

JANUARY 2009 CENSUS SHOWS
8 MILLION PEOPLE
COVERED BY HSA/HIGH-DEDUCTIBLE
HEALTH PLANS

MAY 2009

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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 accounts/high-deductible health plans (HSA/HDHPs) totaled 8.0 million in January 2009. 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 2009 census:

ENROLLMENT TRENDS

- The number of people with HSA/HDHP coverage rose to 8.0 million in January 2009, up from 6.1 million in January 2008, 4.5 million in January 2007, and 3.2 million in January 2006.
- Between January 2008 and January 2009, the fastest growing market for HSA/HDHP products was large-group coverage which rose by approximately 35 percent, followed by small-group coverage which similarly rose at 34 percent.
- Gender distribution by lives covered by an HSA/HDHP as of January 2009 was fifty-two (52) percent male and forty-eight (48) percent female.

INDIVIDUAL MARKET

- Enrollment in the individual market rose to 1.8 million covered lives in January 2009, up from 1.5 million covered lives in January 2008.
- Fifty-three (53) percent of all individual market enrollees—including dependents covered under family plans—were aged 40 or older.

GROUP MARKETS

- Overall, enrollment in HSA/HDHP coverage in the group market rose to nearly 6.2 million, up from over 4.6 million in January 2008 and roughly 3.4 million in January 2007.
- Over 2.4 million lives were enrolled in HSA/HDHP coverage in the small-group market and nearly 3.8 million lives were covered in the large-group market.

ENROLLMENT AND PREMIUMS BY STATE

- States with the highest levels of HSA/HDHP enrollment were California (854,000), Florida (524,000), Illinois (497,000), Texas (476,000), Ohio (464,000), and Minnesota (388,000).
- Monthly average premiums ranged from a high of \$361 for single coverage and \$925 for family coverage in Massachusetts, to a low of \$210 for single coverage and \$461 for family coverage in North Dakota.

COVERAGE OPTIONS

- In two market segments – individual and large-group – over 85 percent of enrollees in HSA/HDHP plans were in Preferred Provider Organization (PPO) products.
- Approximately 76 percent of enrollees in small-group HSA/HDHP plans were in PPO plans.
- Overall PPO (83 percent) and Health Maintenance Organizations (HMOs) (10 percent) were the most popular product types

COMPANIES REPORTING HSA/HDHP COVERAGE

- For this census, 96 health insurance plans reported coverage in HSA/HDHP products. Seventy-five (75) of these companies reported HSA/HDHP enrollment in the individual market; 86 companies had HSA/HDHP enrollment in the small-group market; and 87 companies had enrollment in the large-group market.
- Sixteen (16) companies responding to the census had HSA/HDHP enrollment of more than 100,000 covered lives (including dependents) in January 2009.
- Thirty-seven (37) companies had HSA/HDHP enrollment of more than 25,000 people.
- Sixty-seven (67) companies reported HSA/HDHP enrollment of more than 5,000 people.

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.¹ Most HDHPs cover preventive care services (e.g., routine medical exams, immunizations, well-baby visits) without requiring the enrollee to first meet the deductible.² The funds in the HSA are owned by the individual and may be rolled over from year to year.

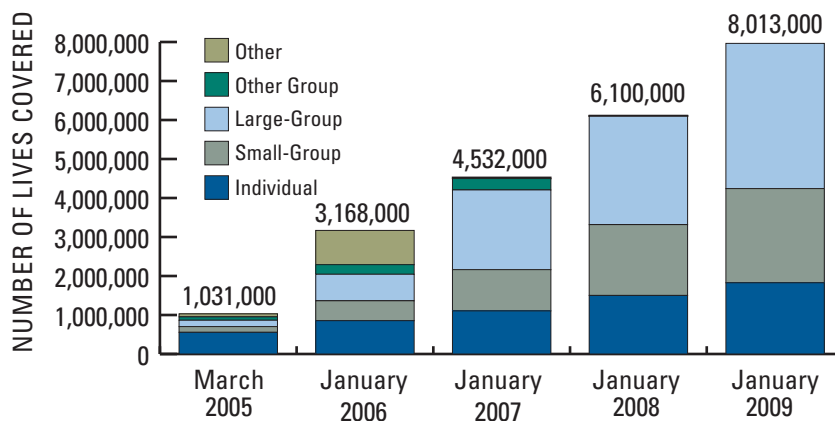
HSAs were authorized starting in January 2004. Since then, AHIP has conducted an annual census of health insurance plans to monitor and report on the HSA/HDHP health insurance market. Virtually all health insurance plans in the U.S. that sell HSA/HDHP products participated in this census.

