

THE 2013 CALIFORNIA HEALTH MARKET IN 3D

Fast Tracking Our Annual

Following is part II of our annual HSA survey. We asked the top companies in the state essential questions about coverage and services that affect you, the broker. Read on to find out which plans will work best for you and your clients.

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

Aetna: Yes, since May 2004

Anthem Blue Cross: Anthem has partnered with BNY/Mellon FDIC to offer all of your banking needs for your HSA account.

Blue Shield: Blue Shield utilizes our integrated HealthEquity model.

Cigna: JP Morgan Chase has been the trustee for our Cigna Choice Fund HSA product since January 1, 2005.

HealthEquity: HealthEquity is the HSA trustee and has been administering HSA services this way since 2005.

HSA California: Yes, the Bancorp Bank handles HSAs directly; HSA California's relationship with Bancorp dates back to the start of HSA California, but the bank has been offering services to customers since 2000. The HDHP insurance plans are fully insured products from Health Net, Kaiser Permanente, and Western Health Advantage.

Kaiser Permanente: We first began selling HSA-Qualified Deductible HMO plans with an optional HSA through Wells Fargo in our Colorado, Georgia and Northwest regions in 2005, Mid-Atlantic States in 2006, and California and Ohio in 2007.

Sterling HSA: Sterling does not use a trustee. BNY Mellon Corporation is the custodian of assets of accountholders of health savings accounts administered by Sterling Health Services Inc. and is investment manager of assets in accordance with the Sterling Health Services Inc. Administrative Services Agreement.

UnitedHealth Group: Yes, UnitedHealthcare partners with Optum HealthBank for trustee services. UnitedHealthcare's parent company, UnitedHealth Group, chartered OptumHealthBank in 2002 to help advance the growing convergence of health care and financial services.

16. What service guarantees do you offer?

Aetna: We do not offer HSA service guarantees.

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


Blue Shield: In order to ensure our members consistently receive excellent customer service, we have a number of service level agreements in place as part of our relationships with Health Equity (e.g., performance agreements for average speed of telephone response).

Cigna: The standard performance guarantees apply.

HealthEquity: For larger clients, our service guarantee levels are negotiated during the contract phase. We pride ourselves on meeting or exceeding all service guarantee levels.

HSA Bank: We do not offer HSA service guarantees.

HSA California: HSA California's customer service team is committed to



Welcome to our *2013 California Health Market in 3D* issue. Find out what answers HSA providers provide to the questions posed to them here in part II of our annual survey, and then read what advice the experts offer in the following stories on wellness, individual health, self-funding and long-term care.

Your HSA Sales Survey, Part II

By Leila Morris

outstanding service and 100% customer satisfaction. Our expert staff is available between 8:00 a.m. and 5:00 p.m., Pacific Time, Monday-Friday, for personal assistance by calling 866-251-4625.

Kaiser Permanente: We do not offer service guarantees to the individual, family or small group markets.

SeeChange Health: We strive to provide excellent service on all of our health plans.

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

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

17. What kinds of depositories are desired?

Aetna: Not applicable.

Anthem Blue Cross: There is no minimum balance requirement.

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

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

HealthEquity: HealthEquity is the custodian; we have depository arrangements in place and have used depositories recommended by our health plan partners.

HSA Bank: There is no minimum balance requirement to open an HSA.

HSA California: There is no minimum balance requirement to open an HSA, and no minimum deposit requirement for employer groups.

Kaiser Permanente: Our preferred financial administrator for HSAs, Wells Fargo, does not require minimum deposits for employer groups with payroll deduction. The minimum deposit of \$100 is required for individual and family plan members not enrolling through an employer group.

SeeChange Health: This will vary based on the HSA administrator chosen by the member.

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

18. Where is your company headquartered?

Aetna: Hartford, Conn.

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

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

Cigna: Cigna is headquartered in Bloomfield, Conn.

HealthEquity: HealthEquity is headquartered in Draper, Utah.

HSA Bank: We are headquartered in Sheboygan, Wisc. HSA Bank is a division of Webster Bank, N.A. headquartered in Waterbury, Connecticut.

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

Kaiser Permanente: Oakland, Calif.

SeeChange Health: San Francisco, Calif.

Sterling HSA: We are a California-owned company and are headquartered in Oakland, Calif. We serve clients nationwide with personal sales representatives and account management in several regions of the country.

