

# JANUARY 2008 CENSUS SHOWS 6.1 MILLION PEOPLE COVERED BY HSA/HIGH-DEDUCTIBLE HEALTH PLANS

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# SUMMARY

An annual census by America's Health Insurance Plans (AHIP) of U.S. health insurance carriers shows that the number of people covered by health savings account/high-deductible health plans (HSA/HDHPs) totaled 6.1 million in January 2008. As in previous years, AHIP received participation from virtually all private health insurance carriers in the HSA/HDHP market for this census. This census does *not* include coverage associated with health reimbursement arrangements (HRAs), which are most commonly offered in the large-group market.

Highlights of the 2008 census:

## ENROLLMENT TRENDS

- The number of people with HSA/HDHP coverage rose to 6.1 million in January 2008, up from 4.5 million in January 2007, and 3.2 million in January 2006.
- Between January 2007 and January 2008, the fastest growing market for HSA/HDHP products was small-group coverage.

## INDIVIDUAL MARKET

- Enrollment in the individual market rose to 1.5 million covered lives in January 2008, up from approximately 1.1 million in January 2007.
- Forty-six (46) percent of all individual market enrollees — including dependents covered under family plans — were aged 40 or older.
- Individual market consumers selected HSA/HDHP products for 27 percent of their new purchases of health insurance.

## GROUP MARKETS

- Overall, enrollment in HSA/HDHP coverage in the group market rose to over 4.6 million in January 2008 from roughly 3.4 million in January 2007.
- Over 1.8 million lives were enrolled in HSA/HDHP coverage in the small-group market and almost 2.8 million lives were covered in the large-group market.
- HSA/HDHP products accounted for 31 percent of new coverage issued in the small-group market.

## ENROLLMENT BY STATE

- States with the highest *percentage* of HSA/HDHP enrollees among their under 65 populations with private health insurance were Minnesota (9.2 percent), Louisiana (9.0 percent), District of Columbia (8.7 percent), Vermont (7.5 percent), Colorado (7.1 percent), Nebraska (6.4 percent), Connecticut (5.8 percent), Wisconsin (5.6 percent), Indiana (5.1 percent), and Iowa (5.0 percent).
- States with the highest *levels* of HSA/HDHP enrollment were California (639,000), Florida (397,000), Illinois (384,000), Texas (358,000), Ohio (353,000), and Minnesota (325,000).

## COVERAGE OPTIONS

- In two market segments — individual and large-group — over 90 percent of enrollees in HSA/HDHP plans were in Preferred Provider Organization (PPO) products.
- Approximately 83 percent of enrollees in small-group HSA/HDHP plans were in PPO plans.

## PARTIAL INFORMATION ON HEALTH SAVINGS ACCOUNTS (BASED ON INFORMATION FROM 460,000–800,000 HSA ACCOUNTS)<sup>1</sup>

- As of January 2008, 60 percent of HSA accounts had been in place for longer than one year, among companies reporting on accounts held by their members.
- The average length of time accounts had been open was 16 months.
- During the year 2007, 83 percent of the reported accounts in place had average annual balances of \$2,500 or less; 7 percent had account balances over \$5,000.
- The average balance in HSA accounts in 2007 was approximately \$1,380.
- The average amount spent from HSA accounts in 2007 was approximately \$1,080 in 2007.

## COMPANIES REPORTING HSA/HDHP COVERAGE

- For this census, 97 health insurance companies reported coverage in HSA/HDHP products. Sixty-six (66) of these companies reported HSA/HDHP enrollment in the individual market; 88 companies had HSA/HDHP enrollment in the small-group market; and 89 companies had enrollment in the large-group market.
- Fourteen (14) companies responding to the census had HSA/HDHP enrollment of more than 100,000 covered lives (including dependents) in January 2008.
- Thirty-seven (37) companies had HSA/HDHP enrollment of more than 25,000 people.
- Sixty-two (62) companies reported HSA/HDHP enrollment of more than 5,000 people.

<sup>1</sup> In general, health insurance plans offering HSA/HDHP coverage may not have information about HSA accounts held by their policyholders, especially if the HSA account is established with a bank that is not affiliated with the health insurance plan. However, over 30 companies responding to the January 2008 HSA/HDHP census were able to provide at least some limited information about the HSA accounts held by a portion of their HSA/HDHP policyholders. Importantly, not all companies had information on all of the questions asked, and the responses published here reflect only information from the companies and HSA accounts on which information was available.

