



➤ November 9, 2023

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



Presentation By:
Ernie Harris
President & COO of BASIC

Before We Begin



We are recording today's webinar



Submit your questions at any time



Please complete the exit survey

Coast to Coast Administration



**BASIC services over
18,000 employers
nationwide.**



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



Ernie Harris

Ernie Harris is the President & COO of BASIC, a third-party administrator offering a broad array of HR benefits administration services. Ernie is the past President of the Product Development and Management Association (PDMA) – a global professional association with chapters in more than 30 countries and current Chair of the PDMA Foundation, a 501c3 organization focusing on innovation education.

➤ Agenda

- HSA 101
- Current Stats and Trends
- What's in store for the future of HSAs?
- 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- Monies can be contributed tax free, grow tax free and withdrawn tax free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
 - Embedded HSAs with your Health Insurance Carrier
 - HSAs managed by a Third-Party Administrator

➤ Three Reasons to use a TPA

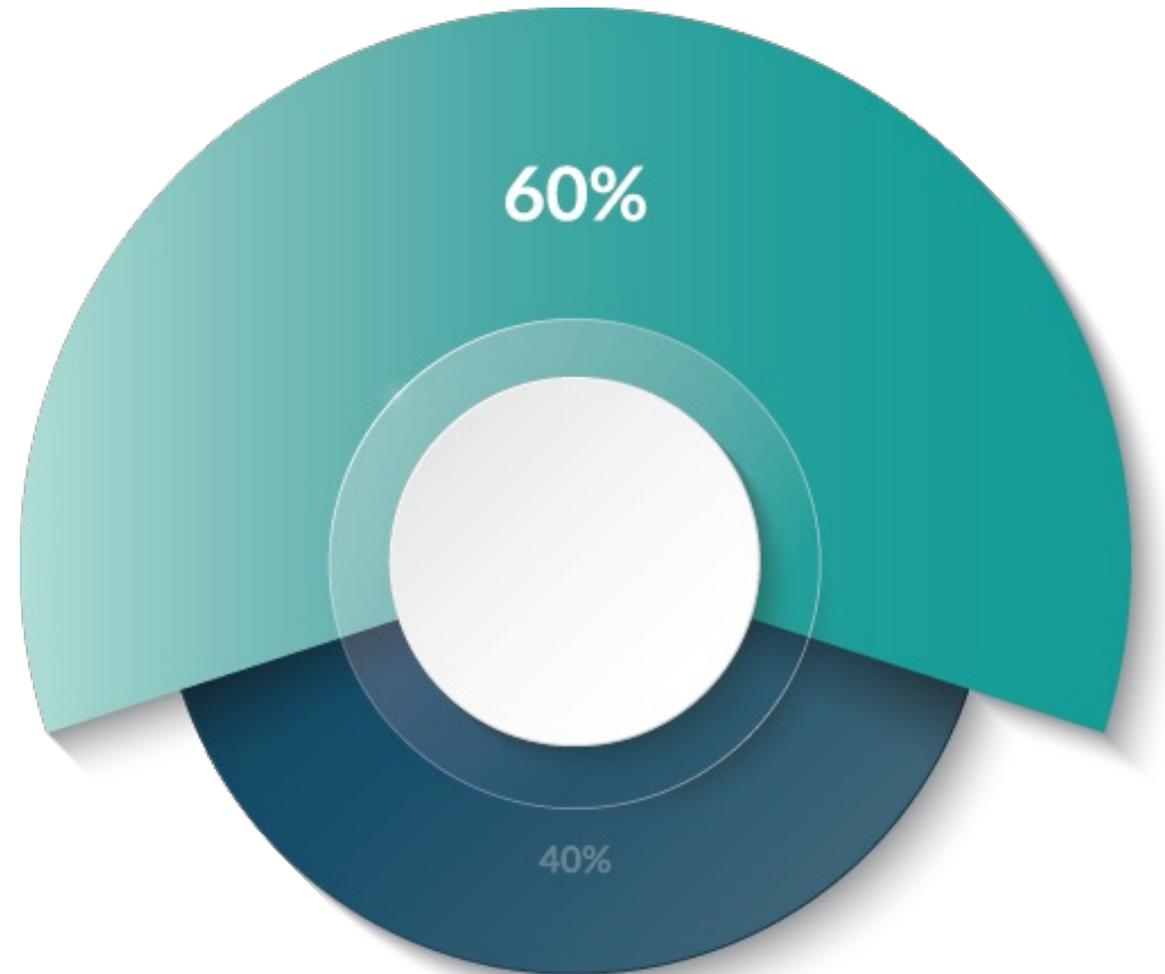


- 1. Control** – If you want to change your health plan, you will need to change your employee's HSA
- 2. Cost** – HSAs that are embedded from your health plan are often presented as free, but the administrative cost is passed on to you in the form of increased premiums
- 3. Employee Value** – By using 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/>

