



2020
HSA BANK
HEALTH &
WEALTH INDEXSM



Let's begin

The annual HSA Bank Health & Wealth IndexSM provides insight into health and wealth engagement of consumers across the country. Employers can use these findings to tailor health benefits to the needs of their employees, and they can share the Health & Wealth Index Calculator at hsabank.com/indexscore to encourage employee engagement. Educating employees on how to manage their healthcare finances will help them balance decisions and expenses, in their working years and as they prepare for retirement.

Disclaimer

Index results, research, and analysis are provided for informational purposes only and should not be relied upon for marketing, legal, regulatory, or other advice. HSA Bank is not responsible for your use of the index results, research, analysis, or other information, including errors of any kind, or any assumptions or conclusions you might draw. The results of the index are based on HSA Bank's interpretation of how participation in certain activities impacts physical and financial health. While generally applicable, the survey and subsequent index report cannot take into account all of the various factors that may affect a specific individual's health and wealth. Respondents were able to select multiple responses to some of the index questions; percentages may not equal 100 percent. All infographics and charts are for illustrative purposes only.

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Insights

4 *levels of consumer behavior*

A total of 2,000 U.S. adults were randomly surveyed about health plan enrollment status, health practices, ability to pay for healthcare, and health and wealth confidence. These consumers were scored based on their responses. The maximum score is 44 for health engagement and 56 for wealth engagement, for a total of 100 possible points. Consumers are grouped into four categories based on their score:

1

Minimally Engaged (Score Range: 0-39)

Rarely prepare for healthcare expenses, and don't take an active role in managing their physical health

2

Moderately Engaged (Score Range: 40-59)

Participate in roughly half of health and wealth activities that contribute to engagement

3

Highly Engaged (Score Range: 60-74)

Participate in most of the behaviors that contribute to health and wealth engagement

4

Optimally Engaged (Score Range: 75-100)

Take active steps to maintain or improve their physical health and health-related finances



Want to see how results compare year over year?
Check it out online at hsabank.com/index2019
and hsabank.com/index2018



Average score of 56.4

The good news is that with a score of 56.4, consumers are moderately engaged in their health and wealth overall. However, this is a drop from the 2019 results, where consumers reported as highly engaged in their health and wealth with a score of 62.3.

Here's how consumer engagement breaks down

13.2%

Minimally Engaged
.....

44.2%

Moderately Engaged
.....

30.9%

Highly Engaged
.....

