



➤ May 24, 2023

Health Savings Accounts: What's Happening Now and What's Next?

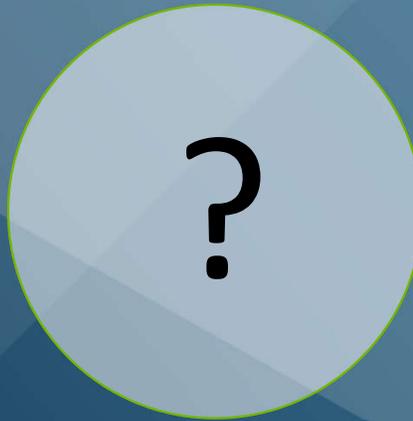


Presentation By:
Steve Holmes

Before We Begin



We are recording today's webinar

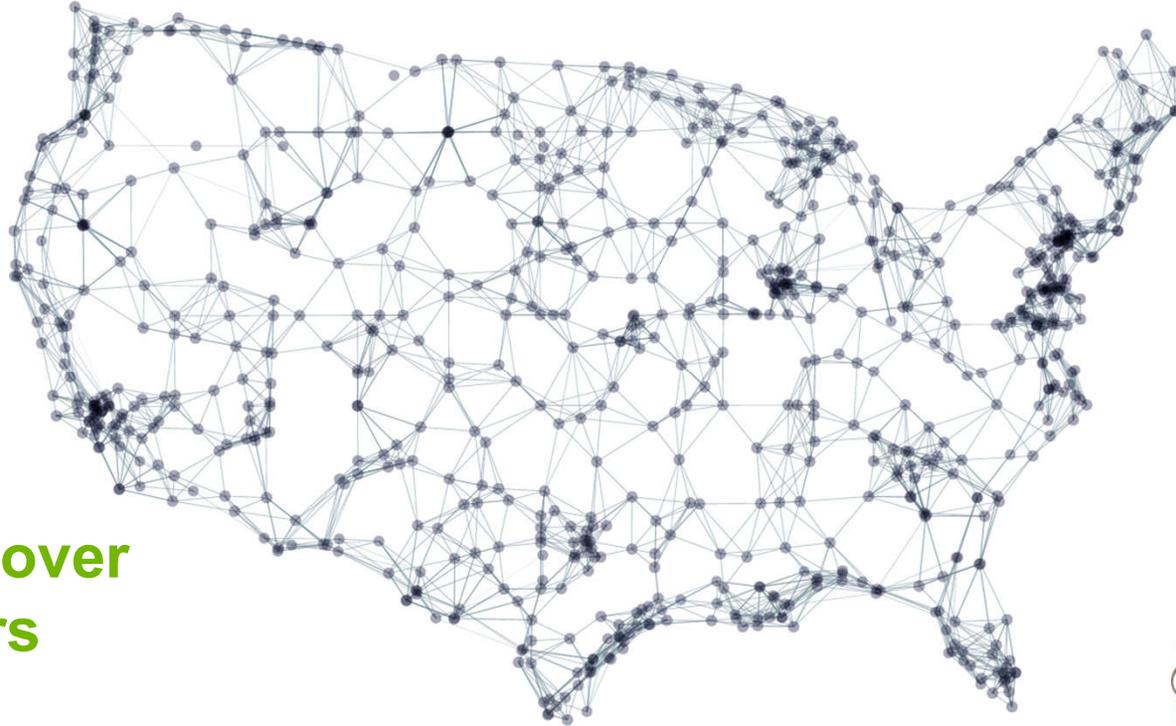


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Coast to Coast Administration



**BASIC services over
20,000 employers
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Technology Driven HR Solutions to Take Your Company Further

Suite of HR Benefits, Payroll and Leave Management, and Compliance solutions offered individually or bundled.



➤ Presenter



Steve Holmes

Steve is an experienced Employee Benefits Specialist with a passion for helping brokers develop, implement, and manage HR solutions that enhance employee engagement, improve health outcomes and mitigate risk for their employer's and employee's. Since joining BASIC in 2021, Steve has helped brokers and employers improve their benefits packages with solutions that fit their unique cultures.

