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INSIDE CONSUMER-DIRECTED CARE

News and Analysis of Benefit Design, Contracts, HSAs, Market Strategies and Financial Results

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Managing Editor
Steve Davis

Associate Editor
Eve Collins

Executive Editor
James Gutman

'07 CDH Enrollment Up 52% Among Non-Blues MCOs; HSA Plans Gain More Ground on HRAs

Enrollment in consumer-directed health (CDH) plans — among non-Blues health plans — grew by more than 50% over the past year, according to the latest data compiled by *ICDC*.

Between January 2006 and January 2007, enrollment in account-based health coverage increased by at least 1.52 million lives among the 29 non-Blues health plans that regularly furnish enrollment figures to *ICDC* (see table, p. 4). Collectively, those firms said 4.7 million of their members were covered by either a health reimbursement arrangement (HRA)-based plan (2.5 million) or a health savings account (HSA)-qualified plan (2.2 million). ***Editor's note:*** Complete enrollment data from the nation's Blues plans will appear in the Feb. 23 issue of *ICDC*. As of July 2006, the nation's Blues plans collectively had about 2 million CDH enrollees. *ICDC* expects January enrollment among Blues plans will near the 3 million mark.

UnitedHealth Group continues to lead the pack with more than 2.14 million covered lives in its account-based plans. As of Jan. 1, the insurer says, 1.14 million lives were covered by an HRA-based plan — up from 846,000 a year ago. Enrollment in its HSA-qualified plans grew more quickly, from 655,000 lives in January 2006 to more than 1 million this year. United's dominance in the CDH space is due in part to key acquisitions of leading CDH firms. Definity Health (acquired in December 2004) was the nation's leading provider of HRA-based plans, and Golden Rule (acquired in September 2003) was a top seller of Archer medical savings accounts (MSAs) — the predecessor of HSAs. PacifiCare Health Systems, Inc., which United acquired in late 2005, had about 90,000 CDH lives prior to the acquisition. United, however, says just 370,000

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Union Employees Roll Over $1,105 From '06, Begin Third Year With Full-Replacement HDHP

Since the idea of account-based health coverage began to gain traction five years ago, organized labor officials generally have decried the strategy as simple cost shifting that favors the healthy and wealthy (*ICDC 5/12/06, p. 1*). A handful of small unionized employers (340 employees total) in California, however, might be able to convince them otherwise.

On Jan. 1, 2007, the four small-to mid-sized California employers began their third year with a full-replacement health savings account (HSA)-based plan. Several more employers have since joined them. The health coverage is offered through the Northern California General Teamsters Security Fund (NCGTSF) — a self-funded trust comprised of more than 260 employers and about 13,000 employees. The union group is one of the largest Taft-Hartley health funds in California.

"As far as I know, this was the first [HSA-based plan] in the country offered by a multi-employer union trust fund", says Leslie Hirschfield, vice president of consumer and corporate services at Delta Health Systems, a third-party administrator based in

Stockton, Calif. On Jan. 1, 2005, NCGTSF became Delta's first client to offer HSA-based health plans.

In 2004, before looking into CDH strategies, several employers in the trust thought they would have to choose between health coverage and wage increases. The following January, a municipality and three manufacturing companies replaced their more traditional health coverage with an HSA-based PPO. In February of that year, a small rural hospital joined them, and four more employer groups joined in 2006. Enrollment in the HSA-based plans now stands at 600.

According to the rules established by NCGTSF, employers that negotiate their way into the high-deductible health plan (HDHP) must also agree to make an HSA contribution equal to at least half of the annual deductible. At the end of the first year, 40% of the money employers had contributed rolled over. Enrolled employees ended 2006 with an average HSA balance of $1,105 — up from $440 at the end of 2005, says Cora Tellez, president of Sterling HSA, an Oakland, Calif.-based firm that administers the accounts.

