



OPEN ENROLLMENT READINESS: PART 1

Understanding Plan Trends and
Participant Behaviors



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Welcome

Goals for this Session

1. Understand trends and benchmarks in account-based plans
2. Identify key participant perspectives and behaviors
3. Recognize key participant questions and concerns
4. Controllable factors affecting behavior change



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Trends and Benchmarks in account-based plans

Flexible Spending Accounts – Plan Design



General

96% offer debit card

90-day run-out most common

7% require a minimum election



Medical FSA

69% of Medical FSAs include rollover

79% current maximum \$570
21% lagging at \$500

58% use statutory maximum
35% lagging maximum
7% other



Limited FSA

37% with FSA offer Limited

Follow maximums and rollover rules set for Medical FSA



Dependent Care

98% with FSA offer a Dependent Care

98% allow for plan maximum of \$5,000

19% of plans took advantage of increased limit in 2021

Health Reimbursement Accounts – Plan Design

Common Types of HRAs

HSA-compatible HRAs

- Limited HRA
- Post-deductible HRA
- Limited Post Deductible HRA
- Retirement HRA

Deductible-based HRAs

- Simple Deductible HRA
- Embedded Deductible HRA

Restricted HRAs

- Deductible, Coinsurance, Copay HRA
- Select Services HRA



Plan Trends

- Expanding the definition of “group health plan”
- 1 in 3 HRAs roll from year-to-year
- 2 of 3 HRAs include a debit card for use of funds
- Select Services HRAs have grown in popularity in response to current legal challenges

Health Savings Accounts – Plan Design

KEY HSA METRICS

Estimated **37% covered by HSA** of privately-insured Americans¹.

26% of firms offer HDHP with HSA²

Average single deductible \$2,424²

- \$2,169 among small firms
- \$3,265 among large firms

65% of accounts receive ER contribution³

- Average ER contribution in 2021 = \$844
- Ave. ER contribution YTD 2022 = \$910

Nearly 1 in 4 EEs make contributions to HSA at least monthly. 77% of EEs make contributions periodically or one-time.³



PLAN TRENDS

1. Leveraging **HSA-compatible FSAs and HRAs**
2. Viewing HSA as **longer-term savings strategy**
3. Reviewing options to increase **preventive care benefits** while remaining HSA-compatible

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Key participant perspectives
& behaviors

FSAAs – How are they using it?

\$1,265

average contribution ¹

3.6% contributed statutory maximum

\$859 average contribution for Limited FSA

9 of 10

used FSA ¹

Ave. used = \$1,287



FSA contributions and distributions increase with age.

Under 25, only 57.5% took distribution

55 to 64 – 92.7% took distribution ¹



Nearly 9 in 10 report using card to access FSA funds. ²

91% of card transactions are auto-substantiated through BRI ²



1 in 3 report would cutback on vision, routine doctor expenses, dental visits and OTC medicines if they did not have FSA. ³

97% of claims submitted electronically (web or mobile) ²

HRAs – How are they using it?

Average employer funding in 2021

Single: \$1,410

Family: \$2,344

- 27% receive contribution for single coverage equal (or greater than) deductible
- 20% receive contribution which reduces deductible to \$1,000 or less.
- 46% have co-payments for office visits

Source: KFF 2021 Employer Health Benefits Survey



45% report contacting participant services in last 12 months



80% report using BRIWEB



60% report submitting claims



87% find it easy to access funds



17% are unsure what is eligible under plan and what deadlines apply

Source: BRI Participant Survey July 15-August 19, 2022

HSA – How are they using it?