## Introduction

Health savings account (HSA) plans give consumers incentives to manage their own health care costs by coupling a tax-favored savings account used to pay medical expenses with a high-deductible health plan (HDHP) that meets certain requirements for deductibles and out-of-pocket expense limits.<sup>2</sup> Most HDHPs cover preventive care services (e.g., routine medical exams, immunizations, well-baby visits) without requiring the enrollee to first meet the deductible.<sup>3</sup> The funds in the HSA are owned by the individual and may be rolled over from year to year.

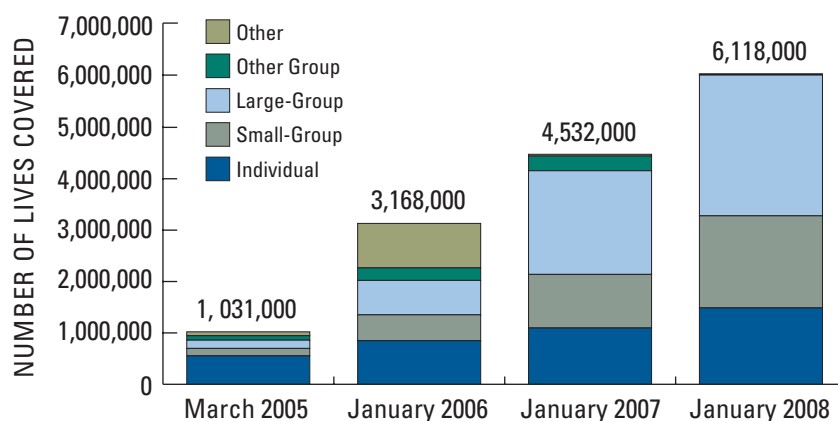
HSAs were authorized starting in January 2004. Since then, AHIP has conducted an annual census of health insurance plans to monitor and report on the HSA/HDHP health insurance market. Virtually all health insurance plans in the U.S. that sell HSA/HDHP products participated in this census.

Importantly, the census does not track participation in health reimbursement arrangement (HRA) products, which have features similar to HSAs and are offered by many large employers.

## Market Overview

As of January 2008, approximately 6.1 million people were covered by HSA/HDHP products. This represents an increase of 1.6 million since January 2007, 2.9 million since January 2006, and 5.1 million since March 2005 (see Figure 1 and Table 1). A few companies, representing 13,000 HSA/HDHP enrollees, were not able to break out their enrollment in the group market into small- and large-group categories. These responses were therefore placed into a category called “other group.” In addition, 10,000 people covered by HSA/HDHP plans were not categorized by group or individual market (but were included in the overall totals).

**FIGURE 1.**  
Growth of HSA/HDHP Enrollment from March 2005 to January 2008



Source: 2008 AHIP HSA/HDHP Census

2 For 2008 the minimum annual deductible for self-only HSA/HDHP coverage is \$1,100 and the maximum out-of-pocket limit is \$5,600. For family HSA/HDHP coverage, the minimum deductible is \$2,200 and the maximum out-of-pocket limit is \$11,200. These amounts are indexed annually for inflation.

3 AHIP Center for Policy and Research, A Survey of Preventive Benefits in Health Savings Account (HSA) Plans, July 2007 (November 2007). ([http://www.ahipresearch.org/pdfs/HSA\\_Preventive\\_Survey\\_Final.pdf](http://www.ahipresearch.org/pdfs/HSA_Preventive_Survey_Final.pdf))

**TABLE 1.**  
**HSA/HDHP Enrollment (Covered Lives)**

	March 2005	January 2006	January 2007	January 2008
Individual Market	556,000	855,000	1,106,000	1,502,000
Small-Group Market	147,000	510,000	1,057,000	1,816,000
Large-Group Market	162,000	679,000	2,044,000	2,777,000
Other Group*	88,000	247,000	291,000	13,000
Other**	77,000	878,000	34,000	10,000
Total	1,031,000	3,168,000	4,532,000	6,118,000

\*For this census, companies reported enrollment in the large- and small-group markets according to their internal reporting standards, or by state-specific requirements for each state. The "other group" category contains enrollment data for companies that could not break down their group membership into large- and small-group categories within the deadline for reporting.