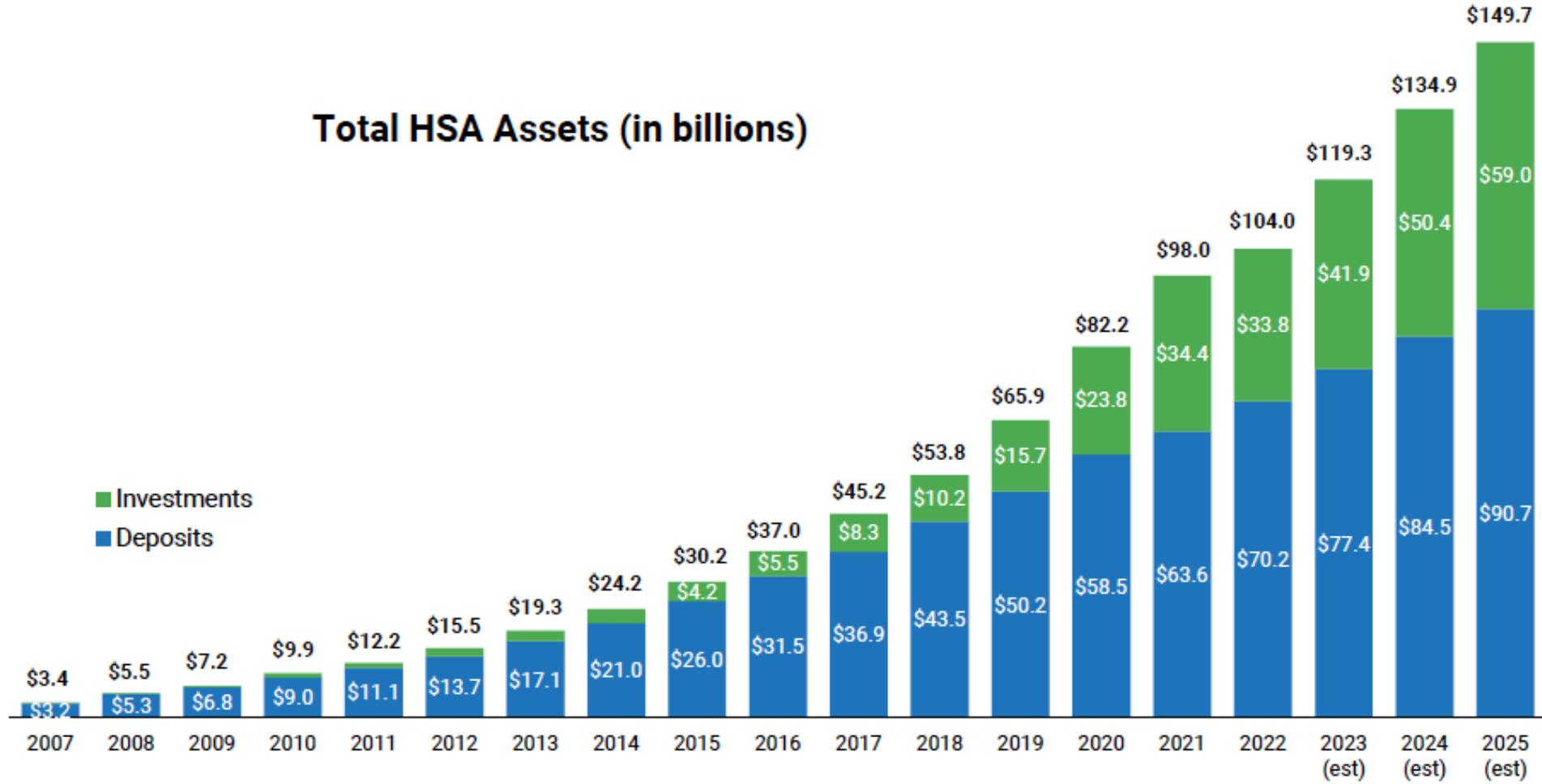
➤ Key Findings: 2022 Devenir Report

- **HSA Account Growth Continues** – while investment contributions slowed in the face of under-performing capital markets, new account growth remained strong with total HSA accounts totaling 35.5M – up 9%.
- **HSA contribution and withdrawal growth shows strength** – Account holders contributed over \$47 billion to their accounts in 2022 (up 11% from the year prior) and withdrew almost \$34 billion from their accounts in 2021 (up 11% from year prior).

