



➤ November 6, 2023

Health Savings Accounts: Today's Trends and Future Insights

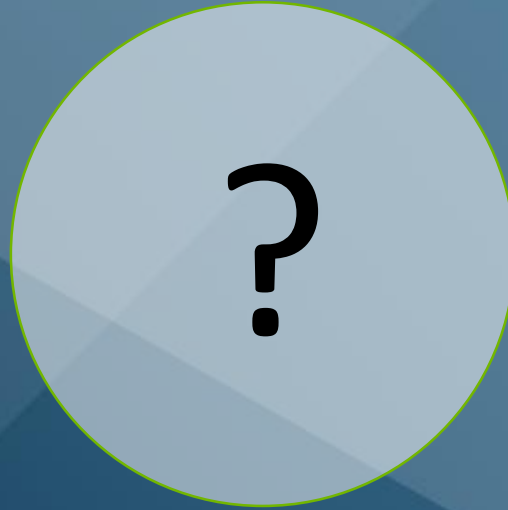


Presentation By:
Ernie Harris
President & COO of BASIC

Before We Begin



We are recording today's webinar



Submit your questions at any time



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Coast to Coast Administration



**BASIC services over
20,000 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- Monies can be contributed tax free, grow tax free and withdrawn tax free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

2024 Developments

➤ Key Findings: 2024 Mid- year Devenir Report

Once again, for what seems like the third or fourth time in a row Devenir reports:

1. Strong asset growth: \$137BN in 38MM accounts
2. Rapid growth in investments: Assets grew 21% in the first half of the year to \$56BN driven likely by strong market conditions
3. Increase in investing: 9% of all HSAs or 3.2MM have invested assets now
4. Withdrawals slowed slightly: Contributions were \$31BN while withdrawals were limited to \$20BN

Source: Devenir Research Report

➤ Legislative Updates

- Rep. Mike Gallagher (R – WI) introduced the Simplify and Expand Health Savings Accounts Act in Jan of 2024.
 - Increase limits to \$10k and \$20k for Ind and Family respectively
 - Expand eligible expenses to include DPC and Ind Market Premiums
- Various Bills are looking to expand HDHPs to include telehealth and other pre-deductible preventative care services
- These efforts, along with others are likely to move slowly but may see activity at the end of the lame–duck session

➤ Disruption in Eligible Expenses



- Several companies are partnering with medical professionals in a “pay-to-play” model for Letters of Medical Necessity for things like Peloton Bikes, herbal supplements and even mental health and relationship management tools.

What's the future of HSAs?

➤ Looking Forward

- Employers continue to drive January growth. 32% of HSA accounts received an employer contribution during the month of January. Employers contributed 56% of all dollars flowing into HSA accounts during the month of January, with an average contribution of \$539.
- 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 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

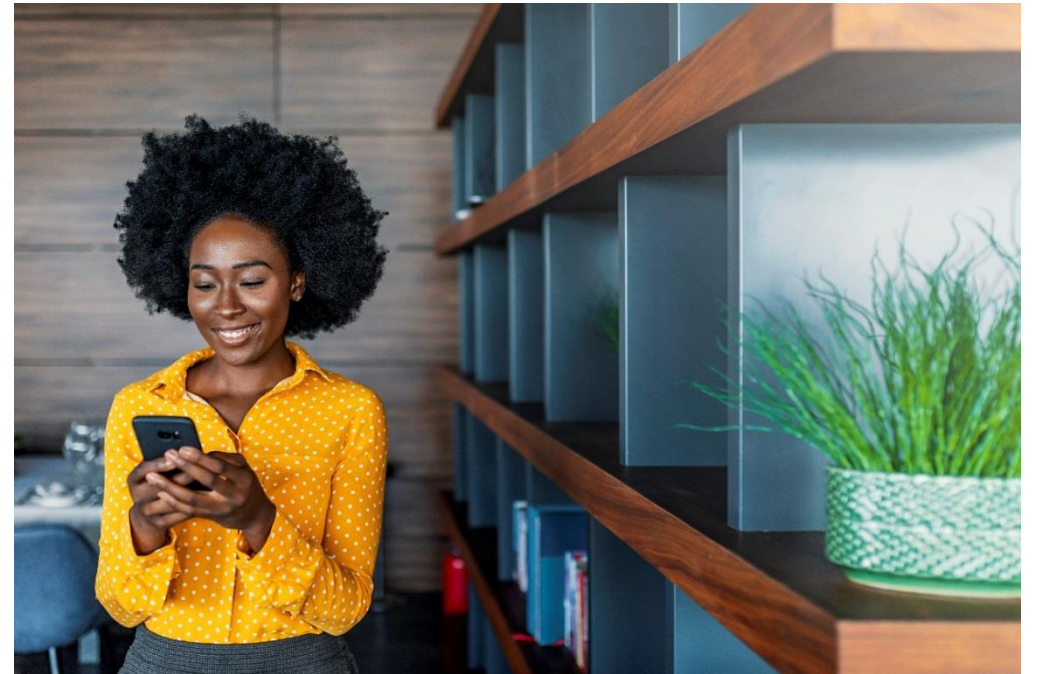
- Smart benefits card with access to all participant benefit accounts and MyCash
- Eliminates the need for reimbursement requests
- **Proprietary technology** instantly withdraws funds from the appropriate account(s)



➤ 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



Before Q&A



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QUESTIONS





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