\*\*The "other" category was necessary to accommodate companies that were able to provide information on the number of people covered by HSA/HDHP policies, but were not able to provide a breakdown by market category within the deadline for reporting.

Sources: 2005–2008 AHIP HSA/HDHP Census Reports

Ninety-seven (97) companies responded to the January 2008 census. Sixty-six (66) of these companies had HSA/HDHP enrollment in the individual market; 88 companies had HSA/HDHP enrollment in the small-group market; and 89 companies had enrollment in the large-group market.

Fourteen (14) of the companies had HSA/HDHP enrollment of more than 100,000 covered lives each, up from 11 companies in January 2007, and 7 in January 2006 (see Table 2). Similarly, 37 companies each had HSA/HDHP enrollment of more than 25,000 covered lives in January 2008, up from 26 companies in January 2007, and 15 in January 2006. Sixty-two (62) companies reported HSA/HDHP enrollment of more than 5,000 covered lives in January 2008.

**TABLE 2.**  
**HSA/HDHP Enrollment Levels, by Number of Responding Companies**

Enrollment (Covered Lives)	March 2005	January 2006	January 2007	January 2008
100,000+	2	7	11	14
25,000+	11	15	26	37
10,000+	16	35	39	48
5,000+	23	44	51	62

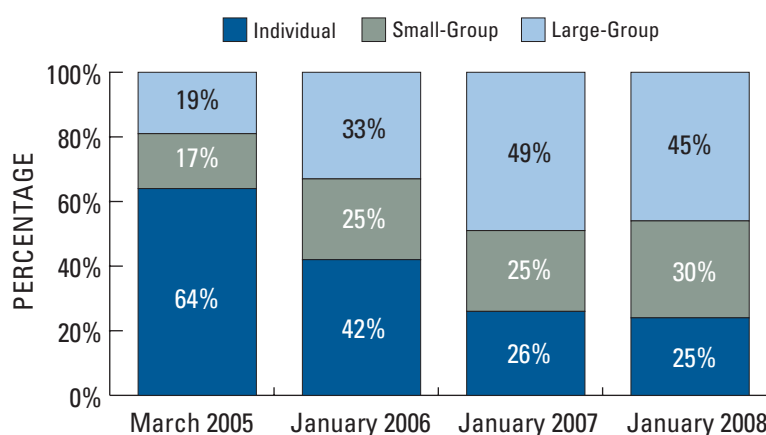
Note: Each responding company may have multiple subsidiaries operating in many states. However, results for enrollment levels by company are reported only for the overall company, grouping data from all subsidiaries into one unit.

Sources: 2005–2008 AHIP HSA/HDHP Census Reports

Between January 2007 and January 2008, the fastest growing market for HSA/HDHP products was small-group coverage. HSA/HDHP coverage rose from approximately 25 percent of overall HSA/HDHP enrollment in January 2007 to 30 percent in January 2008 (see Figure 2).

In the individual and large-group markets, over 90 percent of enrollees in HSA/HDHP plans were in PPO (preferred provider organization) products. Approximately 83 percent of enrollees in small-group HSA/HDHP plans were in PPO plans. PPO plans have both in-network and out-of-network benefits, with lower co-payment or coinsurance requirements for in-network services. HSA/HDHP enrollees generally have access to negotiated discount arrangements with health care providers through their PPO or other plan.