UnitedHealth Group: Minnetonka, Minn.

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

Aetna: 877-249-2472, prompt 6.

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

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

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

HealthEquity: Brokers who would like more information can contact HealthEquity's Broker Sales Team at 877-949-6727 or dcoffman@healthequity.com.

HSA Bank: Call HSA Bank's Business Relations team at (866) 357-5232 or email businessrelations@hsabank.com. Or call David Drzymkowski, regional vice president - California and Hawaii, at (949) 374-2853 or email him at ddrzykowski@hsabank.com

HSA California: Brokers can call us at (866) 251-4625 between 8 a.m. and 5 p.m., Pacific Time, Monday-Friday, or e-mail us anytime at sales@hsacalifornia.com. Brokers can also visit us online at www.hsacalifornia.com, where they will find free sales training collateral, brochures, and forms to print and share with clients.

Kaiser Permanente: For questions or information about Kaiser Permanente: BrokerNet Website Address: brokernet.kp.org. Individual and Family Broker Sales: 1-800-789-4661, option 6 or 1-800-207-5084 (8:30 a.m. to 5 p.m. PST). Small Business Broker Sales: 1-800-789-4661 (8:30 a.m. to 5:00 p.m. PST). Client Services Unit: 866-752-4737 (8 a.m. to 5 p.m. PST). Employers/Brokers can contact the Wells Fargo Health Benefit Services toll free at 1-866-449-9929 from 5:00 a.m. - 6:00 p.m. PST / 8:00 a.m. - 9:00 p.m. EST, Monday - Friday

SeeChange Health: Brokers can call SeeChange Health's sales support team at 888-237-6650 or email them at Sales@SeeChangeHealth.com. Brokers can also contact their preferred General Agency to learn more about our HSA and other offerings.

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

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

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

Aetna: All segments.

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

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

Cigna: We believe that HSAs and consumer directed health plans would be appropriate for all markets.

HealthEquity: HealthEquity's block of business mirrors the national trends – our customers range from individuals to small mom & pop shops to Fortune 500 companies. Each of these segments has grown rapidly in the last couple years, and we expect this trend to continue.

HSA Bank: HSAs are a great way to save on healthcare costs for employers of all sizes.

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

Kaiser Permanente: Our HSA-Qualified deductible HMO, PPO and EPO plans appeal to all market segments, including individual and family, small, mid and large.

SeeChange Health: HSA-compatible plans have matured greatly in the past several years, becoming popular with all market segments.

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

UnitedHealth Group: All segments.

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

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

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

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

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

HealthEquity: HealthEquity has a number of distribution channels. We've had a lot of success partnering and integrating with health plans as well as working through brokers and consultants.

HSA Bank: We work with brokers, general agencies, consultants, third party administrators, and carriers. However, brokers remain our most effective channel in selling HSAs to date. Results show that over half of our business comes from this channel. As such, we have a strong focus on our broker distribution channel. We offer brokers easy enrollment options to set up their groups and individuals, revenue-sharing opportunities, a dedicated call center and field sales support to help close deals and provide education to groups.

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

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

SeeChange Health: As with all health insurance products, brokers are the most effective channel when it comes to helping consumers and employers find the medical plans that best fit their needs. Given that our HSA-compatible plans provide value-based benefits that reward members for taking specified health actions, brokers play an extremely valuable role in assuring that our members receive the maximum benefit from their SeeChange Health Insurance plans.

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

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

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

Aetna: All customer segments.

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

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

Cigna: We have seen receptivity in all customer segments from the smaller group segment through large national accounts.

HealthEquity: Customers of all sizes, from individuals to large employers, have been receptive to HSAs. The most recent trend, though, is that employers are realizing that an HSA-compatible plan is a good fit for the majority of their employees and are making the decision to go total replacement.

HSA Bank: HSA Bank's internal research results indicate no statistically significant difference between HSA participants and non-HSA participants in regards to age, income, or overall health.

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

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

SeeChange Health: HSAs have evolved beyond being a niche product and have been embraced by all customer segments.

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

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

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

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

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

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

Cigna: Brokers have been very supportive of these plans.

HealthEquity: Brokers are looking for solutions for their clients. As we move forward, HSA-qualified plans appear to be a better fit than ever, so brokers are recommending them.

HSA Bank: Brokers are very supportive in doing what is best for the company and employees.