➤ Agenda

- HSA 101
- Current Stats and Trends
- What's in store for the future of HSAs?
- HSA Investments and Plan Designs
- BASIC's Solutions

Health Savings Account (HSA)

➤ HSA 101

- HSA stands for Health **Savings** Account
- Owned by the Employee and not the Employer
- Monies can be contributed tax free, grow tax free and withdrawn tax free
- Eligible expenses are defined in IRS Pub 502
- There are two options available in the marketplace today
 1. Embedded HSAs with your Health Insurance Carrier
 2. HSAs managed by a Third-Party Administrator

➤ HSA Limits

Health Savings Accounts (HSAs)	2023	2024
HDHP min annual deductible - Self-only	\$1,500	\$1,600
HDHP min annual deductible - Family	\$3,000	\$3,200
HDHP out-of-pocket max - Self-only	\$7,500	\$8,050
HDHP out-of-pocket max - Family	\$15,000	\$16,100
HSA max contribution limit - Self-only	\$3,850	\$4,150
HSA max contribution limit - Family	\$7,750	\$8,300
HSA catch up contribution limit (age 55)	\$1,000	\$1,000

➤ Three Reasons to use a TPA

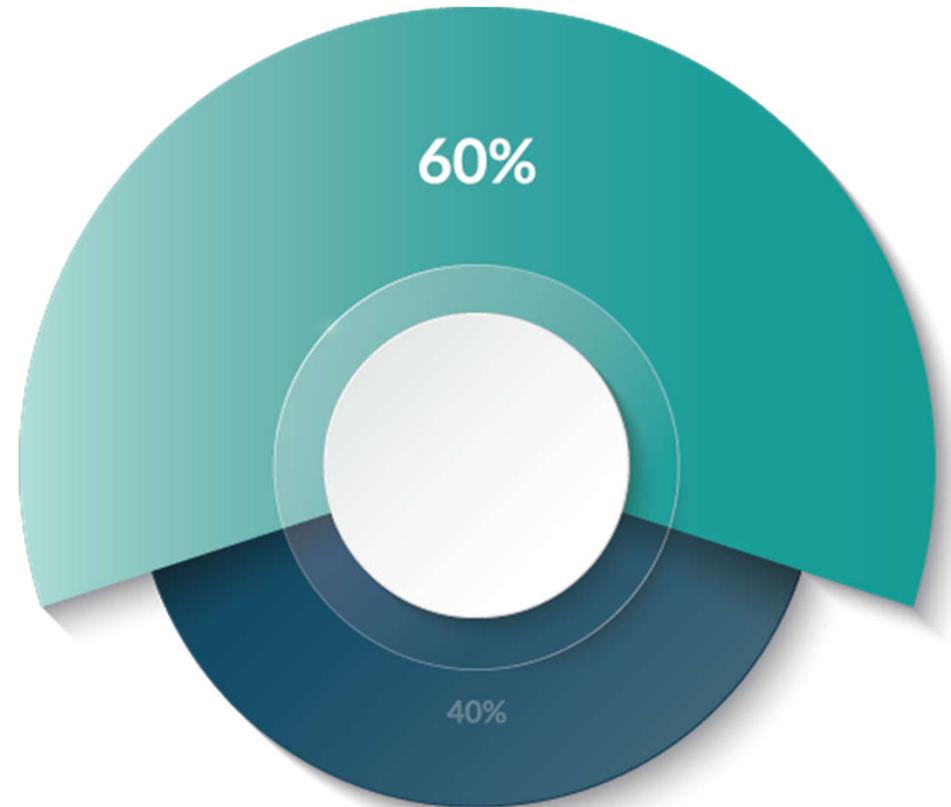


1. **Control** – If you want to change your health plan, you will need to change your employee's HSA.
2. **Cost** – HSAs that are embedded from your health plan are often presented as free, but the administrative cost is passed on to you in the form of increased premiums.
3. **Employee Value** – By using a TPA like BASIC, your HSA can be combined with up to 50 other account offerings and accessed through a single web portal, mobile app and benefit card.