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Managing Editor, Steve Davis; Associate Editor, Eve Collins; Executive Editor, James Gutman; Publisher, Richard Biehl; Marketing Director, Donna Lawton; Fulfillment Manager, Laura Baida; Production Coordinator, Melissa Muko

Contact Steve Davis at 800-521-4323 or at sdavis@aispub.com with story ideas for future issues.

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The cost of the HDHP is about $200 per employee per month (PEPM) less than the trust's most popular PPO option. Prior to launching the HSA-based plans, some employees were required to contribute between $200 and $300 a month toward their health care premiums. In most cases, the cost savings associated with the HDHPs meant employees were no longer asked to contribute to their premiums. They were, however, encouraged to take what they had previously paid in premiums and contribute it to an HSA, says Dave Hawley, secretary-treasurer of Teamsters Local 137.

"People don't come to me and say 'I want one of those plans because I want an HSA,'" he says. "They're saying 'I want to go to that plan because [the employer] is taking $300 a month out of my pocket.'"

Employers Use Novel HSA Funding

Rather than divvy up the annual HSA contribution into 12 monthly installments, one employer agreed to "frontload" the annual HSA contribution (50% of the deductible) on Jan. 1 so that enrollees had funds to cover expenses that came up early in the year, Hirschfield says. That employer also fronted its employees additional HSA dollars to cover the other 50% of the deductible. One-twelfth of that loan is then automatically deducted from employee paychecks (pretax) each month and paid back to the employer. Employees agree to repay a prorated portion of that loan if they terminate employment before the end of the year, Hawley explains. "The biggest complaint I heard is that there is no money in the HSA on Jan. 1. So if there's a significant expense early in the year, they can't use the HSA to pay for it," he says.

For the other employers, Hawley says a local credit union agreed to provide HDHP enrollees with a line of credit at the beginning of the year that would work as a safety net as enrollees built up their HSA balances. Hawley says few people took advantage of this arrangement.

Another employer was given a $500-per-employee signing bonus for signing their collective bargaining agreement. Hawley says he encouraged the employer to "dump that money" into employees' HSAs rather than adding it to their paychecks. That meant each employee received the entire $500 bonus rather than netting $300 after taxes. "It took a lot of explaining before [employees] understood that this was a much better deal for them," Hirschfield explains. "Some people didn't really understand it until they got their quarterly statement and saw that it really was their money to keep."

Plan-Design Details

In 2007, single coverage under the HDHP (dubbed Plan E) includes a $1,100 annual deductible ($2,200 for family coverage) and an annual out-of-pocket maximum of $2,500 ($5,000 for family coverage). Once the deductible is met, traditional PPO coinsurance kicks in and pays 80% of in-network health expenses until the out-of-pocket maximum is met. Once enrollees hit the maximum, the plan pays 100% of eligible expenses. After the deductible is met, the plan also pays 80% of the cost for generic drugs (70% for brand names). Prescriptions are covered at 100% (for either generics or brand names) once the out-of-pocket maximum is met. The lifetime maximum benefit under the plan is $2 million per person. The plan also offers first-dollar coverage for preventive care up to $500 per person per year. NCGTSF's other health insurance options don't cover preventive care after age six.

Under the HDHP, prescription costs plummeted from an average of $108 PEPM to just $18 PEPM. Hirschfield attributes much of the drop to increased use of generics and over-the-counter drugs. "I had calls from people that found drugs were cheaper at Costco than they were through our PBM," she says. "The awareness was enormous."

While she admits that the drop also might indicate that some employees may be forgoing needed medication, she says there hasn't been any evidence to show that enrollees are skimping on care. Tellez says HDHP enrollees seem to be buying more generic drugs and are more careful in how they use their medical resources. "We pay the bills here so we know what they are doing with these funds," she says. "This story affirms that when [employees] are given the right financial incentives, they tend to make good choices," Tellez says.

Some of the NCGTSF's larger employers have very rich benefits that offer no incentive to move to generics. What might be happening is that HDHP enrollees are taking money out of their pockets for prescriptions rather than using their HSAs because they want to use the HSA for retirement or larger expenses, Hawley speculates.