HSA California: In today's economy, the owners of small businesses are looking to reduce premiums yet still provide quality benefits to employees. HSA California takes HDHPs and HSAs to a new level by not only offering affordable benefits, but also packaging three top California health carriers in one program; each employee can choose a different health carrier and plan - a choice no other program in the state offers. As the market continues to change, we believe brokers will continue to adopt HSA-compatible plans as an applicable solution for many clients.

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

SeeChange Health: Professional brokers focus on meeting the needs of their clients. We've seen no reluctance to sell our value-based, HSA-compatible plans.

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

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

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

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

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

Blue Shield: Preventive care is covered on all Blue Shield HSA-eligible HDHPs with low or no co-payment; members may also take advantage of our core wellness programs. Studies (AHIP, Towers Watson 2012 ABHP) show that HSA-eligible HDHP's with wellness programs change trend. The very nature of HSA-powered plans ensures that consumers become more aware of their healthcare costs and frugal with their HSA contributions. The result is consumers making wiser healthcare decisions to save their prized HSA dollars. The byproduct is a reduction in utilization.

Cigna: During the past several years, Cigna has compiled empirical data on literally millions of individuals enrolled in our CDHP, HMO and PPO plans based on claims experience that demonstrates that our consumerism products (HRA and HSA), offered as part of a comprehensive package of communication, member customer education and access to reliable and actionable information, substantially reduce the overall employer medical trend.

Moreover, Cigna's multi-year experience studies of CDHP plans provide evidence demonstrating that our consumer-driven health plans both improve costs and health care quality.

HealthEquity: Properly designed HSA-qualified plans combined with strategic employer funding have proven successful at reducing utilization and, as a result, reducing trend. HealthEquity has a number of case studies showing how some of our larger clients have been successful at saving money with a consumer-directed approach.

HSA Bank: Our data supports evidence of lower claims, which makes sense because consumers shop differently with their own money. They adopt the usual consumer behaviors. They shop on quality and price and even start to adopt healthier behaviors. However, there is a distinction between HDHPs when paired with an HSA vs. HRA. HRAs do not lower claims because the employer, not the employee, owns the money. Without owning the money, there is a use it-or-lose-it mentality, just like with FSAs. In fact, claims for unnecessary visits and procedures can go up, not

down, just to use-up the money available. In other words the wide adoption of HRAs with HDHPs has unfortunately voided the HDHPs intended low-utilization premise and actuaries are now pricing HDHPs higher relative to traditional plans to the point that the savings spread has almost disappeared.

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

Kaiser Permanente: We are frequently evaluating the impact on utilization. Based on some small samples assessed, we have seen a drop in utilization with our members in HSA-qualified health plans. The lower risk factor behind this population segment may be a contributing factor. Additionally, there are also some small studies that indicate a change in behavior from these members as they become more financially engaged and responsible for their health expense. Preliminary information shows that some members have pursued alternative options, such as emailing their physician. We believe that it is important to have members enrolled in the high deductible health plans to receive care from Kaiser Permanente's integrated delivery system to ensure engagement extends beyond benefit designs. To achieve sustainable behavior change also requires evidence-based clinical engagement at every care encounter with market leading electronic medical record system.

SeeChange Health: Not only have studies shown that HSA-compatible plans positively impact utilization, but also their relatively lower costs mean more consumers can afford coverage, reducing the number of uninsured Californians.

Sterling HSA: Our experience suggests that our clients are carefully evaluating cost/treatment alternatives, thereby reducing unnecessary medical utilization. Trends on a national level are below that of traditional health plans.

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

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

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

Blue Shield: Blue Shield has partnered with HealthEquity, the nation's oldest and largest dedicated health savings trustee. Together we offer an uncomplicated, integrated HSA solution that is easy for brokers and employers to implement. Benefits include:

- Seamless integration with Blue Shield enrollment and claims data
- Automated account set-up, no wet signatures required
- Dedicated employer support team
- Customized employer portal
- 24/7/365 member support

Cigna: By providing information to help brokers understand the consumer advantages of the HSA product, providing products and processes that are easily understood by employers and supporting the member customer education at enrollment and on an ongoing basis.

HealthEquity: HealthEquity strives to make HSAs attractive to brokers by delivering a complete, integrated solution to their clients and providing 24/7/365 customer service.