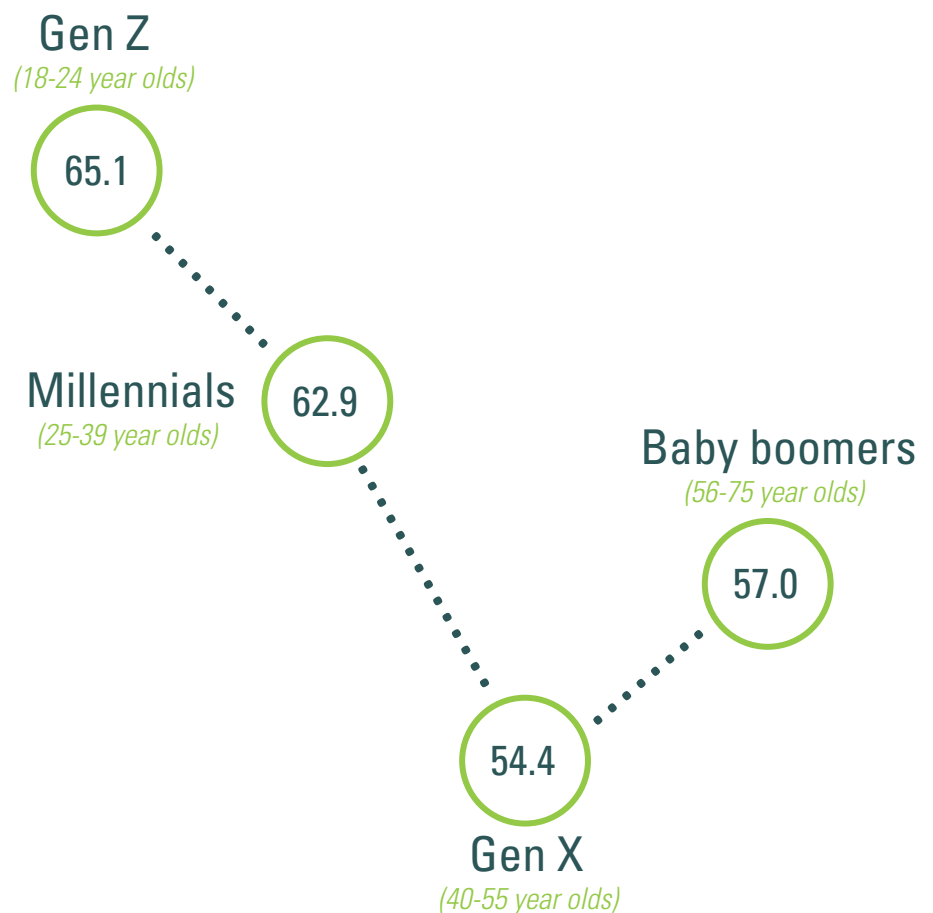
11.7%

Optimally Engaged
.....

Insights based on age

Younger employees are the most engaged when it comes to health and wealth.

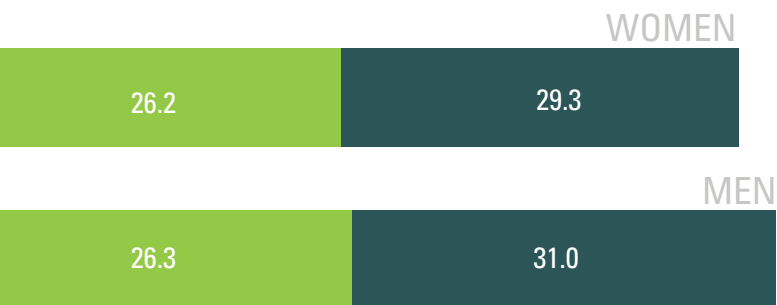
In fact, Generation Z consumers are the most engaged age range. This could be due to this group's newly found independence in the workforce and choosing to switch from their parents' plans.



Disclaimer: This is our first report including Generation Z results. This generation was included with millennials in our 2019 report.

Insights based on gender and marital status

Women and men score fairly close in their health and wealth engagement.



Additionally, men and women are nearly equally confident in their physical health and wellness, scoring 97% and 96% respectively.

Marriage can influence health and wealth scores.



Those who identified as living with a partner, separated, divorced, and widowed all reported lower health and wealth scores than those who are married. The potential for two incomes could play a role in this scoring.

Health Wealth



HDHP

61.1

PPO

58.8

58.6

HMO

Medicare

55.8

51.0

Medicaid

Insights based on plan type

*High-deductible
health plan (HDHP)
consumers are the
most engaged.*

Consumers with HDHPs need to plan for future medical expenses, so high health and wealth engagement is key to being well prepared.

Challenges & opportunities

1

Consumers are unfamiliar with important aspects of their health plan.


2

Financial best practices are poor, especially for those nearing or in retirement.

3

Consumers are less confident in their ability to manage their health needs.





1. Consumers are unfamiliar with important aspects of their health plan.

Index results show that consumers don't know a lot about their health plan. And they have poor financial behaviors — especially as they prepare for future healthcare costs. Both their physical health and financial health are impacted by plan type because it influences how they access care and pay for healthcare services. The health insurance plan determines in-network providers, treatment, and prescription coverage, as well as premium, copay, coinsurance, deductible, and out-of-pocket costs.