Hirschfield expects a new HSA rule that allows HDHP enrollees to contribute the full statutory amount to an HSA at any time during the year will encourage more employer members of the trust to move to an HDHP (*ICDC 12/22/06, p. 1*).

According to the previous rules, the annual HSA contribution was tied to the number of months a person was covered during the calendar year. Under the new law, that enrollee can make the full statutory contribution ($5,650 for single coverage) in December.

Contact Tellez at cora.tellez@sterlinghsa.com or Hirschfield at leslie.hirschfield@delapro.com. ✧

Wendy's 'Beefs Up' Preventive Care Incentives

Employees at Wendy's International have not seen their health coverage premiums increase since 2005 when the company implemented a full-replacement HSA strategy, according to Jeff Cava, the restaurant chain's executive vice president of human resources. For 2007, however, employees who don't complete a health risk assessment will be asked to pay more for their health coverage. Cava provided an overview of Wendy's health coverage — as well as its strategies to keep employees healthy — at the Health & Human Capital Management Congress, in Washington, D.C., last month.

"We have not had to raise premiums because our health care claims costs over the past two years have not increased," Cava said during a Jan. 19 presentation. "I'm proud of that and proud that people seem to be making better decisions" about their health. For 2006, Cava said, claims costs were 7% below 2005's levels, and 2005's numbers were 14% below costs incurred in 2004.

About 85% of the company's 9,000 eligible employees (20,000 lives) are enrolled in one of five high-deductible health plan (HDHP) options from UnitedHealth Group. Each option includes an HSA contribution that covers approximately 60% of the annual deductible (*ICDC 3/10/06, p. 4*). The plans also include 100% coverage for preventive care. The incentive seems to be paying off. In 2006, 38% of eligible employees had a physical — up from a mere 20% in 2004 when employees were enrolled in more traditional managed care plans.

Along with providing 100% first-dollar coverage for preventive care, Wendy's also encourages its older employees (age 50 or above) to have a colonoscopy. Last year, 2.5 employees per 1,000 underwent the procedure, which is free to the employee. Cava said Wendy's results are significantly higher than United's book-of-business average of 1.4 procedures per 1,000 employees.

Enrollment in the company's health plan increased from 68% of eligible employees in 2006 to 72% this year. "People are coming back because they realize this works," Cava told attendees. At the end of 2006, employees who still had funds left in an HSA had an average balance of $800 — up from $600 at the end of 2005. About 90% of the company's enrollees had HSA dollars left at the end of the year, Cava said.