**FIGURE 2.**  
Percentage of Lives Covered by an HSA/HDHP, by Market Type



Sources: 2005–2008 AHIP HSA/HDHP Census Reports

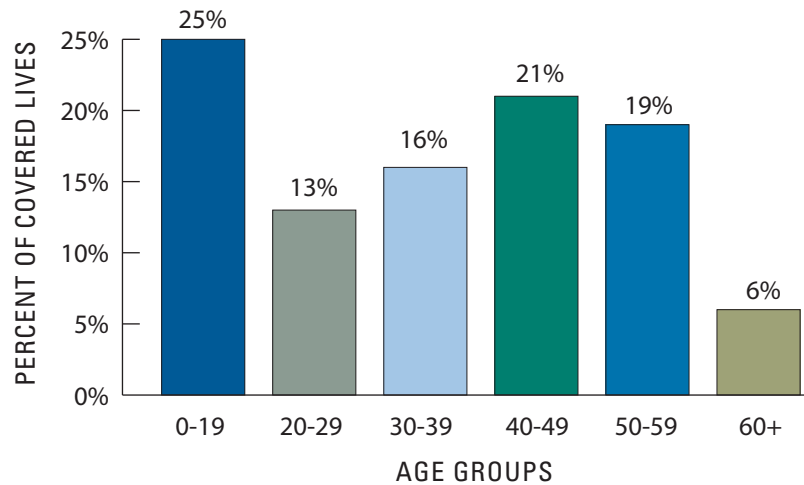
## Individual Market

According to the 2008 census, 1.5 million people were covered by HSA/HDHPs purchased in the individual market in January 2008. Based on the number of covered lives, 27 percent of newly purchased individual policies (defined as those purchased during the most recent full month or quarter) were enrolled in HSA/HDHP coverage.

In January 2008, 46 percent of all HSA/HDHP enrollees in the individual market (including dependents covered under family plans) were aged 40 or over; 54 percent were under age 40.

Specifically, 25 percent of enrollees were younger than 20 years of age; 29 percent were between the ages of 20 and 39; 21 percent were between the ages of 40 and 49; and 25 percent were 50 years of age or older (see Figure 3).

**FIGURE 3.**  
Age Distribution of People Covered by HSA/HDHPs, Individual Market



Note: Most enrollees in the 0-19 age group were dependents covered under family plans.  
Source: 2008 AHIP HSA/HDHP Census

Table 3 provides information on the single and family deductibles, out-of-pocket limits, and lifetime maximum benefit limits (for companies that impose such limits) for the best-selling HSA/HDHP plans sold by companies in the individual market. Table 4 provides the average premium for the best-selling policies in the individual market, by age group.

**TABLE 3.**  
Description of HSA/HDHP Policies, Individual Market — Best-Selling Product

	Single	Family
Average Annual Deductible*	\$2,600	\$4,846
Average Annual Out-of-Pocket Limit	\$3,661	\$7,057
Average Lifetime Maximum Benefit**	\$3.9 Million	\$3.9 Million
Percentage of Policies with Unlimited Lifetime Maximum Benefit	21%	23%

\*Policies generally cover preventive care services before the deductible is reached.

\*\*Among plans with a lifetime maximum benefit.

Source: 2008 AHIP HSA/HDHP Census

**TABLE 4.**  
Individual HSA/HDHP Premiums, by Age — Best-Selling Product

	Age 20-29	Age 30-54	Age 55-64
Average Annual Premium, Single Policy	\$1,519	\$2,278	\$3,724
Average Annual Premium, Family Policy	\$3,825	\$5,125	\$7,170

Source: 2008 AHIP HSA/HDHP Census



## Small-Group Market

Companies offering HSA/HDHP products in the small-group market reported enrollment of 1,816,000 people as of January 2008, up from 1,057,000 in January 2007.<sup>4</sup> In general, small-group coverage was defined as coverage through employers with 50 or fewer employees, although a handful of respondents to the census used a slightly different definition.<sup>5</sup> Thirty-one (31) percent of new health insurance enrollment issued in the small group market (defined as new enrollment during the most recent full month or quarter) was HSA/HDHP coverage, based on the total number of covered lives.

Average deductibles for the best-selling HSA/HDHPs in the small-group market were lower than those in the individual market, averaging \$2,244 for single coverage and \$4,356 for family coverage. Average annual out-of-pocket limits for the best-selling HSA/HDHP plans in this market were \$3,462 for single coverage and \$6,690 for family policies. The average lifetime maximum benefit (for companies imposing lifetime limits) for small-group policies was \$3.9 million for single policies and \$3.9 million per person for family policies. Approximately one-third of HSA/HDHP plans had unlimited lifetime benefits. Premiums averaged \$3,189 for single coverage and \$8,125 for family coverage (see Table 5).

**TABLE 5.**  
Description of HSA/HDHP Policies, Small-Group Market — Best-Selling Product

	Single	Family
Average Annual Deductible*	\$2,244	\$4,356
Average Annual Out-of-Pocket Limit	\$3,462	\$6,690
Average Lifetime Maximum Benefit**	\$3.9 Million	\$3.9 Million
Percentage of Policies with Unlimited Lifetime Maximum Benefit	33%	35%
Average Annual Premium	\$3,189	\$8,125

\*Policies generally cover preventive care services before the deductible is reached.