Source: Devenir Research Report



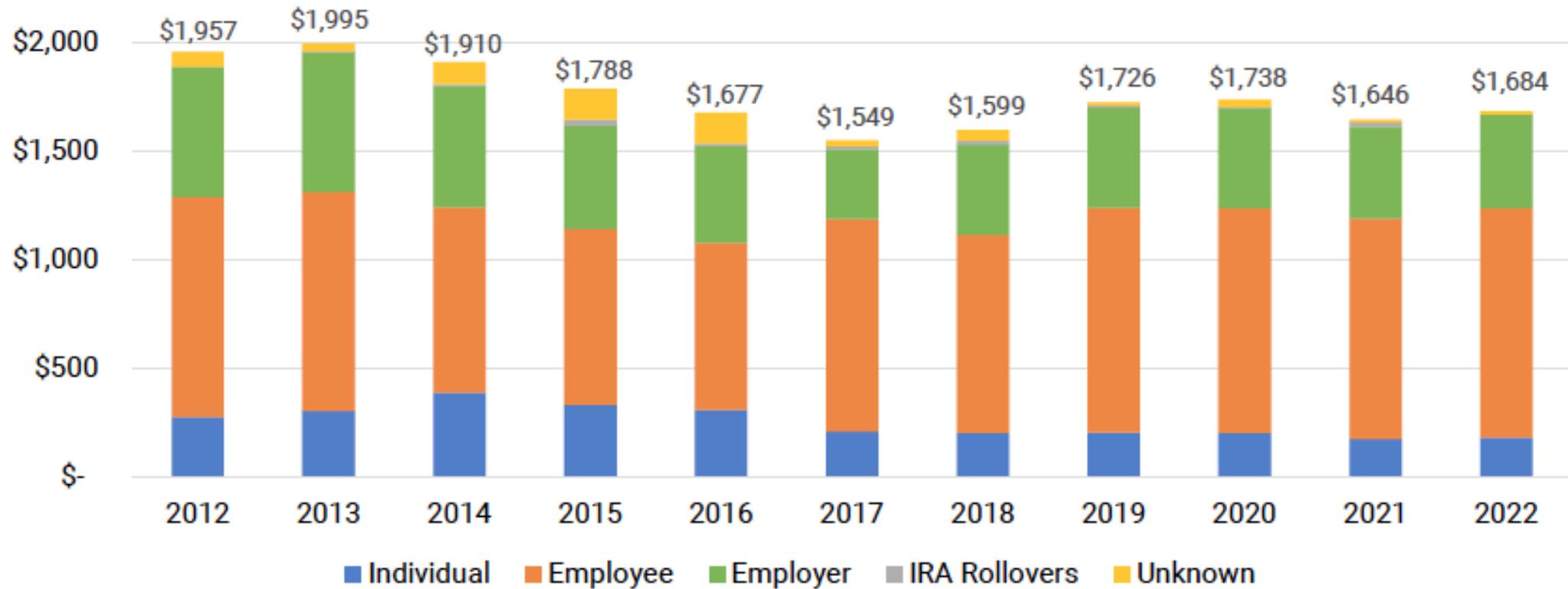
Total HSA Assets (in billions)



Source: Estimates derived from 2022 Year-End Devenir HSA Market Survey, press releases, previous market research, and market growth rates.



Average Contribution Per Funded Account





2022 Employer Contributions

26% of all HSA dollars contributed to an account came from an employer.
The average employer contribution was \$869 (for those making contributions).



2022 Employee Contributions

63% of all HSA dollars contributed to an account came from an employee.
The average employee contribution was \$2,147 (for those making contributions).



2022 Individual Contributions

11% of all HSA dollars contributed to an account came from an individual account not associated with an employer.
The average individual contribution was \$2,037 (for those making contributions).

The remaining contributions in 2022 came from IRA rollovers & other sources.

What's the future of HSAs?

