

An aerial view of a city at dusk or dawn, overlaid with a network of white lines and various digital icons such as a globe, speech bubble, envelope, @ symbol, laptop, share icon, Wi-Fi signal, cloud, airplane, and a smartphone. The background is a dark blue gradient.

Health Account Series – PART 1

Leverage employee insights for a more strategic approach to health accounts.



Today's Speakers



BECKY SEEFELDT
Benefit Resource
VP of Strategy



PUBLISHED AND
RECOGNIZED BY:



Today's Speakers



ITAMAR ROMANINI

HSA Store
Vice President



Welcome

Goals for this Session

1. FSAs vs. HSAs: What do we know about the users?
2. Making the moments matter. How to effectively drive desired behaviors.
3. Five Tips for building out your 2023 benefits strategy

1

FSA vs HSAs

What do we know about the users?



INTERACTION OPPORTUNITY:

In the **questions section**, enter the word or phrase that comes to mind when you think of HSAs vs. FSAs and the people that use them.

Who has FSAs?

37



Million Americans
rely on FSAs to receive the
healthcare they need.

Source: ECFC "By the Numbers - Bureau of Labor Statistics"

Average age of FSA Participant

47



Source: BRI Metrics as of 1/23

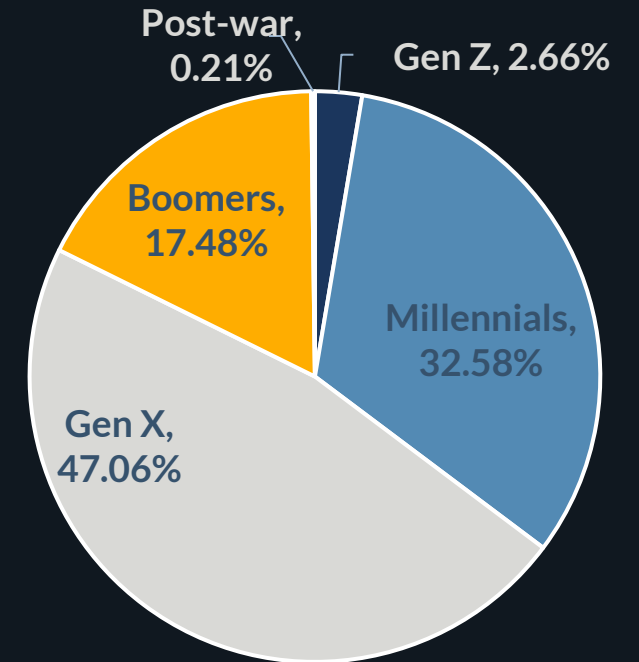
FSA Participation by Generation

Nearly
1 in 2



GenX

Source: BRI Metrics as of 1/23



FSA utilization differs by age.

Accountholders under age of 25 contributing an average of \$431
vs. \$1,405 for those 65 and older.

Source: EBRI.org - FSA Database (May 26, 2022)

FSAAs – How are they using it?