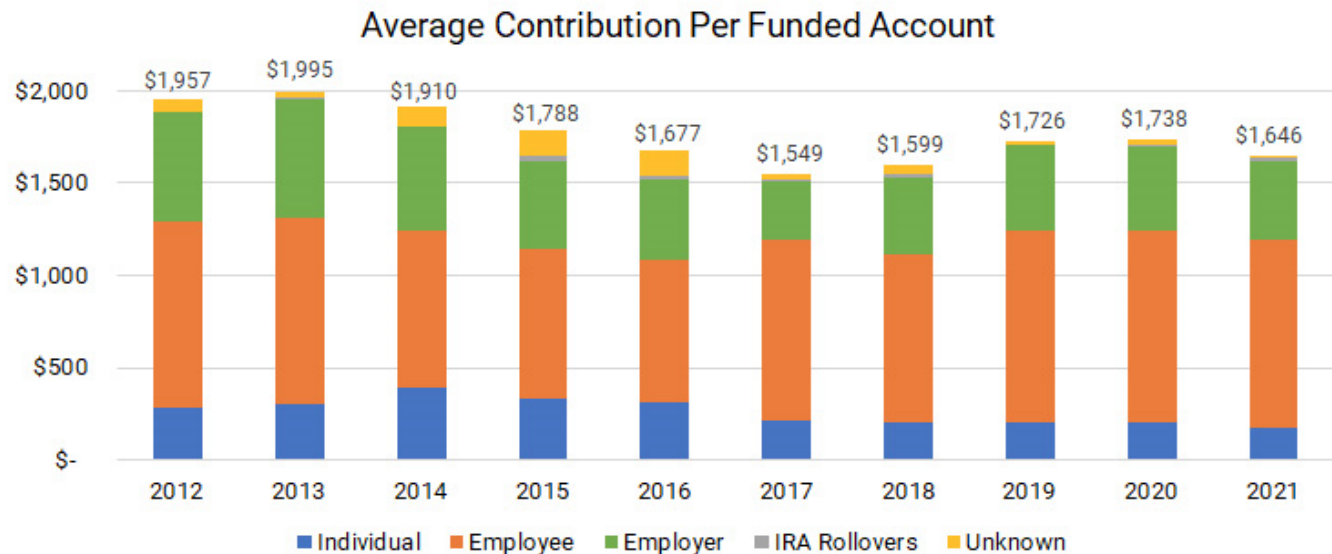
HSA Balances

\$3,265 average balance (up 27% in last 5 years)

- 5-7% investing HSA; \$9,906 average investment balance
- 70% of participants have balance of <\$2,000