This improves the member experience and reduces the number of calls the broker receives. HealthEquity also has a Broker Sales Team that can assist with new business and a broker portal where producers can access marketing material, create proposals, and manage their HSA clients.

HSA Bank: From enrollments to answering difficult questions, brokers can count on outstanding customer service dedicated to them and their clients. We provide quality service.

HSA California: Education is the key. It's important that brokers are com-

fortable explaining the concept of an HSA and how it can work to completely satisfy the needs of clients, employees, and families. HSA California and The Bancorp Bank provide a number of educational resources for brokers to help them better explain HSAs to clients. For more information on these materials, brokers can call us anytime at (866) 251-4625.

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

SeeChange Health: Whether talking about HSA-compatible plans or more traditional policies, at SeeChange Health Insurance we're extremely broker-centric, providing unique products that actually encourages members to see their doctor, strong training and education, and delivering outstanding service to them and their clients.

Sterling HSA: We support the broker channel with sales representatives who handle their needs personally. We also offer HSA training and education, including CE classes and webinars, analysis tools, PowerPoint presentations, and other sales material. In addition, we support the broker's employer clients in a similar fashion. This helps our broker partners better satisfy their clients' needs. We also consistently update clients on regulation changes, important new service benefits, etc. through targeted email campaigns, our blog and Facebook.

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

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

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

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

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

Cigna: This is based on the customer's choice and their short- and long-term financial goals. We see customers doing both, depending on their individual circumstances.

HealthEquity: HealthEquity strives to make HSAs attractive to brokers by delivering a complete, integrated solution to their clients and providing 24/7/365 customer service.

This improves the member experience and reduces the number of calls the broker receives. HealthEquity also has a broker sales team that can assist with new business and a broker portal where producers can access marketing material, create proposals, and manager their HSA clients.

HSA Bank: That's the beauty of an HSA – its flexibility. If a consumer needs to cover qualified medical expenses, they can do so tax-free with their HSA funds. The consumer also has the option to grow their funds through self-directed investment options with no minimum balance.

HSA California: It depends on the individual consumer. Having funds available in an HSA for short-term medical expenses is a great feature. However, the long-term advantages are equally important. The ability to save HSA funds and earn interest tax-free year-after-year, provides the

unique value inherent in HSAs. An HSA is a perfect savings vehicle to add to a long-term savings portfolio next to a 401(k), IRA, or any retirement medium.

Kaiser Permanente: Consumers purchase Kaiser Permanente HSA-Qualified Deductible HMO plans and open HSAs to cover both immediate and long-term medical expenses, as well as to reduce tax liability.

SeeChange Health: California is a diverse state so it's not surprising that employers are buying HSA-compatible plans for both reasons.

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

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

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

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

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

Blue Shield: We are reviewing the HMO/HSA market trends and will be introducing new HDHPs that answer the market's needs.

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

HSA Bank: Yes. And, carriers should not overlook this as an option for California.

HealthEquity: This is not something that we are asked about very often, but there may be some interest in areas where HMOs are still a popular plan option. The interest level would depend in large part on how these products are priced.

HSA California: HSA California offers four HSA-eligible HMO plans. Brokers can call 866-251-4625 between 8:00 a.m. and 5:00 p.m., Pacific Time, for full benefit plan summaries for all HSA California plans.

Kaiser Permanente: Absolutely. Since 2005, Kaiser Permanente HSA-Qualified Deductible HMO plans have appealed to all market segments, including individual and family, small, mid and large groups.

SeeChange Health: We offer only PPO plans, but HSA-eligible HMOs will likely find an audience, although we don't think it will be nearly as large as HSA-compatible high deductible plans.

Sterling HSA: Several carriers already offer an HMO/HDHP plan or EPO/HDHP plan design.

UnitedHealth Group: Yes.

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

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

Anthem Blue Cross: Being our HSA plans are consumer centric and

come with strong preventive benefits, we are seeing strong demand across all territories and demographics.

Blue Shield: Blue Shield experience indicates that the broker interest in HSAs is statewide.

Cigna: We offer an array of individual and family plans in California, some of which are HSAs. Cigna is price competitive in this market.

HealthEquity: There is a strong demand for competitive individual and family HSA-qualified plans nationwide. How successful brokers are at selling these products, though, depends on the plan design and pricing, which tends to vary from market to market and carrier to carrier.