\*\*Among plans with a lifetime maximum benefit.

Source: 2008 AHIP HSA/HDHP Census

<sup>4</sup> In January 2007, a few companies responding to the census were not able to break out the enrollment of 291,000 HSA/HDHP enrollees in the group market into small- and large-group categories. These responses were therefore placed into a category called “other group.” In addition, 34,000 people covered by HSA/HDHP plans in January 2007 were not categorized by group or individual market (but were included in the overall totals). For these reasons, the small- and large-group totals reported in January 2007 are likely understated somewhat, and the comparisons with the January 2008 figures for these markets, while approximate, are not precise.

<sup>5</sup> For this census, some companies may have reported enrollment in the large- and small-group markets according to their internal reporting standards, or based on state-specific requirements for each state.

## Large-Group Market

As of January 2008, large-group coverage had increased to almost 2.8 million people, up from approximately 2 million in January 2007. Six (6) percent of all new health insurance enrollment in the large-group market (defined as new enrollment in the most recent full month or quarter) was attributed to HSA/HDHP coverage.

Table 6 provides the average annual deductibles, out-of-pocket limits, and lifetime maximum benefit limits (for companies with limits) for the best-selling single and family HSA/HDHP policies in the large-group market.

**TABLE 6.**  
Description of HSA/HDHP Policies, Large-Group Market — Best-Selling Product

	Single	Family
Average Annual Deductible*	\$2,046	\$3,998
Average Annual Out-of-Pocket Limit	\$3,194	\$6,110
Average Lifetime Maximum Benefit**	\$3.6 Million	\$3.7 Million
Percentage of Policies with Unlimited Lifetime Maximum Benefit	35%	38%
Average Annual Premium	\$3,185	\$8,241

\*Policies generally cover preventive care services before the deductible is reached.

\*\*Among plans with a lifetime maximum benefit.

Source: 2008 AHIP HSA/HDHP Census

Premiums for large-group coverage in HSA/HDHP plans were similar to those reported for small-group HSA/HDHP coverage. In both cases, these premiums are considerably lower than premiums reported in surveys of all employer-based coverage, including other types of plans. For example, the average premium was \$12,106 in 2007 for all employer-sponsored family policies;<sup>6</sup> nearly \$4,000 higher than the reported average family premium for the best-selling small-group HSA/HDHP plan in January 2008, and almost \$3,900 higher than the average premium for large-group HSA/HDHP plans.

6 2007 Kaiser Family Foundation/HRET Employer Health Benefits Annual Survey. (<http://www.kff.org/insurance/7672/index.cfm>)

## State-by-State Enrollment

For the first time, AHIP's January 2008 census of HSA/HDHP coverage includes a state-by-state breakdown of enrollment. The state-by-state enrollment data was provided by virtually all respondents — out of total HSA/HDHP enrollment of over 6 million in January 2008, responding companies were unable to account for the state of residence of only 136,000 covered lives (see Table 7).

States with the largest reported HSA/HDHP enrollment levels were California (639,000), Florida (397,000), Illinois (384,000), Texas (358,000), Ohio (353,000), and Minnesota (325,000).

States with the highest percentage of HSA/HDHP enrollees among their under 65 populations with private health insurance were Minnesota (9.2 percent), Louisiana (9.0 percent), District of Columbia (8.7 percent), Vermont (7.5 percent), Colorado (7.1 percent), Nebraska (6.4 percent), Connecticut (5.8 percent), Wisconsin (5.6 percent), Indiana (5.1 percent), and Iowa (5.0 percent).

**TABLE 7.**

**Total Enrollment in HSA/HDHP Plans and as a Percentage of Total Enrollment in Private Health Insurance, by State, January 2008**

State	Total Enrollment in HSA/HDHP Plans (number of covered lives)	Estimated HSA/HDHP Enrollment as a Percentage of Total Enrollment in Private Health Insurance (under age 65)
ALABAMA	40,050	1.5%
ALASKA	12,068	3.0%
ARIZONA	103,611	3.1%
ARKANSAS	44,154	3.0%
CALIFORNIA	638,999	3.1%
COLORADO	217,906	7.1%
CONNECTICUT	135,141	5.8%
DISTRICT OF COLUMBIA	29,995	8.7%
DELAWARE	16,651	3.0%
FLORIDA	396,611	4.1%
GEORGIA	165,111	2.9%
HAWAII	888	0.1%
IDAHO	35,760	3.9%
ILLINOIS	383,922	4.7%
INDIANA	217,274	5.1%
IOWA	97,705	5.0%
KANSAS	56,206	3.2%
KENTUCKY	100,320	4.1%
LOUISIANA	189,732	9.0%