42% *didn't know if their healthcare plan was HSA-eligible*

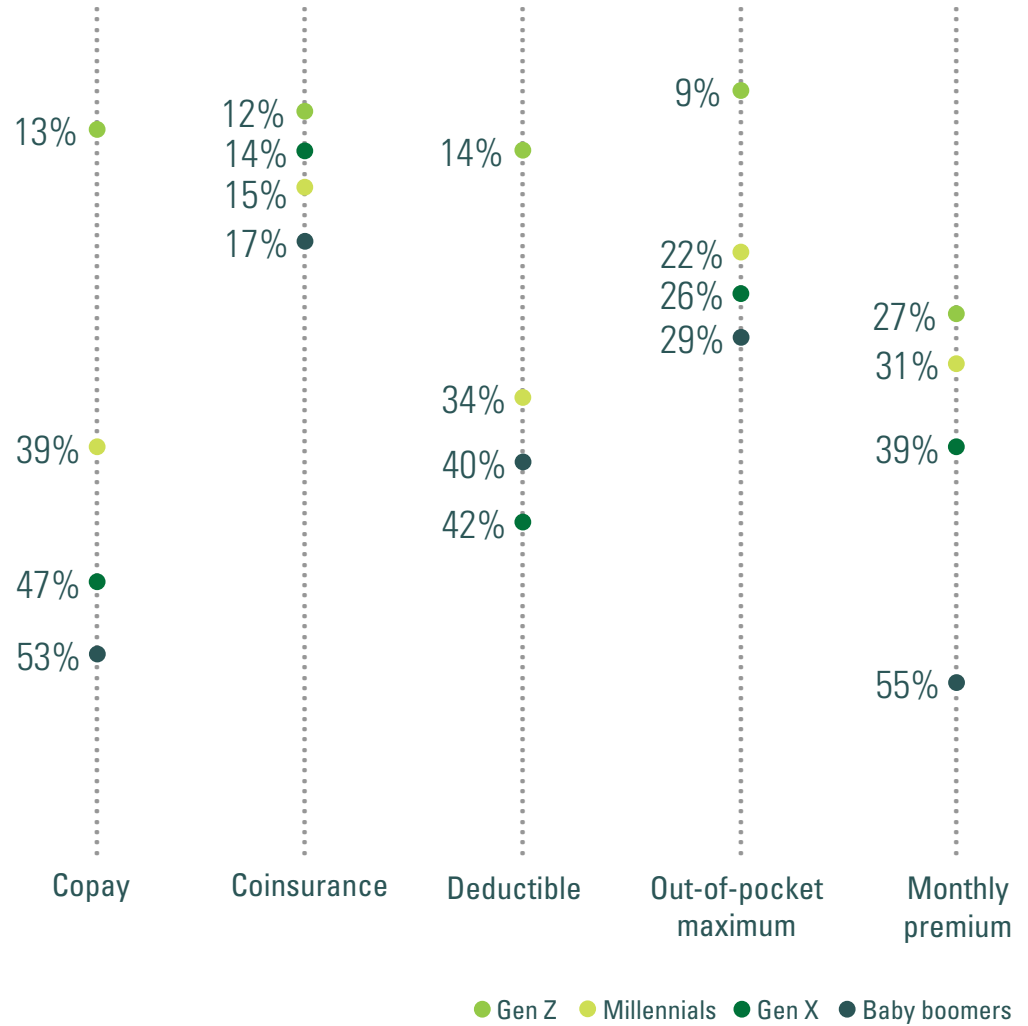


Knowing the costs involved can help consumers make healthcare decisions.

Under half of consumers know what health plan costs they have.

