



Myth vs. Fact about HSAs

Myth: HSAs will not help the uninsured.

Fact: HSAs have reduced the number of uninsured Americans.

- 40% of HSA applicants did not indicate any prior coverage. (Assurant)
- 32.8% of HSA applicants had not had coverage for at least six months prior to enrollment. (eHealthInsurance)
- Approximately half of all HSA applicants with incomes under \$35,000 had no coverage for at least six months before purchasing an HSA. (eHealthInsurance)

Myth: Only the wealthy will purchase HSAs.

Fact: HSA purchasers come from many income and vocational backgrounds.

- 46% of HSA purchasers have family incomes of less than \$50,000. (eHealthInsurance)
- 36% of all HSA purchasers have only high school or technical school training. (Assurant)
- 38% of HSA purchasers live in homes with a market value of less than \$125,000. (Assurant)
- 27% of HSA purchasers have a net worth of less than \$25,000. (Assurant)

Myth: Only young individuals will purchase HSAs.

Fact: HSA purchasers are older than those purchasing traditional insurance.

- Over 70% of HSA purchasers are over age 40. (Assurant)
- HSAs were purchased by a broad cross section of occupations. Less than 50% of purchasers were from professional and managerial occupations. (Assurant)
- 78% of HSA purchasers are families with children. (Assurant)
- 45% of HSA purchasers are from households of four or more people. (Assurant)
- Single parents with children represent 8% of HSA purchasers/applicants. (Assurant)

Myth: Insurers will only "cherry pick" the healthiest applicants.

Fact: Virtually all HSA applicants have been offered insurance coverage.

- Assurant Health was able to offer coverage to 93.9% of the 17,435 HSA applications received in the first quarter of 2004. (Assurant)

Myth: Insurers will not be able to provide quality, low-cost health insurance to those who purchase HSA-eligible policies.

Fact: Insurers provide comprehensive coverage at a modest cost.

- More than 70% of policies cost under \$100 per person, per month, and almost 95% of policies cost less than \$200 per month. (eHealthInsurance)
- More than 95% of policies require beneficiaries to pay no more than 20% of the cost of office visits, surgery, and diagnostic tests once enrollees meet their deductible. (eHealthInsurance)

Myth: Purchasers of HSAs will defer needed preventive care or avoid taking needed medications.

Fact: Data from the precursors to HSAs (MSAs) indicate enrollees are more likely to use preventive care and generic prescription drugs.

- Preventive care office visits were 31% higher for purchasers of high deductible, tax-qualified medical savings accounts purchased prior to 2004. (Assurant)
- Generic drug usage was consistently higher for purchasers of high deductible tax-qualified medical savings accounts purchased prior to 2004. (Assurant)

Myth: No one will purchase HSAs.

Fact: HSAs have gained wide popularity in the short time since their introduction.

- Assurant Health has applications representing 43,836 members for Individual HSAs in the first four months of 2004. This represents a 60% increase compared to the MSA applications received in the first four months of 2003. (Assurant)

Moving Beyond Speculation: Until recently, predictions about how the newly created Health Savings Accounts would affect consumers, the availability and price of health insurance, and the uninsured have rested on speculation by politicians, economists, and policy analysts.

Now, real data is emerging that provides insight on the potential for HSAs. Contrary to those predicting that HSAs are “only for the healthy, wealthy and young,” the facts tell a dramatically different story.

About The Data: The statistics come from two companies selling HSAs and other health insurance products to small businesses and individuals. eHealthInsurance is an online source of health insurance for individuals and small businesses, offering insurance products from a number of carriers nationwide. They provide a broad-based look at what is happening in the market. Assurant Health (formerly Fortis) is one of the largest carriers operating in the individual market. Both began offering HSAs to consumers on January 1, 2004.