MAINE	18,211	2.2%
MARYLAND	121,890	3.2%
MASSACHUSETTS	37,985	0.9%
MICHIGAN	187,561	2.9%
MINNESOTA	325,074	9.2%
MISSISSIPPI	23,422	1.5%
MISSOURI	88,112	2.4%
MONTANA	25,779	4.7%
NEBRASKA	76,429	6.4%
NEVADA	22,631	1.5%
NEW HAMPSHIRE	35,033	3.8%
NEW JERSEY	119,980	2.1%
NEW MEXICO	8,645	0.9%
NEW YORK	127,665	1.1%
NORTH CAROLINA	128,143	2.5%
NORTH DAKOTA	10,317	2.5%
OHIO	352,759	4.8%
OKLAHOMA	39,187	2.1%
OREGON	63,714	2.9%
PENNSYLVANIA	130,335	1.6%
RHODE ISLAND	13,042	1.9%
SOUTH CAROLINA	116,816	4.8%
SOUTH DAKOTA	9,260	1.9%
TENNESSEE	120,606	3.5%
TEXAS	357,699	2.9%
UTAH	70,021	4.2%
VERMONT	29,515	7.5%
VIRGINIA	105,669	2.1%
WASHINGTON	101,254	2.5%
WEST VIRGINIA	9,937	1.0%
WISCONSIN	210,026	5.6%
WYOMING	13,730	4.2%
Uncategorized	135,556	
<b>United States</b>	<b>6,118,107</b>	<b>3.4%</b>

\*Some responding companies were unable to categorize all of their HSA/HDHP enrollment by state within the deadline for this census.

Sources: 2008 AHIP HSA/HDHP Census. US Census Bureau Current Population Survey (CPS), Annual Social and Economic (ASEC) Supplement 2006

## Health Savings Accounts

Thirty-two (32) responding companies were able to report at least some information on the characteristics of the HSA accounts held by some of their HSA/HDHP enrollees. Importantly, many HSA/HDHP health insurance plans do not have information about the accounts of their enrollees. Likewise, some responding companies were not able to answer all of the questions. Therefore, this section does not include a complete census of HSA accounts, and the resulting information may not be representative of all HSA accounts in place.

As of January 2008, 60 percent of HSA accounts had been in place for longer than one year, among companies reporting on accounts held by their members.

The average length of time accounts had been open was 16 months. During the year 2007, 83 percent of the reported accounts in place had average annual balances of \$2,500 or less; 7 percent had account balances over \$5,000. The average balance in HSA accounts in 2007 was approximately \$1,380. The average amount spent from HSA accounts in 2007 was approximately \$1,080.

Table 8 summarizes the length of time the HSA accounts for which these companies had information had been open as of January 2008. Table 9 shows average HSA account balances in 2007, and Table 10 shows the average annual amount spent from HSA accounts in 2007.

**TABLE 8.**  
Health Savings Accounts: Average Amount of Time Accounts Were Open as of January 2008

*Information based on 480,354 accounts*

6 Months or Less	23%
7 to 12 Months	17%
13 to 18 Months	16%
More Than 18 Months	44%
Total	100%

*Information based on 463,260 accounts*

Overall Average	16 Months
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Source: 2008 AHIP HSA/HDHP Census

**TABLE 9.**  
Health Savings Accounts: 12-Month Average Account Balances, Calendar Year 2007

*Information based on 517,073 accounts*

\$0	13%
Less than \$1,000	50%
\$1,001 to \$2,500	20%
\$2,501 to \$5,000	10%
\$5,001 to \$10,000	5%
More Than \$10,000	2%
Total	100%

*Information based on 801,393 accounts*

Overall Average	\$1,382
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Source: 2008 AHIP HSA/HDHP Census

**TABLE 10.**  
Health Savings Accounts: Average Annual Amounts Spent, Calendar Year 2007

*Information based on 636,039 accounts*

Overall Average	\$1,083
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Source: 2008 AHIP HSA/HDHP Census

## Acknowledgements

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