\$1,265

average contribution ¹

3.6% contributed statutory maximum

\$859 average contribution for Limited FSA



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



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

9 of 10

used FSA ¹

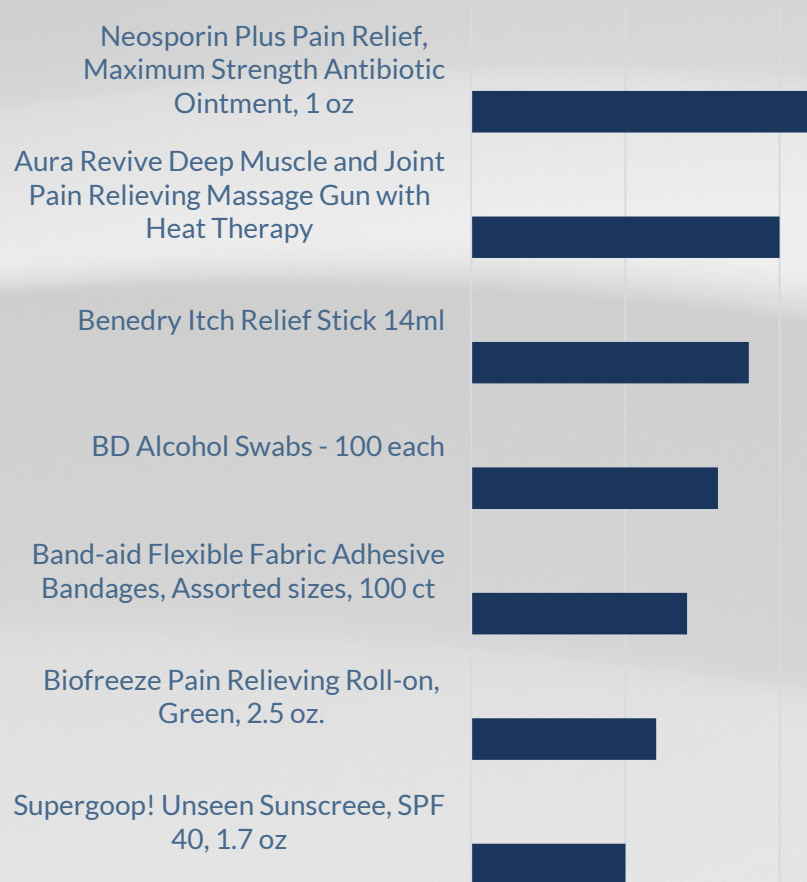
Ave. used = \$1,287



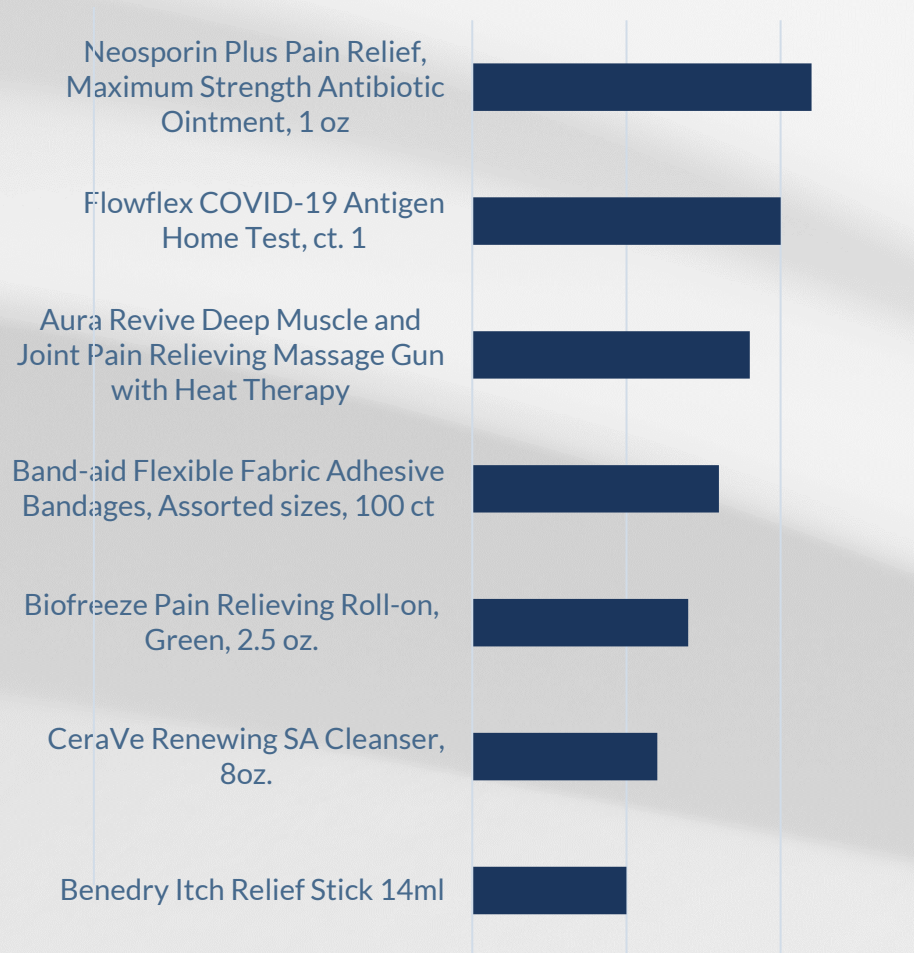
97% of claims submitted electronically (web or mobile) ²

FSA Spending Patterns

Jan-Nov 2022 most sold items by volume



DEC 2022 most sold items by volume



FSA utilization tends to **spike in December**

However, users **buy what is necessary and planned** through the year to ensure they use left over funds.

FSA Purchase Intent



When Used FSA Funds

	Gen Pop % (A)	Young Families & Heavy Users % (B)	Savvy Shoppers % (C)	Overwhelmed & Confused % (D)	CRM / Store Customers FSA % (E)
When I needed a specific product	50	52	48	50	59 ^A
As soon as I had access to the funds	31	27	36 ^B	33 ^B	30
When I had a major purchase (greater than \$500)	29 ^E	36^{CD}	24	25	20
Within 30 days of my annual deadline	24	26	23	23	21
When I checked my balance or logged into portal	18	23^{CD}	14	16	16
When I received a reminder from my TPA	7 ^E	11^{CD}	4	5	4
Within 7 days of my annual deadline	6	10^{CD}	4	4	9^A

Who has HSAs?