HSA Bank: N/A

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

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

SeeChange Health: We sell exclusively to groups of 2-to-200 employees or more.

Sterling HSA: We know that the early baby boomer is very interested in choosing a HDHP/HSA product. Areas with high PPO concentration and lower pricing are high sales areas. The individual market has been a PPO market for some time and was the first to migrate to the HSA. Some individuals already have a HDHP and now have a tax-advantaged way to pay for medical expenses or save for retirement. We also see strong interest in certain geographic areas where Sterling has recently expanded, including key markets in the Midwest and the Southwest.

UnitedHealth Group: All.

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

Aetna: None

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

Blue Shield: We have not encountered any issues specifically pertaining to HSA-eligible plans.

Cigna: We have not encountered problems with the administration of the HSA eligible plans. One of the challenges of introducing these plans is to educate the member customer on the value of the plan and the tools to become actively engaged in the management and maintenance of their own health care.

HealthEquity: Price is still a huge issue for most employers and individuals considering an HSA-qualified plan. Some health plans have made a commitment to pricing these products appropriately while others have not.

HSA Bank: N/A

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

Kaiser Permanente: When there is excellent communication to the employer and employees we do not encounter problems. It is important to provide education on how the deductible plans and the HSA work together. Kaiser Permanente and our preferred financial administrator for HSAs, Wells Fargo, have developed extensive training materials and marketing collateral for brokers, employers, employees and individuals.

SeeChange Health: None.

Sterling HSA: Pricing is imperative in an HSA plan. If the rates are competitive then the plan does not sell well. However, we have recently seen a differential in the traditional PPO and HDHP/HSA compatible plan that is supporting considerable sales of this product.

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

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

30. How has your plan changed from last year?

Aetna: No significant changes.

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

Blue Shield: Blue Shield is pleased to now offer our clients an unsurpassed Account Based Health Plan (ABHP) in conjunction with our new partner, HealthEquity. We researched the market extensively before selecting a strategic account based custodial vendor that can service all lines of business. This is a platform and not a banking system and was designed and developed by HealthEquity. HealthEquity's leading technology supports releases and platform enhancements and updates twice a month and has a speed to market, which is unheard of with our competition. Our new account based platform offers a completely integrated healthcare experience for both members and clients. All accounts are on one platform with integrated enrollment and claims information, and flexible contribution models. We will also provide our clients with an Employer Portal with access in real time to eligibility information, contributions, fee payments, and more. Clients will also be able to have for easy reconciliation.

Cigna: We continue to enhance our online cost and quality comparison tools, to help people make informed choices about where they seek care. We have added enhanced decision support tools. One such tool is our Health Risk Assessment. Cigna has entered into a long-term agreement with the University of Michigan providing access to the use of analytics that help consumers and Cigna identify and address health risks and help employers develop worksite health and wellness programs. We also offer online coaching capability that invites immediate, active participation in online behavior change modules, pushing targeted follow-up based on HRA responses.

HealthEquity: HealthEquity recently introduced an option called Balance Protector, a low-cost, guaranteed-issue product designed to preserve an account holder's HSA balance in the event of an accident.

HSA Bank: While our HSA hasn't changed from last year, we are always looking for ways to enhance our product to best serve our accountholders.

HSA California: There were no significant changes to the HSA California program in 2012. For a full listing of benefit plan changes, please contact HSA California sales at 866-251-4625 between 8 a.m. and 5 p.m., Pacific Time.

Kaiser Permanente: Aside from compliance with federal Health Care Reform, we have no significant changes planned for 2011/2012, but we are always exploring ways to make improvements to meet our customers' needs. We have expanded member support activities including proactive outreach activities to assist with employee understanding of these programs.

SeeChange Health: We introduced what we believe to be the nation's first value-based benefit HSA-compatible plans in 2010 at the request of our brokers. (Our HSA-compatible plans lower members' out-of-pocket exposure when they complete specified actions that help them manage their health). We're constantly listening to our brokers to improve our products. In 2012 we expanded our Employee Option Program, which makes it easier to offer our HSA policies alongside our other PPO plans. Given the broad popularity of our HSA plans in 2012, however, we opted not to fix what isn't broken.

Sterling HSA: We reduced our HSA set-up fees effective in September 2011. We also offer discounted set-up fees for groups adopting multiple products from Sterling (HSA with HRA, HSA with FSA, COBRA). □