statewide.

**CIGNA:** We do not offer an individual/family plan in California, so we are unable to comment.

**CoPower**

**Financial:** Areas in which HDHP PPO plan rates are competitive and the HMO affiliation is not very strong.

**HealthEquity:** The Midwest has been strong so far.

**Kaiser**

**Permanente:** All Kaiser Permanente regions are expecting demand for HSAs.

**Nationwide:** There is no specific trend. There is broad acceptance and interest across all markets with professionals and self-employed business own

**PacifiCare:** All.

**Sterling HSA:** The individual market has always purchased HDHPs and specifically PPO products so this is not a new transition for them. Now the individual also has a vehicle to fund the out-of-pocket costs as well.

**Trust**

**Administrators:** Mostly on the West Coast where the PPO market is strongest.

**Veritas:** We do not work with individual/family plans.

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

**Advantage Health**

**Solutions:** We don't have an idea of this yet as we are just in the early offering. We are working with brokers and have not sold HSAs to date. This is a 2005 offering.

**Aetna:** None

**Ben-E-Lect:** Like anything new, there have been growing pains. But, as carriers develop their appetite for the risk in these plans, I am convinced that the best is ahead of us for consumer-driven plans. But, we cannot lose sight of the core to the success of consumer-driven plans and that is the delivery. Carriers and TPAs must focus on what we can do to assist brokers with the promotion, education, training, presentation, implementation, service, maintenance, and renewal of this business.

**Blue Shield of**

**California:** We have not encountered any specific issues relative to our HSA-eligible plans. However, in terms of use of the funds in the HSA via the debit card, we are educating our members to be aware of potential overpay-

ment if they use their debit card at the point of sale for services covered by their health plan. Therefore, we are educating and communicating to our members that for services covered under their health plan, members should wait for their explanation-of-benefits, which will tell them the service cost after application of their benefits and the service cost portion that is their responsibility. Then, when the provider bills the member, they can pay the provider by writing down their debit card and the appropriate amount of payment on the payment portion of the provider bill.

**CIGNA:** We do not offer an individual/family plan in California so we are unable to comment.

**CoPower**

**Financial:** The concern that Rx coverage not permitted below the deductible is a deterrent for the HSA. Also, many carriers will not allow preventive Rx even if allowed by the guidance due tracking issues.

**HealthEquity:** Getting the pharmacy benefit to work with the major medical at the Pharmacy.

**Nationwide:** The plans are fine. Educating agents/brokers and clients on the HSA concept and how it benefits them over time is the challenge. It is very important to keep the health plan design simple for this reason

**PacifiCare:** N/A. PacifiCare is just launching qualifying HDHP products.

**Sterling HSA:** Until recently, there were very limited options. However, now there are more than 20 plan designs in California alone, which are available to people from all the major carriers.

**Trust**

**Administrators:** The number one problem is consumer education along with the fear that consumers will have to expend large sums of their deductible and out-pocket costs in connection with HSAs. Many consumers do not realize that their current PPO has similar features and conditions. In addition, there is the lack of investments available with HSAs and coordination between the employer, investment vehicles, and the administrator.

**Veritas:** For the past several decades all of us have been programmed to think that every service and prescription we have has to be paid by a third party insurance company. It has created an entitlement mind set in all of us and that is the biggest barrier.