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 2009, approximately 8 million people were covered by HSA/HDHP products. This represents an increase of 1.9 million since January 2008, 3.5 million since January 2007, 4.8 million since January 2006, and 7.0 million since March 2005 (see Figure 1 and Table 1).

FIGURE 1.
Growth of HSA/HDHP Enrollment from March 2005 to January 2009



Source: 2009 AHIP HSA/HDHP Census

¹ For 2009 the minimum annual deductible for self-only HSA/HDHP coverage is \$1,150 and the maximum out-of-pocket limit is \$5,800. For family HSA/HDHP coverage, the minimum deductible is \$2,300 and the maximum out-of-pocket limit is \$11,600. These amounts are indexed annually for inflation.

² 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)

TABLE 1.
HSA/HDHP Enrollment (Covered Lives)

	March 2005	January 2006	January 2007	January 2008	January 2009
Individual Market	556,000	855,000	1,106,000	1,502,000	1,832,000
Small-Group Market	147,000	510,000	1,057,000	1,816,000	2,429,000
Large-Group Market	162,000	679,000	2,044,000	2,777,000	3,752,000
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	8,013,000

*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: 2005–2009 AHIP HSA/HDHP Census Reports

Ninety-six (96) companies and their subsidiaries responded to the January 2009 census. Seventy-five (75) of these companies had HSA/HDHP enrollment in the individual market; 86 companies had HSA/HDHP enrollment in the small-group market; and 87 companies had enrollment in the large-group market.

Sixteen (16) of the companies had HSA/HDHP enrollment of more than 100,000 covered lives each, up from 14 companies in January 2008, 11 companies in January 2007, and 7 in January 2006 (see Table 2). Thirty-seven (37) companies each had HSA/HDHP enrollment of more than 25,000 covered lives in January 2009. Sixty-seven (67) companies reported HSA/HDHP enrollment of more than 5,000 covered lives in January 2009.³

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

Enrollment (Covered Lives)	March 2005	January 2006	January 2007	January 2008	January 2009
100,000+	2	7	11	14	16
25,000+	11	15	26	37	37
10,000+	16	35	39	48	55
5,000+	23	44	51	62	67

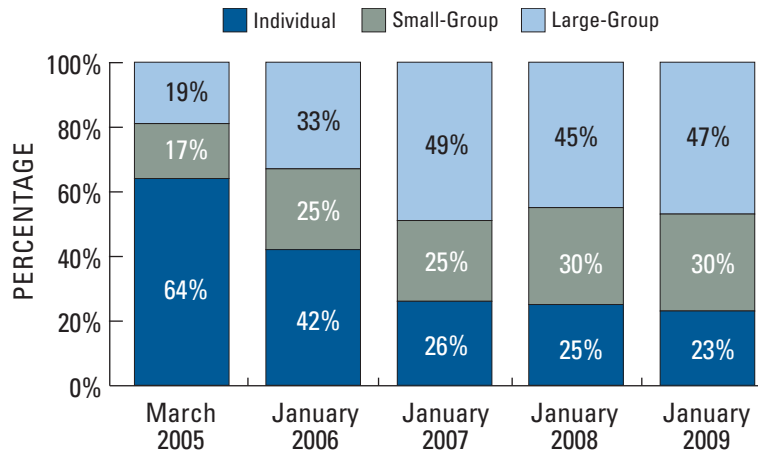
Note: Each responding company may have multiple subsidiaries operating in many states. However, results for enrollment levels by company are reported only for the overall company, grouping data from all subsidiaries into one unit.

Sources: 2005–2009 AHIP HSA/HDHP Census Reports

³ Results for responding companies are reported for the overall company by grouping data from all subsidiaries into one unit, regardless of the number of subsidiaries or number of states where the company does business.

Between January 2008 and January 2009, the fastest growing markets for HSA/HDHP products were large-group coverage, which increased by 35 percent from January 2008, and small-group coverage, which rose by 34 percent (see Figure 2).

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



Sources: 2005–2009 AHIP HSA/HDHP Census Reports

In the individual market almost 92 percent of enrollees in HSA/HDHP plans were in PPO (preferred provider organization) products. Approximately 85 percent of enrollees in large group and 76 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.

For each market segment, premium data was collected by market segment based on the best-selling plan, which is a continuation of the concept used in previous HSA census reports. Almost all companies were able to break out their enrollment by state, and over 50 companies were able to provide premium information by state. The premium information reported in the state-by-state tables reflects an overall average for single and family policies regardless of market segment.