Current Stats and Trends

➤ Benefit Trends

- **60%** of employees are interested in their employer providing a wider mix of non-medical benefits that they can choose to purchase on their own



<https://www.metlife.com/employee-benefit-trends/>

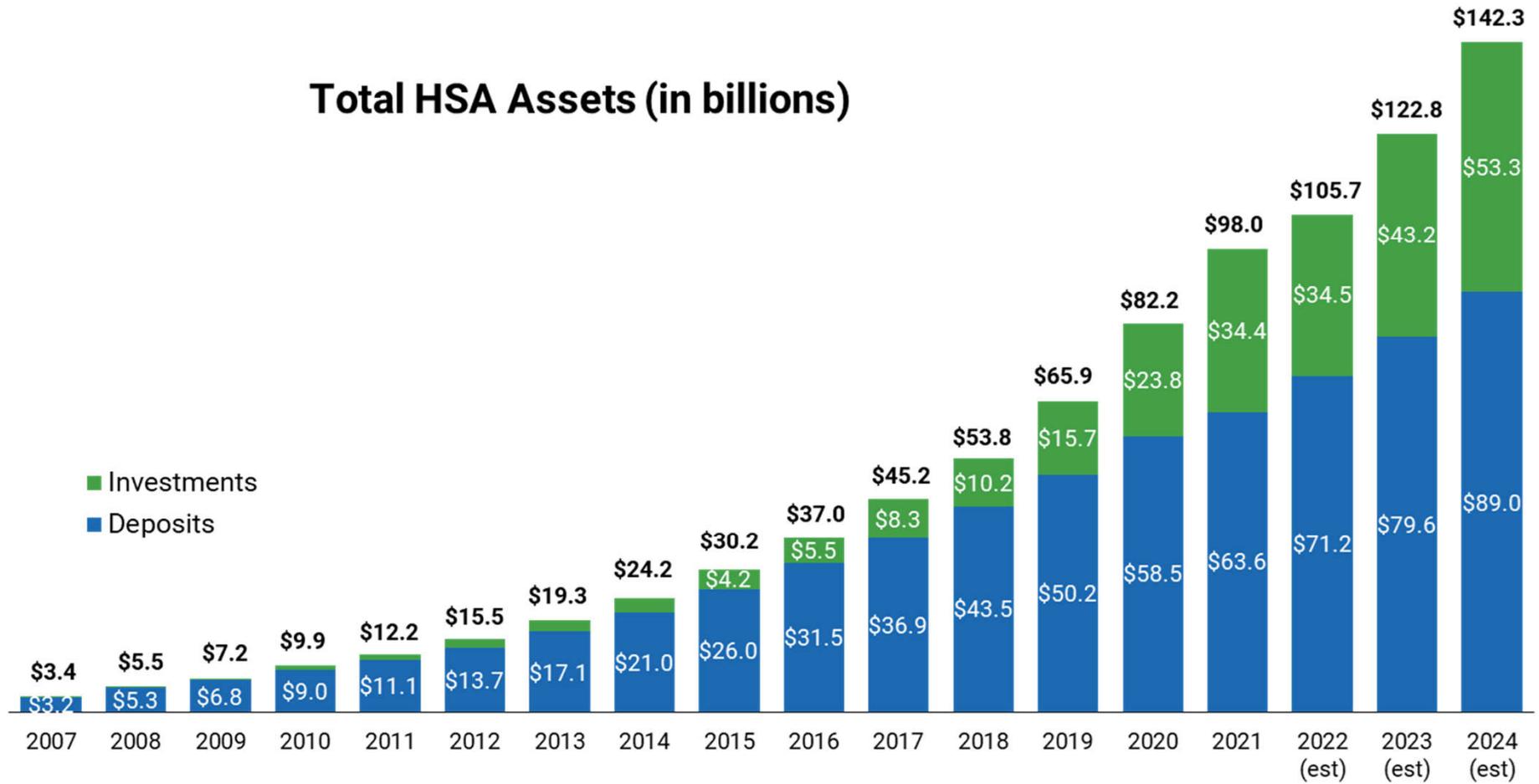
➤ Key Findings: 2022 Devenir Report

- **Stock market headwinds stunt asset growth.** Hindered by market headwinds, HSAs grew to \$98.8 billion in assets held in almost 34 million accounts, a year-over-year increase of 6% for assets and 9% for HSAs for the period ending June 30th, 2022.
- **More HSAs investing.** Over 2.4 million HSAs have at least a portion of their HSA dollars invested, representing over 7% of all accounts.