➤ Looking Forward – HSA Growth

- Devenir projects HSA Industry asset growth of 13% in 2023
- The HSA market will reach 43 million accounts by the end of 2025, holding over \$150 billion in assets

Source: BenefitsPro and Devenir Research Reports

➤ Looking Forward – In General

- 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

BASIC's Solution

➤ CDA System Flexibility

- The BASIC CDA system is a new, purpose built, financial account administration system
- Unlike traditional platforms that started as an FSA platform, our solution can manage any tax-advantage or non-tax-advantaged account design necessary



➤ Consumer Driven Accounts (CDA)

One card
One website
One mobile app



And now – Benefit Continuation as well on the same, single-source platform!

➤ New Features Customers Will Love

Improved Feature Functionality

- ✓ Single sign-on for **everything**
- ✓ **Better**, more responsive service
- ✓ **Participants pay *their way*** - Participants can use BASIC's Card or any other major credit/debit card for premium payments, set up auto-pay or choose to print and send coupons with check via mail - and they can do it "on the go" through the app
- ✓ **Integrated** web-based & mobile participant experience
- ✓ **Industry-leading** security



➤ 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

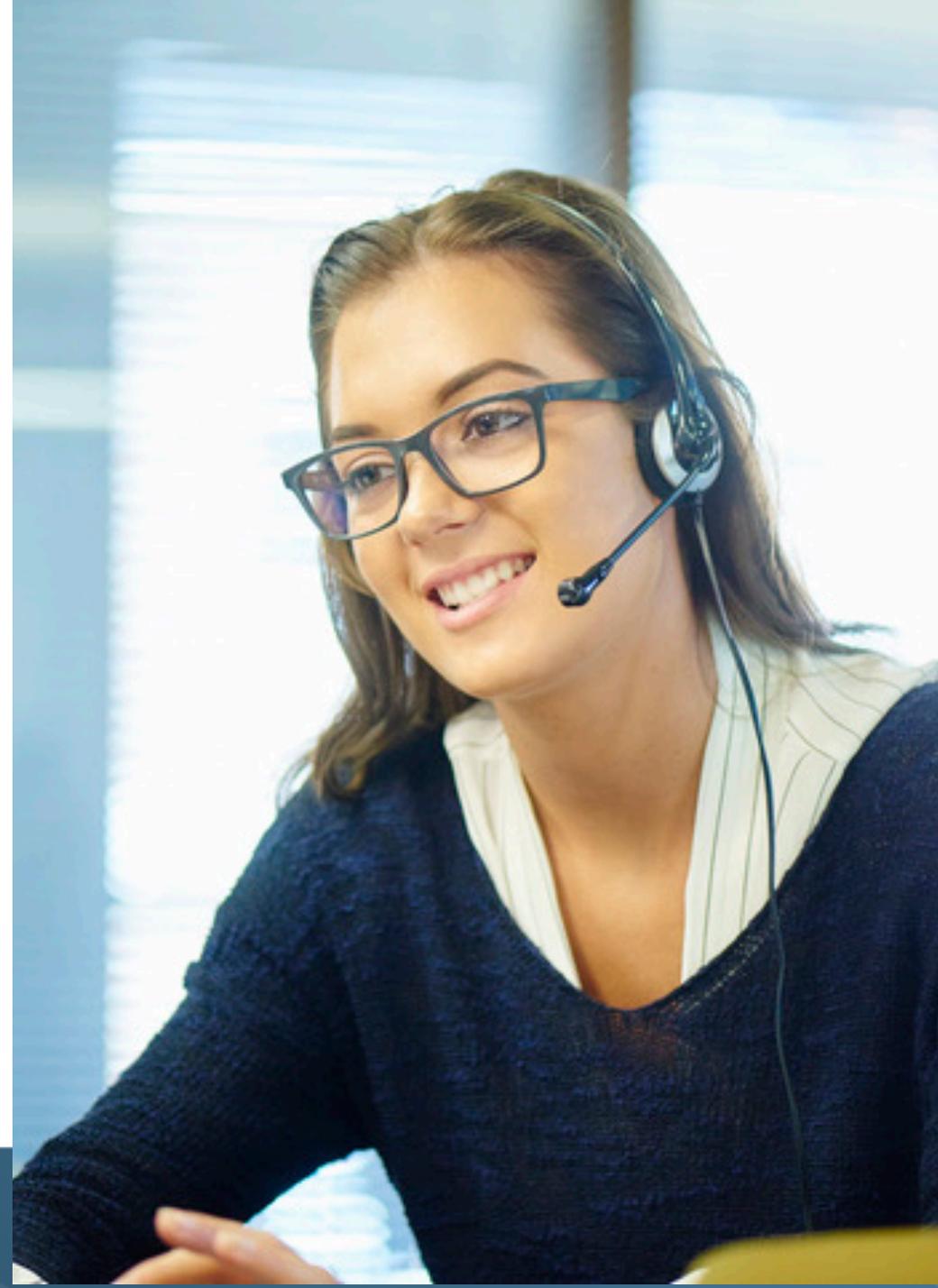
MyCash is an unrestricted post-tax reimbursement account linked to participants' BASIC Cards.