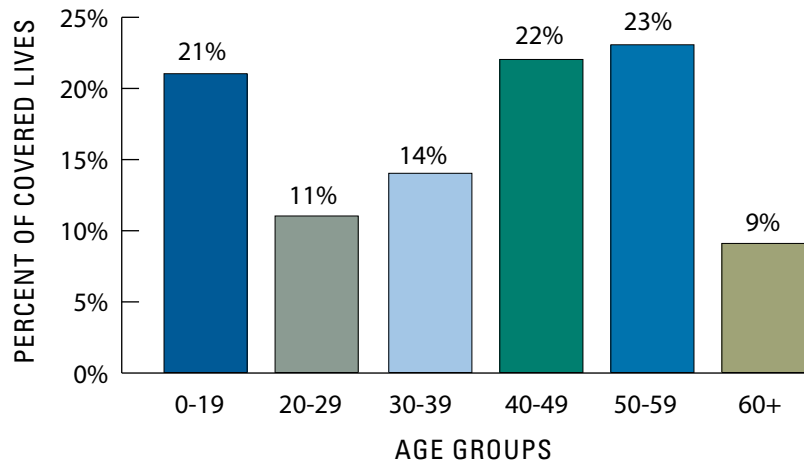
Individual Market

According to the census, 1.8 million people were covered by HSA/HDHPs purchased in the individual market in January 2009. Based on the number of covered lives, the gender distribution of enrollees covered by an HSA/HDHP in the individual market was fifty-four (54) percent male and forty-six (46) percent female.

In January 2009, 53 percent of all HSA/HDHP enrollees in the individual market (including dependents covered under family plans) were aged 40 or over; 47 percent were under age 40.

Specifically, 21 percent of enrollees were younger than 20 years of age; 25 percent were between the ages of 20 and 39; 22 percent were between the ages of 40 and 49; and 32 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: 2009 AHIP HSA/HDHP Census

Table 3 provides information on the single and family deductibles, out-of-pocket limits, and maximum lifetime 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*	\$3,005	\$5,920
Average Annual Out-of-Pocket Limit	\$3,312	\$6,485
Average Lifetime Maximum Benefit**	\$4.5 Million	\$4.2 Million
Percentage of Policies with Unlimited Lifetime Maximum Benefit	38%	31%

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

**Among plans with a lifetime maximum benefit.

Source: 2009 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	\$1,473	\$2,528	\$4,419
Average Annual Premium, Family Policy	\$3,150	\$5,372	\$7,604

Source: 2009 AHIP HSA/HDHP Census

Small-Group Market

Companies offering HSA/HDHP products in the small-group market reported enrollment of 2,429,000 as of January 2009, up from 1,816,000 people in January 2008. 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.⁴ In the small-group market, gender distribution of lives covered by an HSA/HDHP was fifty-three (53) percent male and forty-seven (47) percent female.

Average deductibles for the best-selling HSA/HDHPs in the small-group market were lower than those in the individual market, averaging \$2,091 for single coverage and \$3,764 for family coverage. Average annual out-of-pocket limits for the best-selling HSA/HDHP plans in this market were \$2,435 for single coverage and \$4,325 for family policies. The average lifetime maximum benefit (for companies imposing lifetime limits) for small-group policies was \$5 million per person for single policies and \$5.1 million for family policies. For their best-selling plans, responding companies reported that premiums averaged \$3,449 for single coverage and \$9,036 for family coverage (see Table 5).

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

	Single	Family
Average Annual Deductible*	\$2,091	\$3,764
Average Annual Out-of-Pocket Limit	\$2,435	\$4,325
Average Lifetime Maximum Benefit**	\$5.0 Million	\$5.1 Million
Percentage of Policies with Unlimited Lifetime Maximum Benefit	20%	13%
Average Annual Premium	\$3,449	\$9,036

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

**Among plans with a lifetime maximum benefit.

Source: 2009 AHIP HSA/HDHP Census

⁴ 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 2009, large-group coverage had increased to nearly 3.8 million people up from 2.8 million people in January 2008. In the large-group market, gender distribution of lives covered by an HSA/HDHP was almost evenly split with forty-nine (49) percent male and fifty-one (51) percent female.

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. Premiums for the best-selling plans in the large group market averaged just under \$3,000 for single coverage and \$7,000 for family plans.

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

	Single	Family
Average Annual Deductible*	\$2,088	\$3,986
Average Annual Out-of-Pocket Limit	\$3,172	\$5,457
Average Lifetime Maximum Benefit**	\$5.2 Million	\$5.3 Million
Percentage of Policies with Unlimited Lifetime Maximum Benefit	28%	22%
Average Annual Premium	\$2,911	\$6,901

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

**Among plans with a lifetime maximum benefit.

Source: 2009 AHIP HSA/HDHP Census

State-by-State Enrollment

AHIP's January 2009 census was able to collect state-by-state enrollment on approximately 7.5 million lives with HSA/HDHP coverage. Almost every responding company was able to provide an enrollment by state; 54 companies (representing 3.1 million HDHP covered lives) were also able to report average monthly premiums for single and family HSA/HDHP plans (see Table 7). In general, the enrollment figures represent members' state of residence, although a handful of responding companies provided their state-by-state breakdowns based on the location of the employer. We believe the state-by-state premium information is based on measures of residency by member and by location of employer in roughly equal measure.