Source: BRI HSA Account Metrics as of 7/22

Contributions only vary slightly year-to-year



Source: Devenir Research

Most Need HSA for Current Expenses

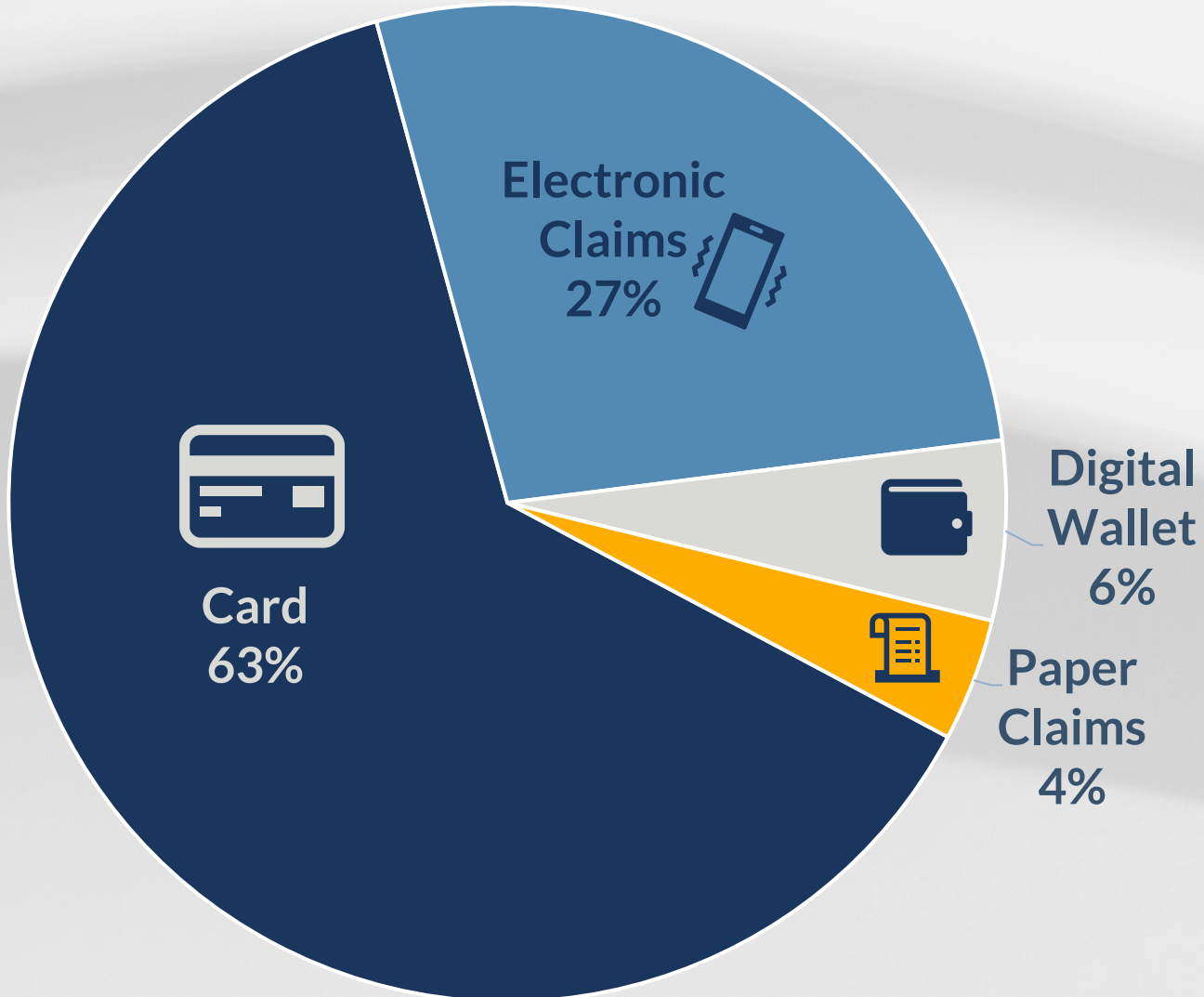
Nearly 1 in 3 use HSA monthly



\$58 of \$100 of deposited funds are used in year.

Source: BRI HSA Account Metrics as of 7/22

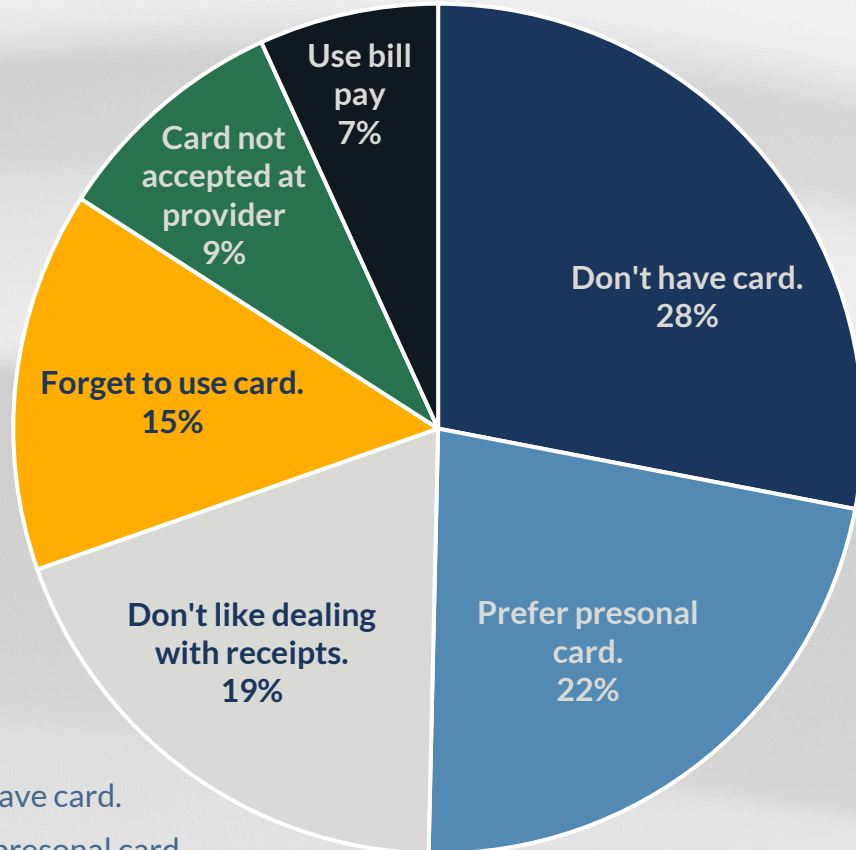
How are funds accessed?