- **HSA contribution and withdrawal activity picks back up.** Account holders contributed over \$26 billion to their accounts in the first half of 2022 (up 11% from the year prior) and withdrew \$18 billion from their accounts in the first half of 2022 (up 12% from year prior).

Source: Devenir Research Report July 2022



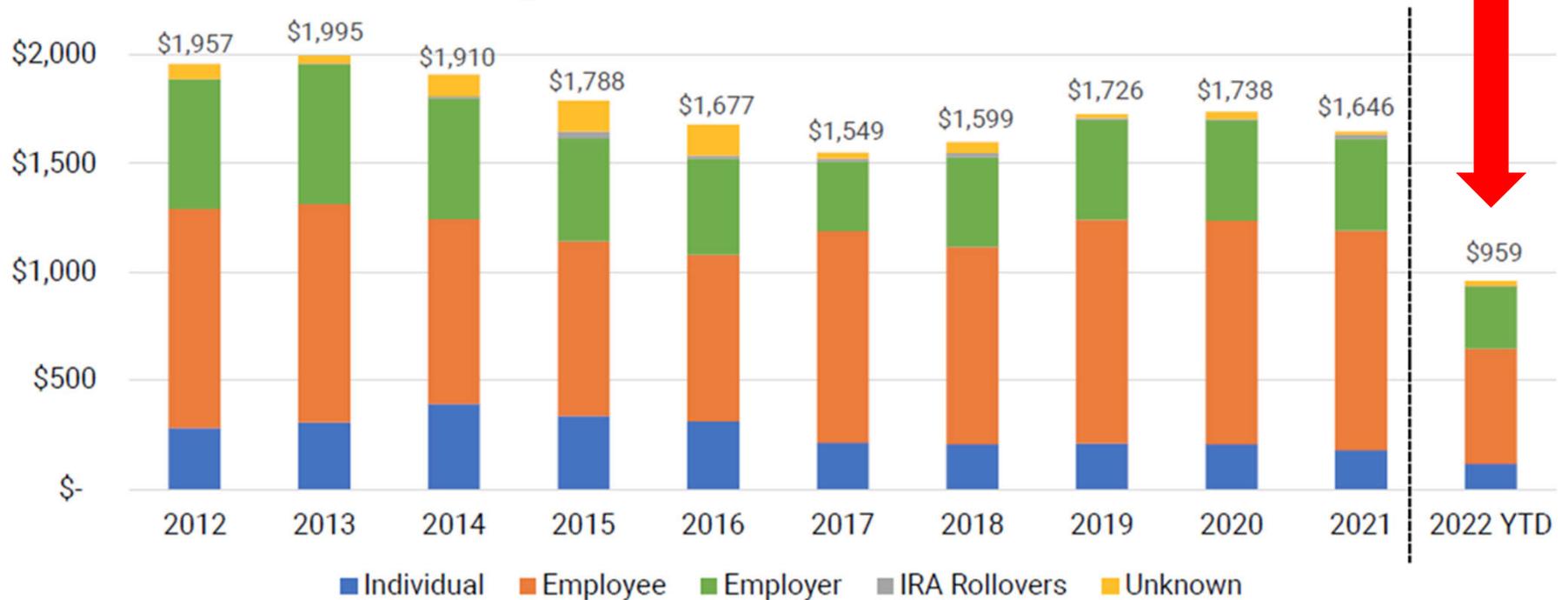
Total HSA Assets (in billions)



Source: Devenir Research

➤ Pandemic Impact?

Average Contribution Per Funded Account



Source: Devenir Research

➤ 2022 Mid-Year Results

Employer Contributions

- 30% of all HSA dollars contributed to an account came from an employer.
- The average employer contribution was \$664 (for those making contributions).