Percentage of consumers who understand the various types of healthcare expenses



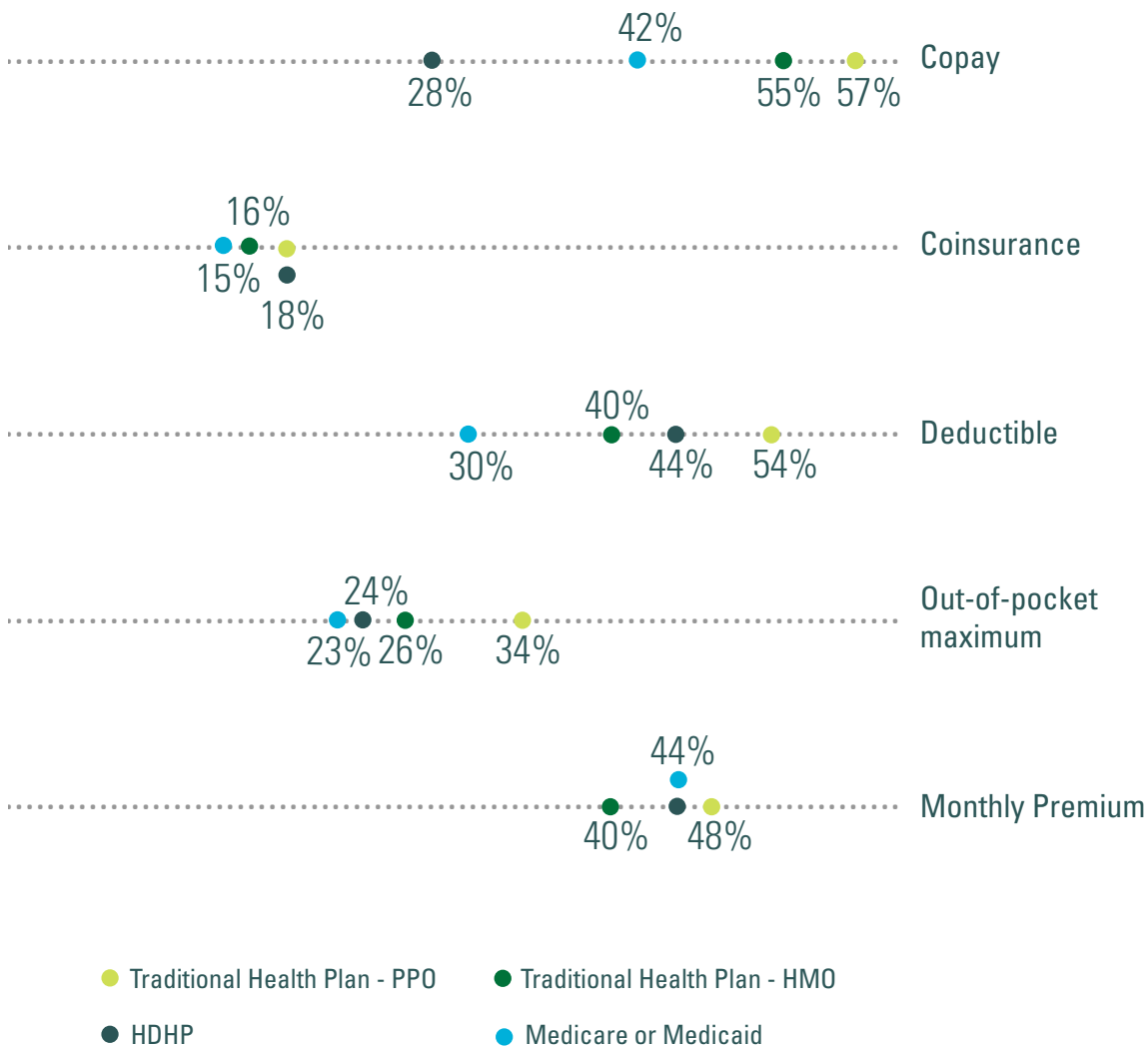


Generation Z is the least educated about health plan costs.

While Gen Z is highly engaged with health and wealth, they still have a lot to learn. 9% of Generation Z consumers knew their out-of-pocket maximum.

Consumers with Medicare or Medicaid could use assistance learning about plan costs.

Consumers with Medicare or Medicaid have the most confusion over plan costs across the board.



1. Opportunity: Helping employees understand important aspects of their health plan

Decision support tools, such as online calculators, can help employees decide what health plan and healthcare savings program will best enable them to plan and save. This is particularly helpful for younger employees who may not know plan costs. Try our online calculators at hsabank.com/calculators.