States with the largest reported HSA/HDHP enrollment levels were California (854,000), Florida (524,000), Illinois (497,000), Texas (476,000), Ohio (464,000), and Minnesota (388,000).

Among states with more than 100,000 enrollees in HSA/HDHPs, monthly average premiums ranged from \$327 for single and \$852 for family coverage in New Jersey to \$209 for single and \$561 for family coverage in Utah (see Table 7).

TABLE 7.
Total Enrollment in HSA/HDHP Plans and Average Monthly Premiums, by State, January 2009

State	Total Enrollment in HSA/HDHP Plans (number of covered lives)	Average HSA/HDHP Monthly Premium Single	Average HSA/HDHP Monthly Premium Family
ALABAMA	40,220	\$236	\$570
ALASKA	17,858	\$384	\$827
ARIZONA	149,265	\$277	\$593
ARKANSAS	41,570	\$268	\$587
CALIFORNIA	853,786	\$289	\$745
COLORADO	254,941	\$297	\$777
CONNECTICUT	182,445	\$319	\$841
DELAWARE	21,763	\$326	\$682
DISTRICT OF COLUMBIA	16,559	\$298	\$776
FLORIDA	524,094	\$284	\$694
GEORGIA	173,111	\$306	\$739
HAWAII	1,307	\$332	\$839
IDAHO	40,652	\$258	\$572
ILLINOIS	497,340	\$313	\$785
INDIANA	286,351	\$294	\$751
IOWA	129,181	\$262	\$607
KANSAS	73,981	\$288	\$724
KENTUCKY	113,745	\$248	\$646

LOUISIANA	186,627	\$287	\$708
MAINE	29,885	\$341	\$882
MARYLAND	233,334	\$258	\$612
MASSACHUSETTS	50,703	\$361	\$925
MICHIGAN	260,369	\$221	\$571
MINNESOTA	387,688	\$231	\$558
MISSISSIPPI	25,671	\$301	\$697
MISSOURI	100,015	\$279	\$655
MONTANA	38,450	\$266	\$746
NEBRASKA	91,201	\$271	\$625
NEVADA	28,257	\$282	\$676
NEW HAMPSHIRE	45,675	\$353	\$905
NEW JERSEY	110,610	\$327	\$852
NEW MEXICO	11,837	\$325	\$805
NEW YORK	213,715	\$227	\$592
NORTH CAROLINA	122,692	\$245	\$565
NORTH DAKOTA	12,197	\$210	\$461
OHIO	463,927	\$265	\$700
OKLAHOMA	52,778	\$287	\$618
OREGON	70,021	\$296	\$692
PENNSYLVANIA	163,724	\$278	\$664
RHODE ISLAND	16,101	\$329	\$846
SOUTH CAROLINA	121,195	\$303	\$643
SOUTH DAKOTA	8,938	\$278	\$592
TENNESSEE	153,565	\$240	\$504
TEXAS	475,758	\$323	\$767
UTAH	101,503	\$209	\$561
VERMONT	30,632	\$352	\$920
VIRGINIA	136,093	\$306	\$772
WASHINGTON	126,449	\$309	\$803
WEST VIRGINIA	12,150	\$310	\$726
WISCONSIN	232,012	\$276	\$691
WYOMING	21,323	\$302	\$672
UNCATEGORIZED*	459,516		
UNITED STATES	8,012,780	\$298	\$748

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

Source: 2009 AHIP HSA/HDHP Census.

Additional Information on Health Savings Accounts

In 2008, AHIP launched a comprehensive study of HSA accounts by collecting aggregated data on over 1.1 million accounts from large bank trustees of HSAs.⁵ The first preliminary analysis, published in February 2009, provides an overview of average account balances, contributions and withdrawals for calendar year 2007 and the first 6 months of 2008. In a May 2009 follow-up report, AHIP published the estimated income characteristics of HSA accountholders in 2008; in which banks used a geo-coding technique to estimate the income of HSA accountholders based on their Census tract or neighborhood.⁶

⁵ AHIP Center for Policy and Research, *A Preliminary Analysis of Health Savings Account Balances, Contributions and Withdrawals 2007 & January-June 2008* (February 2009). (<http://www.ahipresearch.com/pdfs/PreliminaryAnalysisHSAsv2.pdf>)

⁶ AHIP Center for Policy and Research, *Estimated Income Characteristics of HSA Accountholders in 2008* (May 2009). (<http://www.ahipresearch.org/pdfs/HSAIncome2009.pdf>).

Acknowledgements

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