CDH Product and Enrollment Update From Selected Health Insurers

Insurer/third-party administrator (TPA)	Product Profile	Client Profile	HRA Employer Clients/ Covered Lives	High-Deductible Health Plan (HDHP) Enrollment/ HSA administrator
Aetna, Inc. Hartford, Conn. www.aetna.com	**HealthFund:** HRA or HSA coupled with a high-deductible PPO.	Fully insured and self-funded employers.	• 487 HRA plan sponsors and 471,000 members/lives (as of Dec. 31, 2006).	• 3,844 HSA-compatible HDHP plan sponsors. • 156,000 lives (as of Dec. 31, 2006). **HSA partner:** Aetna serves as custodian with some functions handled by JPMorgan Chase.
Assurant Health Milwaukee www.assuranthealth.com	**Assurant HSA:** HSA-compatible HDHP.	Individuals, families and employers.	N/A.	Has received individual medical HSA applications to cover 400,000+ lives. **HSA partner:** UMB Financial Corp.
Benemax Medfield, Mass. www.benemax.com	**Benemax Wrap:** Provides an independent front-end HRA-based plan that "wraps" around a fully insured HDHP.	"Fully scalable" for all size clients with at least 15 lives.	• 300 implementations. • 28,000 covered lives.	N/A.
Bluegrass Family Health Lexington, Ky. www.bgfh.com	**Bluegrass Consumer Choice:** HSA- and HRA-compatible health plans.	Fully insured and self-funded employers in Kentucky and southern Indiana.	• 17 groups. • 1,444 members.	• 51 groups. • 778 members.
Celtic Insurance Co. Chicago www.celtic-net.com	**CelticSaver HSA Health Plan:** HSA-qualified HDHP.	Individuals and families.	N/A	HDHP enrollment data not available. **HSA Partner:** First Horizon MSAver Resources.
CIGNA HealthCare Bloomfield, Conn. www.cignachoicefund.com	**CIGNA Choice Fund:** HRA or fully integrated HSA coupled with one of several health plan options.	Employers with 200+ covered lives. Also available to employers with 51 to 200 lives in selected markets.	• 257 groups • 500,000 (HRA and HSA members).	About 15% (76,000) of CDH members are in a fully integrated HSA-based plan. **HSA Partner:** JPMorgan Chase.
Coventry Health Care, Inc. Bethesda, Md. www.cvty.com	**Coventry FlexChoice:** Stacked muti-account HDHPs that can be paired with HRAs, HSAs and flexible spending accounts.	Individuals (HSAs) and employer groups of all sizes.	60,000 lives covered by HRA-based and HSA-qualified plans (as of Dec. 21, 2005).	**HSA Partner:** Wells Fargo
Destiny Health Oak Brook, Ill., www.destinyhealth.com	**Destiny Health Plan:** Interest-earning HRA coupled with a PPO.	Employers with between 2 and 1,000 lives.	• 2,000+ total clients. 57,000 HRA enrollees.	5,000 HDHP lives **HSA Partner:** Destiny Health Insurance Co. serves as the integrated HSA administrator.
Fiserv Health, Inc. (includes Wausau Benefits) Minneapolis www.fiservhealthservices.com	**Consumer Connection:** Fully integrated CDH program. HDHP w/ HRA plans and w/ HSA integrated with several pharmacy benefits managers	Self-funded employers with 100 or more employees.	• 55 employers. • 35,000 lives.	**HSA Partners:** Associated Bank, American Chartered Bank and HSA Bank.
Great-West Healthcare Greenwood Village, Colo. www.greatwesthealthcare.com	**Consumer Advantage** is a tiered CDH product. Portfolio also includes HRA- and HSA-based plans.	Employers with 25 to 2,500 employees.	• 14 clients and 12,695 lives in HRA-based plans. • 771 clients and 87,051 lives in Consumer Advantage.	• 128 clients. • 23,990 lives. **HSA Partner:** Mellon Financial Corp.
The Guardian Life Insurance Company of America New York www.guardianlife.com	**HSA-Compliant High Deductible Health Plan:** Employers can offer more than 20 PPO plan designs with HSAs.	Employers with between 2 and 250 lives.	N/A.	Plans launched in September 2005. Enrollment data not available. **HSA Partner:** None pre-selected.
Harvard Pilgrim Health Care Wellesley, Mass. www.harvardpilgrim.org	CDH includes HRA paired with HMO/PPO or HSA paired with HDHP PPO.	Fully and self-funded employers, large and small. No individuals.	4,000 lives.	4,000 lives **HSA Partners:** ACS/Mellon, Sovereign, Exante.
Health Net, Inc. Woodland Hills, Calif. www.healthnet.com	HSA-qualified HDHP.	Not available.	N/A.	31,252 HDHP enrollees, 719 HSAs (as of October 2006). **HSA Partner:** Wells Fargo.

CDH Product and Enrollment Update From Selected Health Insurers (continued)