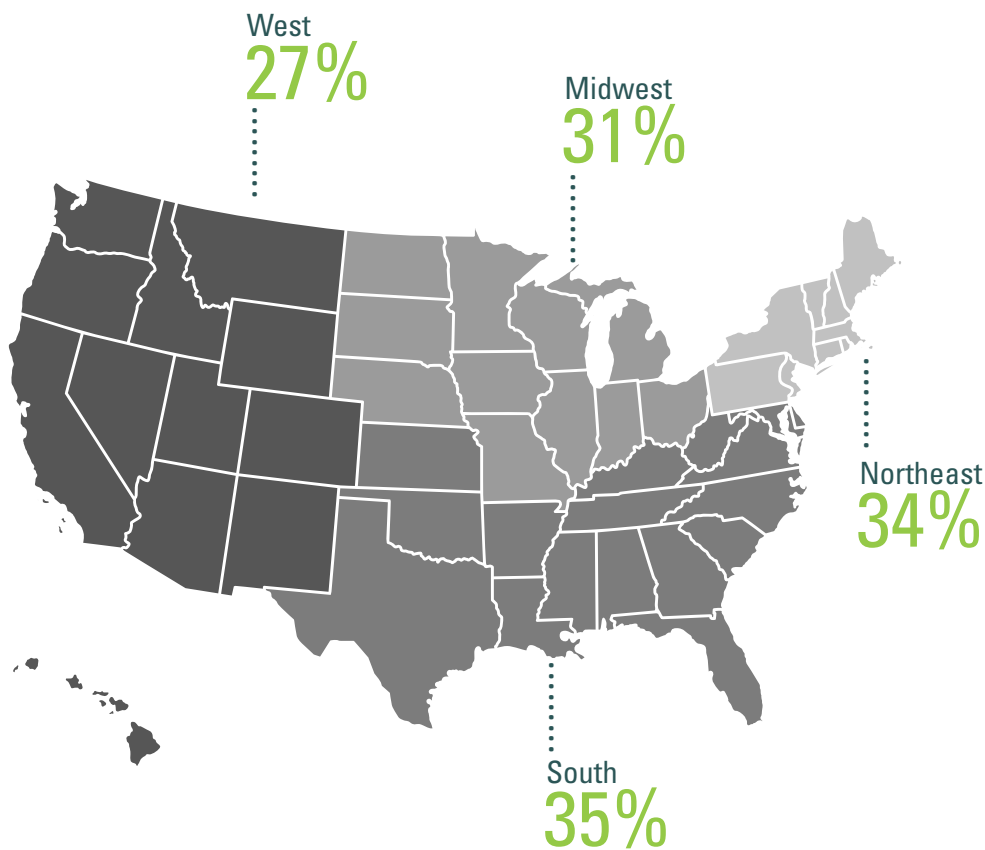
For additional help, employers can offer Advanced Decision Support online at hsabank.com/decisionsupport, where MyHealthMath's personalized decision-support solutions and Tango Health tool use pre-loaded health plan information to provide employees with personalized plan recommendations.

Consider offering pre-retirement education to employees before they're eligible for Medicare. Remind employees over 55 about HSA catch-up contributions of an extra \$1,000 each year. Additional HSA funds can also be used for medical expenses in retirement, like Medicare premiums.



2. Financial best practices are poor, especially for those nearing or in retirement.

Making a plan now for medical expenses in retirement is smart. When asked how often consumers save money specifically for future healthcare expenses, the responses were fairly consistent across regions within the U.S., with the most popular response being “rarely”:



Retirees may need assistance planning for future healthcare expenses.

Along with housing, healthcare can be one of the greatest expenses in retirement, so it's important to be prepared.

37% *of consumers over age 65 report that they rarely save money for future healthcare expenses.*

.....

83% *of those over 65 report worrying about current or future medical bills.*

.....

64% *of all consumers say the primary reason they don't have health plan coverage is due to cost.*

.....

76% *of baby boomers not enrolled in a health plan cite cost as their primary reason.*

.....



Cost is the biggest factor for not having health plan coverage across all income levels.

Households with an income between \$75,000 and \$100,000 are 10% more confident in managing their health needs; however, they're only 3% more confident in being able to cover an unexpected medical expense compared to those with a household income of \$35,000. Lower income brackets save the least often for future health expenses, and higher income brackets save the most.

A large percentage of consumers across the income spectrum who do not have health insurance stated that cost was their reason for not having health insurance.





2. Opportunity: Helping employees confidently save

Employees may need help saving for future healthcare expenses. An HSA is a great tool for this. Employees can contribute money and use it for IRS-qualified medical expenses, both tax-free. And they can use their HSA to pay for current medical needs or build up savings to cover future medical bills.