HRA participants exhibit different behaviors to access funds:

- Significantly less likely to report using a **card or digital payments**.
- Significantly more likely to report using **online and paper claims**.

Reasons a card was not used



- Don't have card.
- Prefer presonal card.
- Don't like dealing with receipts.
- Forget to use card.
- Card not accepted at provider
- Use bill pay

- HRA participants significantly more likely to report **don't have a card.**
- FSA participants significantly more likely to report they **forget to use the card.**

Source: BRI Participant Survey July 15-August 19, 2022

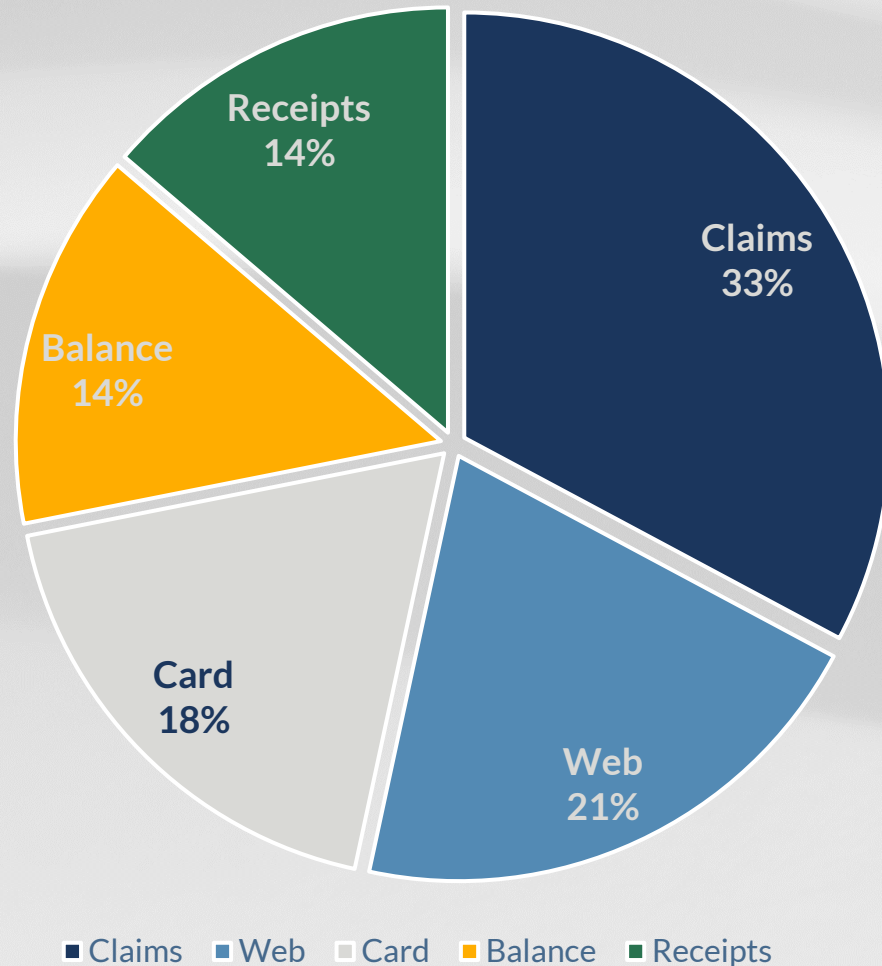


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Top Participant Questions

What are participants asking?