Insurer/third-party administrator (TPA)	Product Profile	Client Profile	HRA Employer Clients/ Covered Lives	High-Deductible Health Plan (HDHP) Enrollment/ HSA administrator
HealthPartners Bloomington, Minn. www.healthpartners.com	Empower HRA and HSA plans: HDHP paired with HRA or HSA.	Fully insured and self-funded employers. HRA plans for groups of 50+ HSA plans for individuals, small and large groups.	• 31 groups • 7,000 enrollees.	• More than 850 groups. • 24,000 enrollees. **HSA Partner:** Wells Fargo.
Humana Inc. Louisville, Ky. www.humana.com	**SmartSuite:** Includes CoverageFirst (CDH plan with spending account that does not roll over). SmartSelect and SmartExpress offer HRA options.	SmartSuite: Fully insured groups of 100+. SmartExpress: Fully insured employers with 2 to 300 employees.	• 59,500 in an HRA-based plan. • 275,400 in SmartSuite products	82,300 lives. **HSA Partner:** UMB Financial Corp.
Medica Minnetonka, Minn. www.medica.com	**Medica Direct:** HDHP (HMO and PPO) coupled with an HRA or HSA.	HRA-based plan aimed at employers with at least two employees. HSA/HDHP aimed at individuals and employers with two or more employees.	• 55 employer groups. • 10,800 members.	1,352 employer groups and 98,819 members. (includes accounts where Medica provides administrative services only.)
Medical Mutual of Ohio Cleveland www.medmutual.com	**SuperMed Funds:** HRA-based plan with multilevel processing possible under one deductible.	Employers with more than 50 employees.	HDHPs for individuals and all group sizes. Enrollment data not available.	60,000 enrollees. **HSA Partner:** First Horizon MSAver Resources.
Mutual of Omaha Omaha, Neb. www.mutualofomaha.com	**Consumer Choice plans:** HDHP paired with HRA or HSA.	Groups with 50 or more enrolled employees.	5,320 lives.	1,883 lives. **HSA Partner:** HSA Bank.
OSF HealthPlans, Inc. Peoria, Ill. www.osfhealthplans.com	Choice of six HDHPs with HRA and HSA options.	Fully insured and self-insured employer groups with 10 or more employees.	• 15 employer groups. • 219 members.	Partnered with eflexgroup as HSA, HRA administrator. HSA Bank and Blackhawk Bank are HSA fiduciary partners.
Preferred Health Systems Insurance Co. Wichita, Kan. www.phsystems.com	HSA- and HRA-based plans.	Employer groups on a fully insured and self-funded basis.	Enrollment data not available.	No enrollment data available. **HSA Partner:** HealthEquity
Principal Financial Group Des Moines, Iowa www.principal.com	Combines HDHPs with HRAs or HSAs.	Insured and self-funded employer groups.	• 6,000 HRA members.	12,445 HSAs established with almost 34,000 HDHP members. Checking accounts and certificates of deposit available through Principal Bank.
Rocky Mountain Health Plans Grand Junction, Colo. www.rmhp.org	**Good Health Savings Plans:** HDHP paired with an HSA for groups and individuals.	Fully insured employers and individuals.	N/A.	• 645 individuals. • 4,943 group members. • 5,588 total members. **HSA Partner:** Wells Fargo
Self Insured Plans, LLC Naples, Fla. www.selfinsuredplans.com	Stand-alone, self-funded HSA- and HRA- based plans, HRA/HSA combinations and Rx carve-out HRA plans.	Employers with 15 employees or more.	• 56 clients. • 27,897 members.	• 12 clients. • 3,448 lives. **HSA Partner:** HSA Bank.
Sierra Health Services Las Vegas www.sierrahealth.com	**HRA and Consumer Direct PPO:** Combines a high-deductible PPO with an HRA.	All group sizes. Introduced individual product June 2006.	• 7 groups. • 800 members.	800 members. **HSA Partner:** Groups that need administrative services are referred to CONEXIS.
Starmark Lake Forest, Ill. www.starmarkinc.com	HSA- and HRA-compatible health plans. Starmark HRA also available.	Employers with two to 50 employees.	Not provided.	**HSA Partner:** HSA Bank and Charles Schwab Trust Company.

continued

CDH Product and Enrollment Update From Selected Health Insurers (continued)