- 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

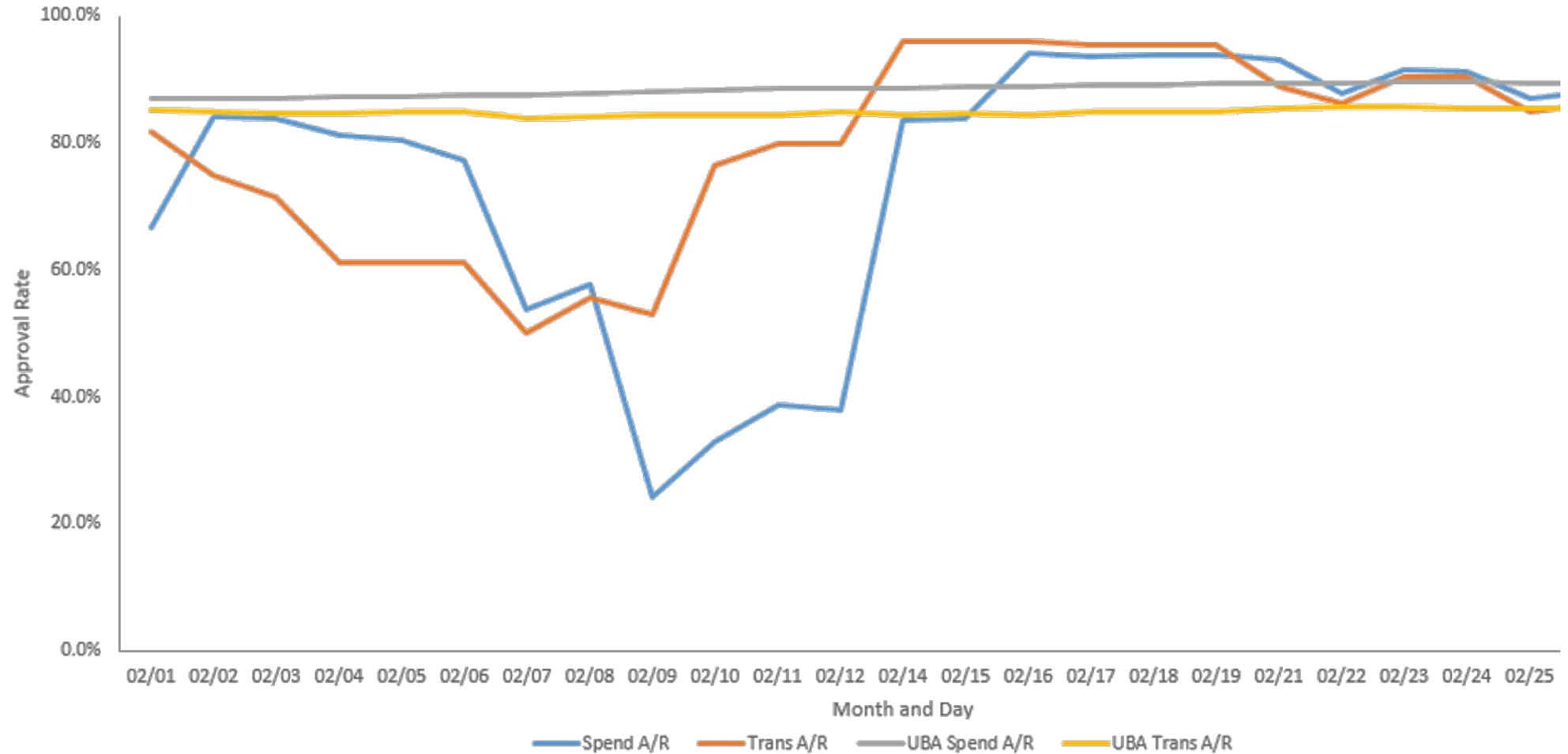


➤ Our Service Model

- 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



➤ Education Matters



Before Q&A



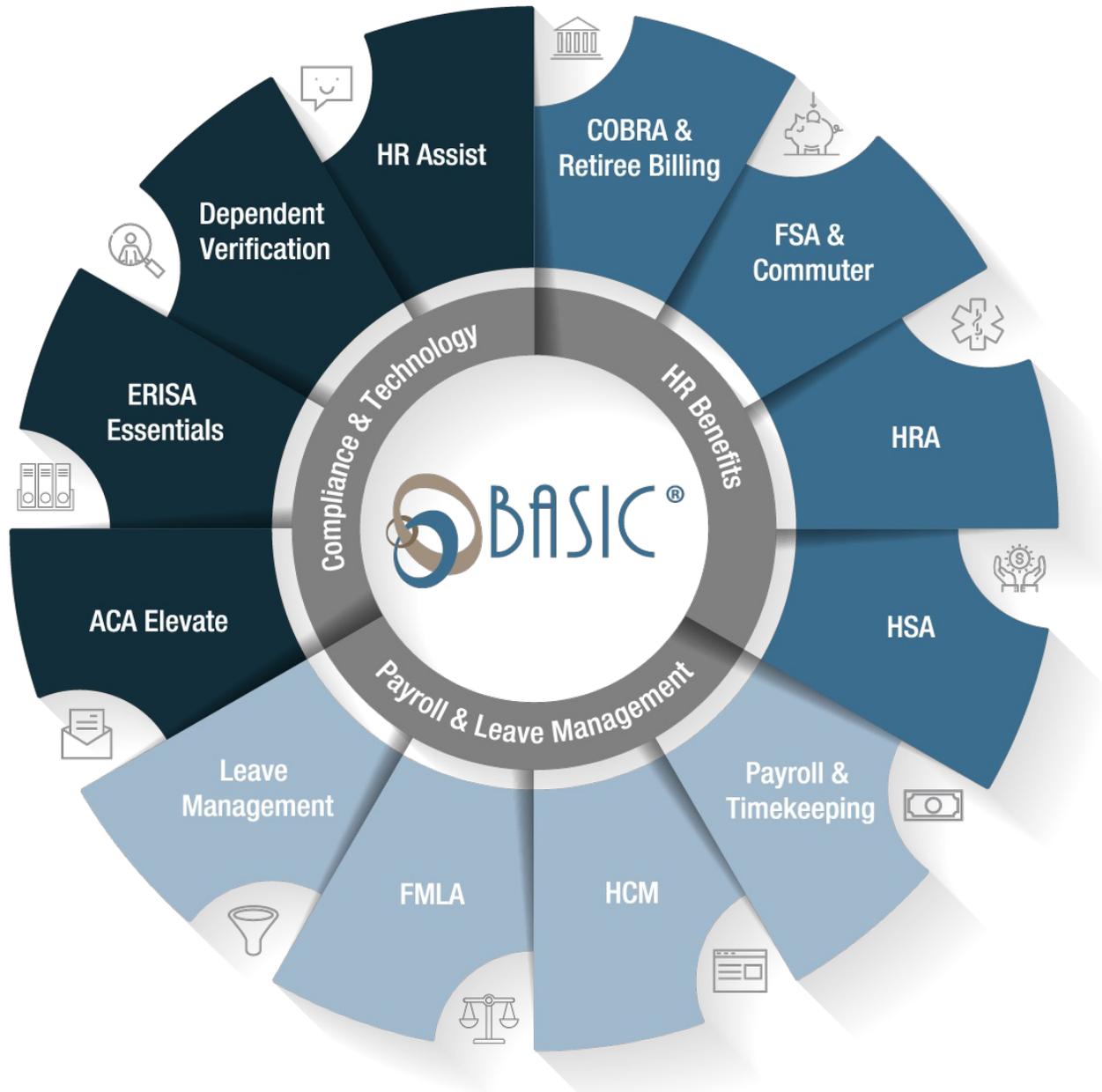
Receive an
email tomorrow
with the slides &
recording



Please
complete the
exit survey

QUESTIONS





Request a Proposal

For you or your client at this link:

<https://www.basiconline.com/request-a-proposal/>

BASIC Sales
888-602-2742

HR Solutions should be simple. **Keep it BASIC.**

THANK YOU

View our current webinar schedule at
www.basiconline.com/webinar.



Disclaimer

This presentation is designed to provide accurate information in regard to the subject matter covered. It is provided with the understanding that BASIC is not engaged in rendering legal or other professional services. If legal advice or other expert assistance is required, the services of a competent attorney or other professional person should be sought. Due to the numerous factual issues which arise in any human resource or employment question, each specific matter should be discussed with your attorney.