Top Case Reason Categories



Case Trends

- **Case ratios decrease with tenure**
 - Year 1 case ratio* = 6.1
 - Year 3 case ratio = 3.4
- **Case reasons shift with tenure**
 - Web peaks in year one
 - Claims peaks in year two
- **Case reasons shift based on the time of year**
 - Q1 – Web, Card
 - Q2 – Claims / Receipts
 - Q3 – Claims/Receipts
 - Q4 – Balance / Claims

* Case ratio = Cases per 100 participants per month

Gaps in understanding

Common challenges with Consumer-Driven Benefits



Eligibility

- What happens when eligibility changes?
- How can my eligibility be impacted by termination, leave of absence, spouse benefits



Enrollment

- FSAs require active enrollment during open enrollment
- HSAs affected by enrollment in HDHP
- HRAs may be automatically enrolled based on health plan participation
- Commuter benefits are a monthly benefit and are evergreen



Usage

- What account do I really have and how does it work?
- Claims deadline to incur vs. submit expenses
- What is eligible for use
- How is plan year end handled? (EGP, rollover, etc.)



Cards

- Cards will work from year-to-year (through expiration)
- When adding a new account benefit, it will be added to the existing card



General

- When to contact HR, your health plan and BRI

Most common questions / issues



First-year in benefits

- Registering web accounts
- Activating cards
- Signing up for alerts, notifications and direct deposit
- Submitting claims
- What is substantiation?



Ongoing reminders

- Deadlines and balance reminders
- Tax information (what is required (or not))
- What changes can be made (and when do qualifying events need to occur)?



Anytime

- What is eligible?
- Online and mobile resources
- Digital wallets
- What to expect when using card

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Factors affecting behavior change

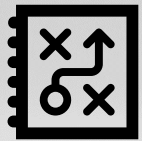
Plan Design



What is being contributed?



What is eligible to be paid by the plan (and when)?



How easy is it to use and understand the plan?

A simple, clear plan design will ensure participants can use the benefit!

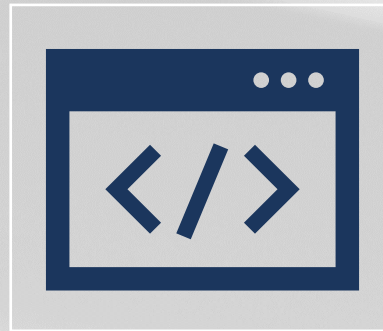
Plan Experiences to Optimize

Email address on file



Ensures regular and timely communication for participants

Register on BRIWEB



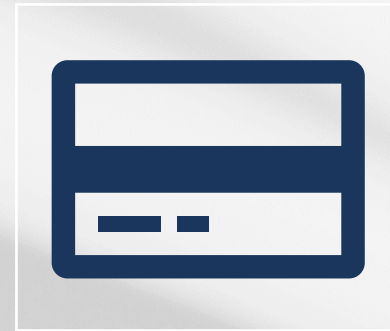
Participants who are registered report higher satisfaction and can manage account with ease

Opt-in for Notification Alerts



Allow participants to be in the know at each step of their account interactions

Card activation



Using card ensures participants are never paying expenses out-of-pocket

Value of Communication



Of those reporting receiving communications:

71% report monthly newsletter moderately to extremely useful

87% report account-related communications and opt-in activity alerts moderately to extremely useful

