

# Leading hospital systems win with Health Savings Accounts (HSAs)

## Rising health care costs

A number of recent studies, including the Kaiser Family Foundation Employer Health Benefits Annual Survey (Kaiser)<sup>1</sup>, indicate that health care insurance premiums continue to rise as cost increases for 2013 approached 4-5%. While this rate of increase appears to be slowing, it still outpaces the general consumer price index (CPI) by over 300%<sup>2</sup>.

According to the 18th Annual Towers Watson/NBGH Health Employer Survey (Towers), health care companies, including hospital systems, have some of the highest per employee costs in the nation<sup>3</sup>. The detrimental effects of these costs will be compounded as hospitals begin to feel the economic impact of Health Reform, including ACO/capitation contracts, affordability requirements (effective in 2015) and the “Cadillac” Excise Tax (effective in 2018).

## A powerful solution for hospital systems

HealthEquity is one of the largest dedicated Health Savings Account (HSA) administrator in the country, providing services for over two million Americans and over 25,000 employers. HealthEquity works with over 30 hospital systems that benefit from offering their employees HSA-qualified health plans. The majority of these systems also offer contributions to their employees’ HSAs, with the expectation to reduce their annual cost increases for their employees, reduce the rate increases from their operating budgets, and to minimize the effects of the taxes and penalties that will go into effect over the next four years with health reform.

Towers estimates that large employers with more than 50% adoption into HSAs or a similar-type higher deductible health plans will realize more than \$1,000 per employee, per year of cost-savings compared to their peers with no adoption in these types of plans. With more large employers and hospital systems turning to HSAs and other similar plans as part of their solution to succeed in health reform, we interviewed five of our hospital system clients to better understand their strategies with these types of plans. The hospital systems cited in this document include Banner Health, Intermountain Healthcare, MaineHealth, a large west coast health system, and Gwinnett Medical Center.

<sup>1</sup><http://kff.org/private-insurance/report/2013-employer-health-benefits/>

<sup>2</sup><http://www.bls.gov/news/release/pdf/cpi.pdf>

<sup>3</sup><http://www.towerswatson.com/en/Insights/IC-Types/Survey-Research-Results/2013/03/Towers-Watson-NBGH-Employer-Survey-on-Value-in-Purchasing-Health-Care>

**KAISER** found that employees’ contributions to their health insurance premiums increase at a rate that is faster than their employers’ contributions. Workers contributions to premiums have **increased 89%** over the last 10 years compared to **80%** for employers.



According to **TOWERS**, **79%** of large employers surveyed in their 2013 report intend to offer HSAs or other consumer directed health plans in 2014 as an option to control costs, and **23%** of large employers intend to offer these types of plans as their **only** benefit option.

**HealthEquity**<sup>®</sup>  
Building Health Savings™

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# Strategic insight from HealthEquity's hospital partners

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## Banner Health

"We initially began offering HSAs to our employees to provide them with a choice in our benefit offerings, make them aware of how much health care costs and **GIVE THEM AN OPPORTUNITY TO SAVE FOR THEIR FUTURE RETIREMENT NEEDS.** We believe offering benefit plans like the HSA is aligned with our business strategy and consistent with assisting our employees future benefit needs."

## Intermountain Healthcare

"A fundamental reason we are big proponents of the health savings account is because the HSA/HDHP combination encourages shared accountability, our approach to improving health care. Any strategy or product that **ENGAGES PATIENTS** in a more efficient and appropriate use of health care services is something we are going to look to incorporate at Intermountain."

## MaineHealth

"We introduced the HSA as an **ADDITIONAL OPTION** for our employees and used the plan as part of a multi-pronged strategy to increase employees' engagement and bring overall cost down."

## A large west coast health system

"In general, I believe that health savings accounts are **THE BEST METHOD FOR CONSUMERS TO CONTROL COSTS.** Those who went full-replace within our organization are very satisfied. On a scale of one to ten we would give HealthEquity a ten, and we have plenty of experience to know why we are satisfied!"

## Gwinnett Medical Center

"It was a challenge for us to adopt a completely consumer-driven approach after having an HMO model for many years. With HealthEquity in our corner, that made the transition to full CDHP replacement an **EASIER ONE FOR OUR ORGANIZATION AND OUR EMPLOYEES.**"