Insurer/third-party administrator (TPA)	Product Profile	Client Profile	HRA Employer Clients/ Covered Lives	High-Deductible Health Plan (HDHP) Enrollment/ HSA administrator
Tufts Health Plan Waltham, Mass. www.tuftshealthplan.com	Liberty by Tufts Health Plan.	Small employer groups.	5,600+ lives enrolled in HRA-based Liberty plan as of Jan. 15, 2007. Additional 1,835 members enrolled in Tufts Health Plan's Advantage HMO with an HRA.	About 1,700 lives covered by HSA Liberty. **HSA Partner:** Destiny Health.
UnitedHealth Group Minnetonka, Minn. www.unitedhealthcare.com	**Definity Health:** HRA and HSA plan designs for employer groups of all sizes. Enrollment includes Golden Rule and PacifiCare subsidiaries.	Fully insured and self-funded employers, as well as individuals.	• 1,910 employer clients. • 1,142,147 lives enrolled in HRA-based plans. • 59 clients offer both HRA- and HSA-based plans.	• 16,796 employer clients. • 1,003,058 individuals enrolled in HSA-based plans. **HSA Partner:** Exante Bank (chartered and owned by United).
University of Pitsburgh Medical Center (UPMC) Health Plan Pittsburgh www.upmchealthplan.com	**Consumer Advantage Plans:** Fully integrated HRA- and HSA-based health plans with "consumer e-Platform support."	Fully insured and self-funded group plans across all market segments and employer sizes.	Enrollment not available.	**HSA Partner:** Mellon.
Vested Health Charleston, W.Va. www.vestedhealth.com	HRA coupled with HDHP and Consumer Activation program.	Employers with 10 to 10,000 employees.	• 350 employer clients. • 30,000 members.	FSA and HSA-based product available. HSA enrollment data not available.

N/A = Not applicable
SOURCE AND METHODOLOGY: Based on data provided by health plans and compiled by *ICDC*, February 2007. Unless otherwise noted, all data are of Jan. 1, 2007.

Bush Proposal Would Turbocharge HSAs, but Could Boost Uninsured

President Bush's proposed standard deduction for the purchase of health insurance would "one-up" HSAs, according to Michael Cannon, director of health policy studies at the Cato Institute, a libertarian think tank based in Washington, D.C. Cannon was one of three panelists at a Cato-sponsored Feb. 2 briefing on the president's latest proposal to make health coverage more affordable.

In his Jan. 23 State of the Union address, Bush proposed a change to the tax code that would create a uniform tax deduction for health insurance — $15,000 for family coverage and $7,500 for those with single coverage.

The value of employer-funded health insurance would then be taxed the same as wages. The idea is that the deduction will prompt workers to enroll in less costly health plans because the deduction would be the same regardless of the plan's cost (*ICDC 1/26/06, p. 1*).

"If you want to make consumers more cost conscious, the standard tax deduction is kind of like an HSA on steroids," Cannon said. "HSAs only provide a [financial incentive] to those who open an account, but the standard deduction would provide that incentive to everyone."

Under the proposed plan, as long as the cost of health coverage is less than the standard deduction, people will see their tax bills go down, explained Katherine Baicker, Ph.D., an economic adviser at the White House. Between 20% and 25% of employer policies cost more than the standard deduction, she said.

Leonard Burman, Ph.D., a senior fellow at the Washington, D.C.-based Urban Institute, however, suggested that the plan, as proposed, would cause many people to drop employer-sponsored health coverage. Healthy employees might decide they can get less expensive health coverage on their own, he explained. That would leave it up to employers to cover the costliest employees or to drop health coverage altogether.

On the positive side, however, Burman said the proposal, if enacted, would give employees an incentive to know the value of their health coverage. That knowledge could put pressure on employers to offer more cost-effective health insurance, he said.

Burman also said HSAs should be made available to anyone with health coverage, not just coverage that meets the Treasury Dept.'s definition of an HSA-compatible plan. "Some people might want plans with high deductibles, but others might want plans that offer aggressively managed care. You should leave that to the market," he said.

Contact Cannon at mcannon@cato.org. ✧

Employer Contributions Prompt Enrollees to Fund HSAs, United Says

Employees are far more likely to contribute their own money to an HSA if their employer makes a contribution, according to a new study of high-deductible health plan [HDHP] enrollees. The effect employer contributions have on contribution patterns is particularly dramatic among low-income employees. While 80% of low-income employees (those earning $25,000 or less a year) added their own dollars to an HSA when their employer contributed funds, the percentage dropped to 23% when the employer didn't make a contribution, according to the study.