Employee Contributions

- 55% of all HSA dollars contributed to an account came from an employee.
- The average employee contribution was \$1,182 (for those making contributions).

Individual Contributions

- 12% of all HSA dollars contributed to an account came from an individual account not associated with an employer.
- The average individual contribution was \$1,883 (for those making contributions).



What's the Future of HSAs?

➤ Looking Forward

- Devenir projects HSA Industry asset growth of 10% in 2022 (down from 15% at the end of 2021).
- Devenir currently projects that the HSA market will reach 39 million accounts by the end of 2024, holding \$142 billion in assets.
- Investing opportunities continue to surge – Account holders are utilizing their account's unique ability to be invested and used as a long-term savings vehicle.



Source: BenefitsPro and Devenir Research Reports

➤ Looking Forward

- **93% of employers** find it important to be part of their employees' long-term financial wellness through the health and retirement plans
- Benefit education continues to be the primary driver to adoption and employee value

Source: BenefitsPro and Devenir Research Reports



HSA Investments and Plan Designs

➤ The Investment Feature of an HSA

- Without the investment feature, HSA would be just an FSA with full carryover.
- Investment options empower participants with choice.
- But choice can be confusing.



➤ Understanding Investing in an HSA

- There is always some risk
- Provide a high-quality set of investment funds
- BASIC works harder to provide the best investment options
 - Investment committee
 - 3rd party advisor
 - Quarterly performance reviews
 - 10 scoring criteria used for constant evaluation
 - Every major investment class and style represented
- Confidence in fund line up – but what to choose?

➤ Custom HSA Funds

- Many make the “401k Mistake.”
- HSA investment objectives are different from 401k.
- Three investment objectives of an HSA participant:
 - Current-year expenses
 - The 7-Year spike
 - Retirement
- BASIC Custom HSA Funds!



➤ Limited Purpose FSA and HSA Together

- Limited Purpose FSA is compatible with HSA.
- Allows participants to set aside pre-tax funds for dental/vision.
- Preserves more funds in HSA.
- Better serves mid-term and long-term objectives.

BASIC's Solution

➤ Consumer Driven Accounts (CDA)

One card
One website
One mobile app



➤ Consumer Driven Accounts (CDA)

- New integrated system allows employers and participants to manage all their benefit plans on **one card, one website, and one mobile app**
- Choose from a wide range of healthcare benefit accounts like FSA, Simple HRA, or HSA
 - Combine with Dependent Care, Transit, Wellness Rewards, and Education Reimbursement accounts



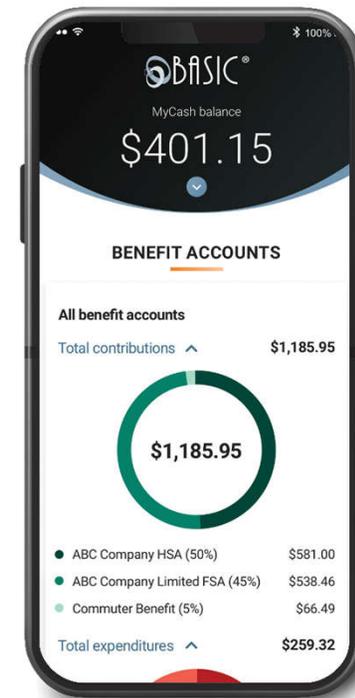
➤ ONE Integrated System

- All Continuation & Benefit Accounts on **one platform**
- Continuation clients have **easy access** to all benefit accounts
- **Employee-Centric:** respond to & manage diverse needs of workforce at any life stage
- Vendor **consolidation**
- **Peace of Mind:** Audit Guarantee and Hold Harmless



