



**Health Savings Accounts Mid-Year Analysis And Forecast
by Information Strategies, Inc.**

For the fourth year, Information Strategies, Inc. has put together an analysis and forecast on Health Savings Accounts (HSAs). These findings are based on cumulative interviews of 33,000 individuals, 9,000 companies and industry stakeholders.

Some highlights include:

1. Average company contribution to the first year's employee HSA custodial account rose to 17% in 2008.
2. Company contributions of whatever amount are a key ingredient to increased adoption by employees.
3. Larger corporations are switching to HSAs as either full replacement or as an available plan option in their healthcare benefit programs.
4. Mid-size companies are more likely to offer HSAs as a choice rather than full replacement versus smaller firms.
5. Smaller companies continue to offer HSAs in increasing numbers: almost 33% of 7,000 insured firms surveyed provided HSAs either as either the only or one of the benefit options available to employees.
6. Employers are increasingly altering their plans to attract the healthy and avoid the sick as well as imposing spousal surcharges if coverage is available elsewhere.
7. In lieu of continuing healthcare benefit plans, many smaller firms are giving employees monthly stipends to purchase individual healthcare insurance, many employees are choosing HSAs.
8. Income differentials between HSA purchasers and users of managed care plans continue to be imperceptible.
9. The characteristics of individual HSA purchasers are morphing with a larger percentage of younger users appearing while those over 55 are funding accounts with higher amounts.
10. One in three individuals purchasing HSAs did not have healthcare coverage in the prior 12 months, a continuing trend.
11. Many of these uninsured reported they did not see prior healthcare offerings as cost effective but felt the retirement funding option powered their decision.

12. The rationale for adopting HSAs by individuals continues to be savings on premiums (although not as robust as we think they should be given utilization rates) and retirement options.
13. Financial advisors are recommending HSAs as the first savings choice over IRAs, 529 or 401k options.
14. Insurance agents continue to resist HSAs as a preferred offering although there is a distinct positive trend include in their presentations.
15. Bank fees for HSA accounts have started to trend upward to about \$37 per year.
16. Fees continue to be the major factor in choosing an account custodian.
17. Industry trends include: alliances between insurance providers and account custodians; a roll-up of insurance brokers offering local coverage on a nationwide basis will happen soon.
18. Middle-ware and back office providers are continuing to offer innovative solutions to the integration of patient, providers, custodians and insurance carriers.
19. New custodian leaders are appearing while some major players will exit the field in the coming 12 months.
20. Individuals save on average 64% of contributed funds to an HSA custodial account.
21. A majority of HSA insurance plans provide wellness coverage outside the deductible.
22. The battle ground states for the presidential election are amongst the highest in terms of penetration by HSAs.
23. The number of HSA covered lives and accounts will double from January 2008 to January 2009.

A full, printed copy of the
Health Savings Accounts Mid-Year Analysis And Forecast
will be available starting July 15, 2008 for \$3,900 from
Information Strategies, Inc.
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