The study, released Jan. 30, is based on data from 25,000 individuals enrolled in employer-sponsored HDHP coverage from UnitedHealth Group during all 12 months of 2005 (the first 12-month period for which data are available). The study examined United's HDHP enrollees as well as their HSA spending and savings patterns. United's banking subsidiary, Exante Financial Services, administers more than 250,000 HSAs (about $300 million in deposits).

Rather than offer an HSA contribution, some employers would rather make the HDHP the lowest-priced option and encourage enrollees to use their premium savings to fund an HSA on their own. But that strategy might have unintended consequences, warns Meredith Baratz, vice president of market solutions in United's Definity Health division. "If part of your benefit strategy is to have people use the accounts to save for future health expenses, you might be cutting off your nose to spite your face," she says. When employers offered an HSA contribution, United says, 91% of employees opened an HSA. However, when the employer didn't contribute funds, just 45% of HDHP enrollees opened an account, the study found.

HSA Contributions Average $1,861

Here's a look at some highlights from the study:

◆ ***HSAs cover nearly 70% of deductible:*** The combined employer-employee HSA contribution averaged $1,861 in 2005, and enrollees faced an average deductible of $2,700, according to the study. Employers contributed an average of $895 that year.

◆ ***Full replacements prompt larger contributions:*** When HDHPs were offered as a full replacement, the combined employer-employee contribution averaged $2,150 in 2005 (nearly $300 more than the average). However, those enrollees also were more likely to tap the accounts to pay for health care. Full-replacement enrollees used an average of $1,221 from their HSAs in 2005, while those enrolled in an HDHP just offered as a plan option used an average of $200 less.

◆ ***Most enrollees carried over a balance:*** More than 85% of account holders had an HSA balance at the end of 2005 — the average balance was $815. Low-income enrollees, who are more likely to spend down the accounts, carried an average balance of $761 into 2006.

◆ ***Large employers contribute less:*** Employers with at least 5,000 employees contributed an average of $680 to their employees' HSAs in 2005. By contrast, small employers (fewer than 100 employees) contributed an average of $1,100.

For more information about the study, visit United's newsroom at www.unitedhealthgroup.com. ✧

Midsize Insurers Post Big CDH Gains

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lives came from its Definity and PacifiCare acquisitions, and the remaining 1.8 million were grown internally, says spokesperson Ian Stanton.

CIGNA Corp., which released enrollment data Feb. 7, says its account-based plans now cover 500,000 lives — double the number reported a year ago. The firm says its HRA-based plans now account for 85% of its CDH enrollment — up from 80% last year. CIGNA says 76,000 lives are now covered by an integrated HSA-based plan — up from 50,000 a year ago. As of Dec. 31, Aetna, Inc. says 627,000 lives were covered by its CDH plans — up from 406,000 at the end of 2005. Aetna released its year-end enrollment results Feb. 8.

Several midsize health plans also posted significant enrollment gains over the past year. Great-West

ICDC *Celebrates 100th Issue*

This is the 100th issue of *Inside Consumer-Directed Care*. The debut issue was published Nov. 1, 2002, just a few months after the Treasury Dept. clarified the tax treatment of health reimbursement arrangements (HRAs). That guidance set the stage for the dramatic growth of account-based health coverage over the next four-and-a-half years. In our first issue, we reported that Definity Health (now a division of UnitedHealth Group), had just 28 employer clients and 50,000 enrollees. Lumenos (now a division of WellPoint, Inc.) was the nation's second largest CDH firm at the time and had 30,000 enrollees. As of Jan. 1, United's Definity division had 1,980 HRA clients and 1.14 million enrollees. As of September 2006, WellPoint said its combined HRA and HSA enrollment was 731,000.