Source: BRI Participant Survey July 15-August 19, 2022

Other Factors affecting behaviors

Generational Differences¹

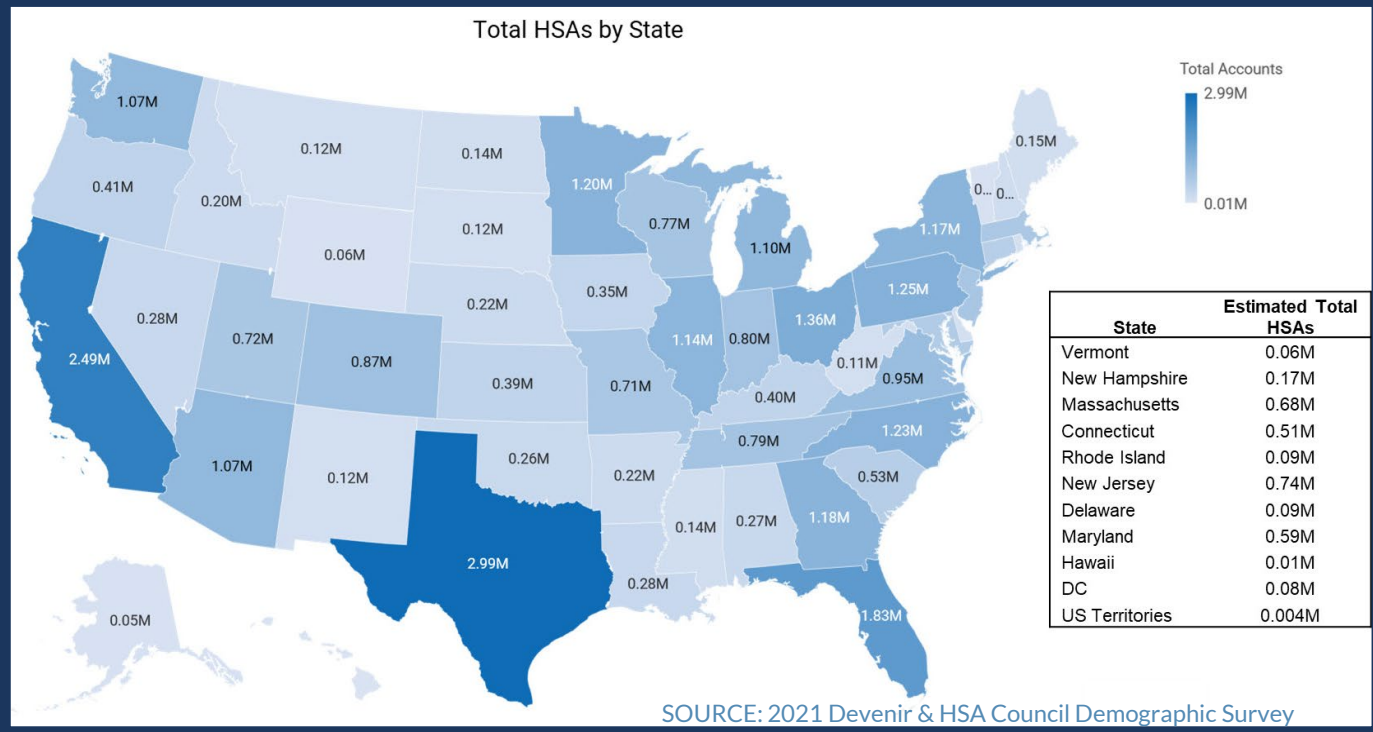
- **Millennials embrace HSAs.** 1 in 5 Americans in their 30s have an HSA.
- **Older Americans continue to accumulate meaningful HSA savings.** Accountholders older than 50 years old average balance of \$4,758.

Industry²

- Nearly **50% in Finance** and 37% in Manufacturing industries use HDHPs/SOs. 28% overall average.
- **16% in State/Local Government** use HDHPs/SOs

Location/Region of Country²

Use of HDHP with Savings Accounts varies by region of country. Midwest sees highest rate at 39%, while West remains at 19%. (



Quick Recap



1. Understand trends and benchmarks in account-based Plans

- Considering the benefits of “rolling”
- Evaluating HSA-compatibility needs across plan types
- Opportunities to address “special needs”

2. Identify key participant perspectives and behaviors

- Participants need these accounts to pay for current expenses
- Opportunity for better clarity regarding plan rules
- Overwhelming preference to access funds with card

3. Recognize key participant questions and concerns

- It all boils down to who, what, where, when and how.

4. Find factors affecting behavior change

- Understanding what you can control vs. what you can't



Join Us

Open Enrollment Readiness Series

Part 1: Understanding Plan Trends and Participant Behaviors – August 24, 2022

Part 2: What's New in Account-Based Plans (and BRI) – August 31, 2022

Part 3: Submitting Employer Plan Changes – September 7, 2022

Part 4: Planning and Executing on Your Employee Communication Strategy – September 14

Register at: gotostage.com/channel/bri-oe



Thank You!

ANY QUESTIONS?