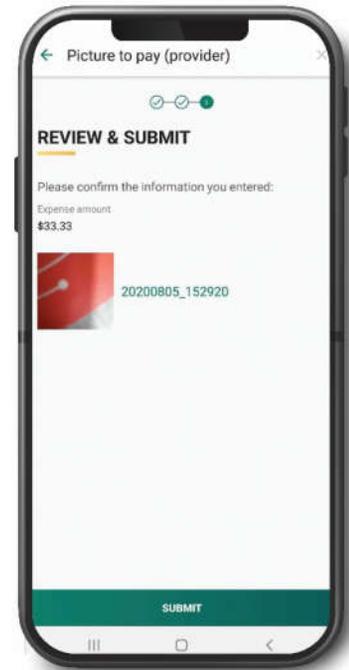
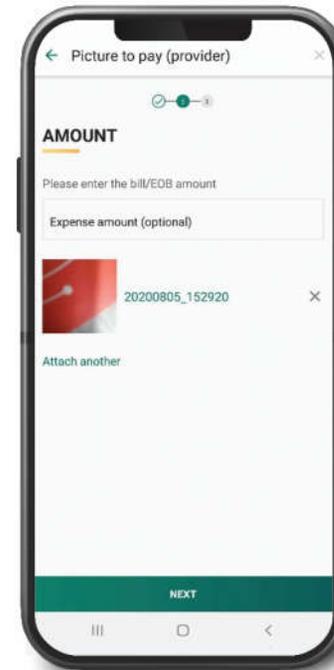
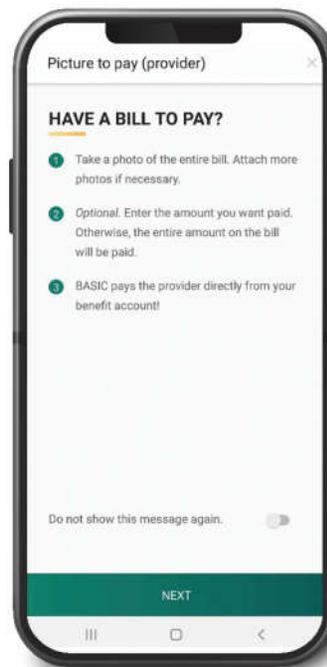
➤ BASIC Benefits App

- Participants can track and manage all their BASIC benefit and continuation accounts with a single app – **anywhere, anytime!**
- Access account information
- Request reimbursement
- Pay COBRA premiums
- Expense eligibility check
- Mobile card lock if BASIC card is lost or stolen



➤ Picture to Pay

- Take a picture of an eligible benefit expense/bill, then submit via the BASIC Benefits App
- No forms to fill out and no need to sign-in to a website
- Just click and submit and we'll take care of the rest



➤ BASIC Card

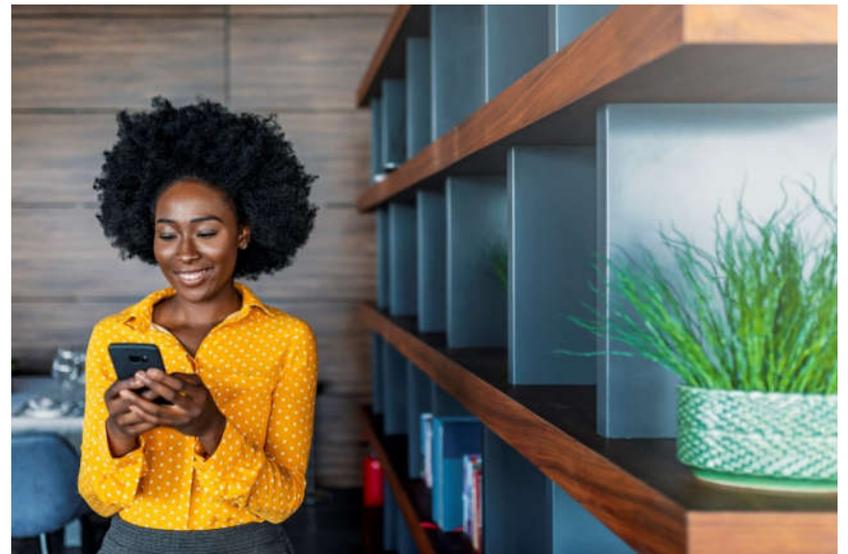
- Smart benefits card with access to all participant benefit accounts and MyCash
- Eliminates the need for reimbursement requests
- **Proprietary technology** instantly withdraws funds from the appropriate account(s)