Healthcare says enrollment in its HRA-based plans soared more than 300% over the past year, from 4,000 lives to 12,695. Enrollment in its HSA-qualified plans jumped 260% from 9,200 lives to 23,900, the company says. Medica says the addition of "a couple large groups" over the past year helped boost enrollment in its HSA-based plans from 27,360 to more than 98,000. (Medica's enrollment data includes administrative services only accounts.) Vested Health reports enrollment in its HRA-based plans nearly doubled, from 18,000 a year ago to 30,000 this year. Medical Mutual of Ohio says enrollment in its HSA-based plans increased from 25,000 a year ago to 60,000 this year.

A few health plans, however, experienced enrollment declines. Bluegrass Family Health, for example, says enrollment in its HRA plans decreased about 5% during the past year, but enrollment in its HSA-qualified plans grew by 48%.

Mutual of Omaha reported a significant enrollment drop in its HSA-based plans after it lost a large client. The insurer says 1,883 lives are now covered by its HSA-based plans. Principal also lost two substantial accounts, which it says caused a large decrease in its HRA-based enrollment. But Principal also saw a substantial increase in its HSA-qualified plans. ✧

INDUSTRY NEWS

◆ **Exante Bank, Inc. has selected Fiserv, Inc. to provide technology and technology support for the bank's HSA services**, according to Fiserv's Jan. 31 earnings report. Exante, a division of UnitedHealth Group and one of the nation's leading HSA administrators, will use Fiserv's core processing solutions for fully integrated services, including account and transaction processing, financial accounting, document imaging and archiving and platform automation, according to Fiserv. Fiserv Health administers benefits for more than 500,000 lives through its core CDH administrative platform from its CareGain subsidiary. Contact Russell Lamontagne for Fiserv at russell@corinthgroup.com.

◆ **Chicago-based Destiny Health will launch a dual-option PPO plan for Wisconsin employers on March 1**, the company said Jan. 31. The company will offer the product as a complement to its HSA- and HRA-based plans. The dual option is designed to make it easier to transition employees from PPO or HMO plans with higher premiums into CDH plans that have lower premiums and higher deductibles. Contact Eileen Rochford for Destiny Health at (773) 463-2480.

◆ **The National Active and Retired Federal Employees Association (NARFE) says it is concerned about President Bush's plan to expand the number of HSA-based plans available through the Federal Employees Health Benefits Program (FEHBP).** Under that proposal — part of the president's fiscal year 2008 budget presented Feb. 5 — Blue Cross and Blue Shield plans would be allowed to offer HSA-based plans to federal employees. Several other health plans, including Aetna, Inc. and Coventry Health Care, Inc., have offered HSA-based coverage through FEHBP since Jan. 1, 2005. The nation's Blues plans provide health benefits to more federal employees than does any other carrier. In a prepared statement, NARFE said it was concerned that the Bush administration wants to use FEHBP to "jump start HSAs" among federal workers. A similar proposal also was included in Bush's fiscal 2007 budget (*ICDC 3/24/06, p. 5*). Visit NARFE at www.narfe.org.

◆ **Aetna Global Benefits (AGB), Aetna's international division, says it will begin offering its HRA-based Aetna HealthFund health plans to employers that have workers on international assignments.** Aetna says AGB has developed tools and information specifically for "globally mobile employees," including an international service center staffed by multicultural/multilingual employees; online profiles of more than 2,800 English-speaking, Western-trained doctors outside the U.S. and a Web glossary of more than 700 common medical terms and phrases, available in 10 languages. AGB provides coverage to more than 180,000 expatriates and third-country nationals in more than 100 countries. Visit AGB at www.aetnaglobalbenefits.com.

◆ **Starting April 1, Aetna, Inc. will offer CDH, HMO and PPO health plans in 13 northeastern Pennsylvania counties**. Products include open-access plans that do not require referrals, and a selection of CDH plans, including many that are HSA compatible. Members will get in-network rates at 22 hospitals, 513 primary care physicians and 1,126 specialists in Aetna's network, the company says. Contact Aetna spokesperson Walt Cherniak at (410) 691-1405.

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