As an employer, you can contribute to employees' HSAs in variety of ways, including a seed contribution (a set amount contributed each year), a match contribution, or contributions as incentives for wellness program participation. For those nearing retirement, consider offering a Retirement Reimbursement Arrangement. This is an employer-funded account designed to help you pay for eligible medical expenses during retirement. Expenses could include most health-related expenses and health coverage premiums.

Tools like the HSA Contribution Calculator found at hsabank.com/contributioncalculator show employees how much they're eligible to contribute to their HSA based on their insurance plan -- and how much to contribute each paycheck to reach the contribution maximum for the year.

3. Consumers are less confident in their ability to manage their health needs.

However, consumers continue to take advantage of preventive health services to help improve future health. Just 21% of consumers say they made changes to improve their finances related to healthcare. Only 15% of consumers frequently save money specifically for future healthcare expenses. Yet 52% of consumers said that they frequently or occasionally worry about current or future medical bills.

Confidence in physical health



Confidence in ability to manage health needs



Preventive care

An annual exam (60%), dental exam (50%), flu shot (49%), and recommended preventive care exams (39%) are the most common preventive health services and screenings received in an average year.

Those with Medicare, Medicaid, traditional health plans, and HSA-qualified plans are proactive depending on the service.

82% of consumers believe they made lifestyle changes to improve their health in the past year.

87% of consumers strongly agree or somewhat agree that their health insurance plan helps them attain medical services needed while also managing costs.

3. Opportunity: Helping employees embrace preventive services

Data for this report was collected prior to the coronavirus disease 2019 (COVID-19) outbreak in the U.S. While employee needs for preventive care exams may not have changed since the data was collected, access may be more limited. Per the Coronavirus Aid, Relief and Economic Security (CARES) Act, HSA-qualified HDHPs may now cover telehealth services before the deductible is met. And employees may purchase and use telehealth services outside of their HDHP, without impacting their eligibility for an HSA. This exemption is valid until December 31, 2021. Employees may need reminders on how to address unspent dollars in FSAs, deadlines on when they must be spent by, or how to change elections midyear.

For the most up-to-date resources regarding COVID-19 and how it may affect your employees, visit hsabank.com/specialcommunications.



The journey continues

There's still work to be done to improve education, engagement, and preparedness for consumers as they work toward a healthy future. As an employer, you can measure engagement using the Health & Wealth Index Calculator and offer recommendations to employees based on their engagement level.

Methodology

A survey of more than 2,000 U.S. adults was conducted in the fall of 2019 in order to gauge physical and financial health across the country. The survey was designed to provide respondents with an overall health and wealth consumer index score. Respondents were asked ten questions about their health plan enrollment status, health practices, ability to pay for health-related expenses, and confidence in their own health and wealth. The survey was commissioned by HSA Bank and executed by a third-party organization. Each respondent received both a health score and a wealth score, which were combined to produce their overall health and wealth consumer index score. The total possible score for each respondent ranged from zero to 100. The higher the score, the better the respondent ranks in terms of their physical and financial health engagement. The margin of error for this sample size is +/- 2.18% at the 95% confidence level. Smaller subgroups have larger margins of error.

Methodology changes from prior year: Surveying was moved to 100% online for the 2020 report. Prior years included phone surveys. For the 2020 report, Generation Z was tracked for the first time. In the 2019 report, this generation data was included with millennials.

About HSA Bank

HSA Bank is a trusted leader in consumer-directed healthcare (CDH), focusing on Health Savings Accounts (HSAs) for over two decades and serving as both the bank and administrator. Discover how we can support your benefits strategy with our comprehensive account-based health benefit solutions that include HSAs, Flexible Spending Accounts (FSAs), Health Reimbursement Arrangements (HRAs), Commuter Benefits, COBRA Administration, and HSA investment solutions such as **HSA**advisor+SM. With a reputation for outstanding service and thought leadership in the CDH space, we offer one platform and one portal for all of our members. HSA Bank inspires 3 million members and more than 35,000 employer groups to “own your health” by making it easy to access, understand, and afford healthcare. As of March 31, 2020, HSA Bank has \$8.6 billion in total footings (assets) comprising \$6.7 billion in deposit balances and \$1.9 billion in assets under administration through linked investment accounts, and is a division of Webster Bank, N.A., Member FDIC.



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CONVERSATION

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