➤ MyCash

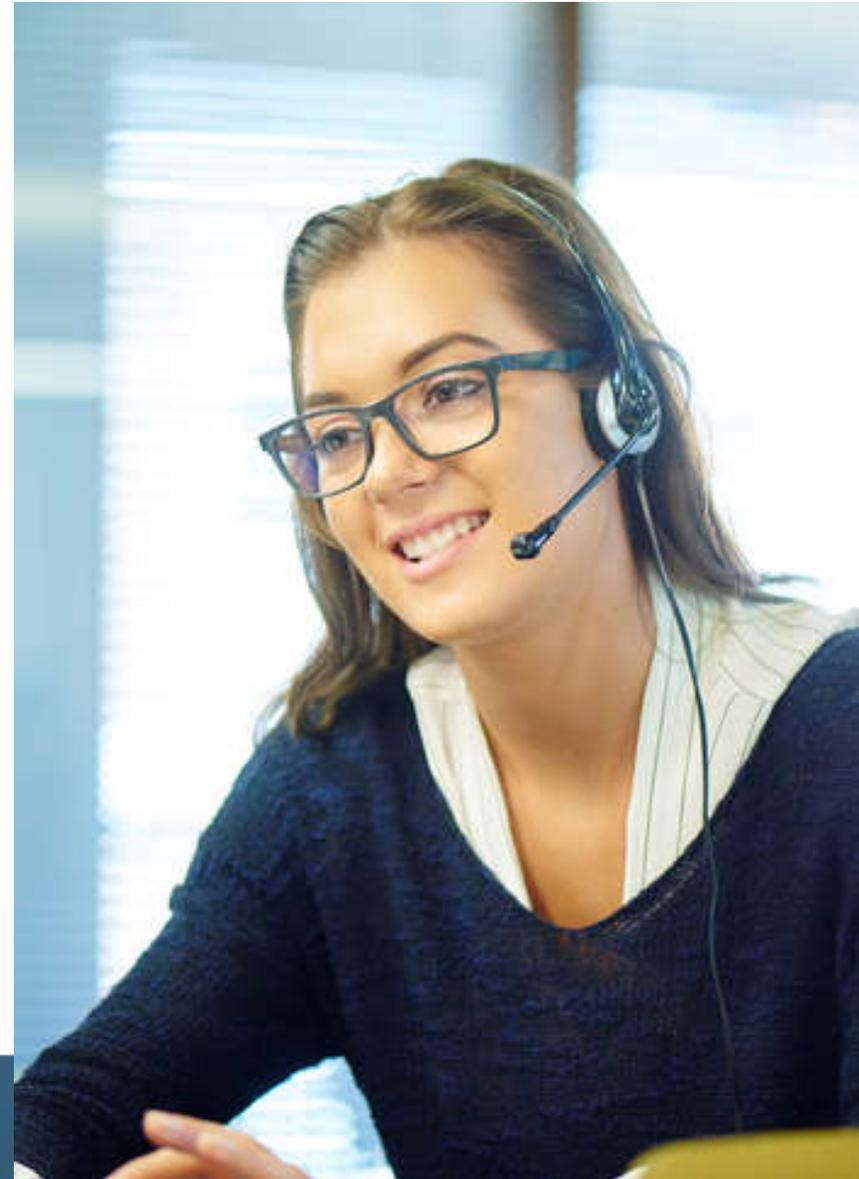
MyCash is an unrestricted post-tax reimbursement account linked to participants' BASIC Cards.

- Reimbursements deposited directly into participants' MyCash accounts – **faster than check or direct deposit!**
 - Pay for non-benefit eligible expenses from the MyCash account by using the BASIC Card anywhere Mastercard is accepted
 - Transfer MyCash funds to personal savings or checking account via one-time or recurring transfer



➤ Next Level Service

- Customer care call center support designed to deliver **below industry average hold times** for all clients
- Our CDA system **empowers clients** to perform routine functions like enrolling or terminating employees from a benefit plan at any time
- **Support Requests** can be made directly in our CDA system, enabling clients to quickly request changes to their benefit plan, plus receive a tracking number and status updates



Before Q&A



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QUESTIONS





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