34

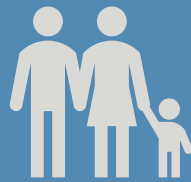


Million HSAs in June 2022, up 9%
YOY from June 2021

Source: Devenir HSA Research Report – Sept. 20, 2022

Average age of HSA
Participant

42



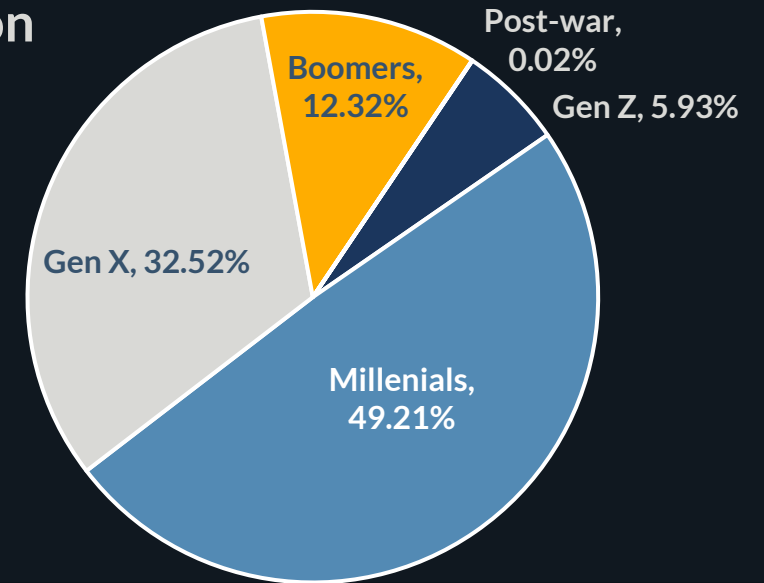
Source: BRI Metrics as of 1/23

HSA Participation by Generation

Nearly
1 in 2



Source: BRI Metrics as of 1/23



HSA Balances Increase with Age

Gen z	Millennials	Gen X	Boomers
\$1,110	\$1,848	\$2,951	\$4,423



Source: BRI Metrics 1/23

HSA – How are they using it?



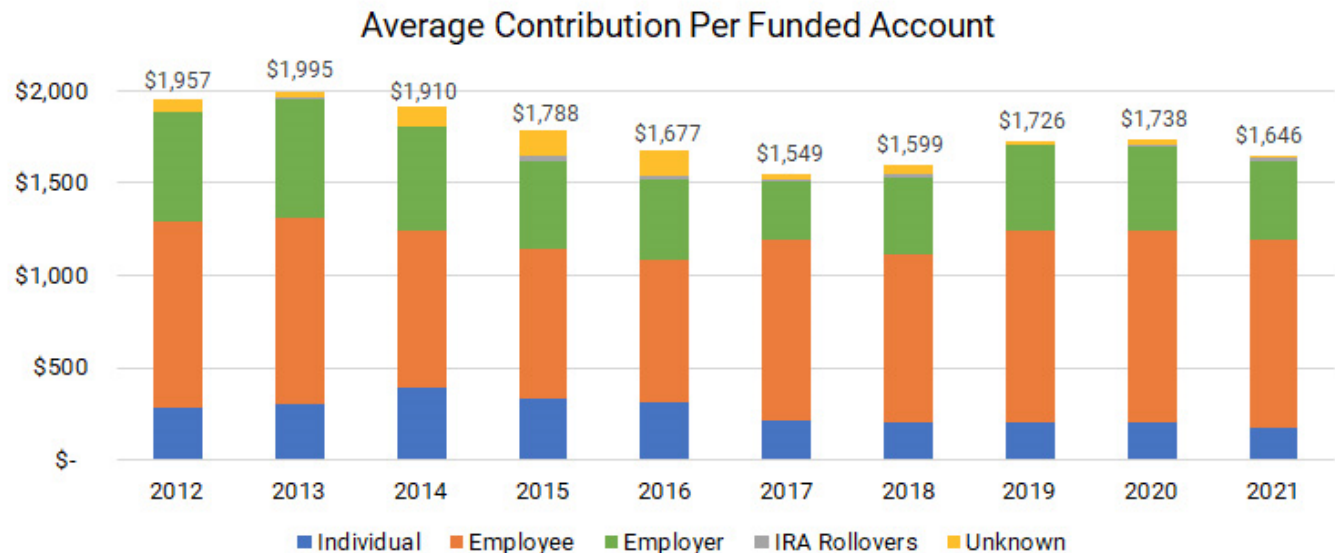
HSA Balances

\$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

HSA Spending Patterns

Two Key Points To Remember:

1. HSA users only spend HSA dollars when they need to.
2. HSA users only buy health related products when they need to.

HSA Personas and Customer Journey

Not Enrolled
HDHP, no HSA

Non Funder 20%

- Never funded account
- No money to fund account
- Confused
- Unsure what's eligible
- Unsure of account benefits
- Unaware of all eligible expenses
- Likely younger, mid 20s
- Likely single
- Likely starting work life
- Lower HHI

Spender 30%

- Contributes some, spends all
- Often confuses with FSA
- Bases contribution on planned spend
- May have chronic conditions
- Unaware of all eligible expenses
- Likely in their 30s
- Likely married, starting family
- Low-mid HHI

Saver 30%

- Funds more, spends more, but saves some
- Looks for savings
- Worried about large expenses
- Eventually savings add up, starts investing
- Looks to have an emergency fund
- Unaware of all eligible expenses
- Likely in their 40s
- Likely married, +children
- Mid HHI

Grower 10%

- Maxes out contributions
- Likely Invests
- Never or rarely uses HSA funds, growth oriented
- Pays current expenses out of pocket
- Unaware of all eligible expenses
- Long term focus
- Unaware of all eligible expenses
- Higher HHI

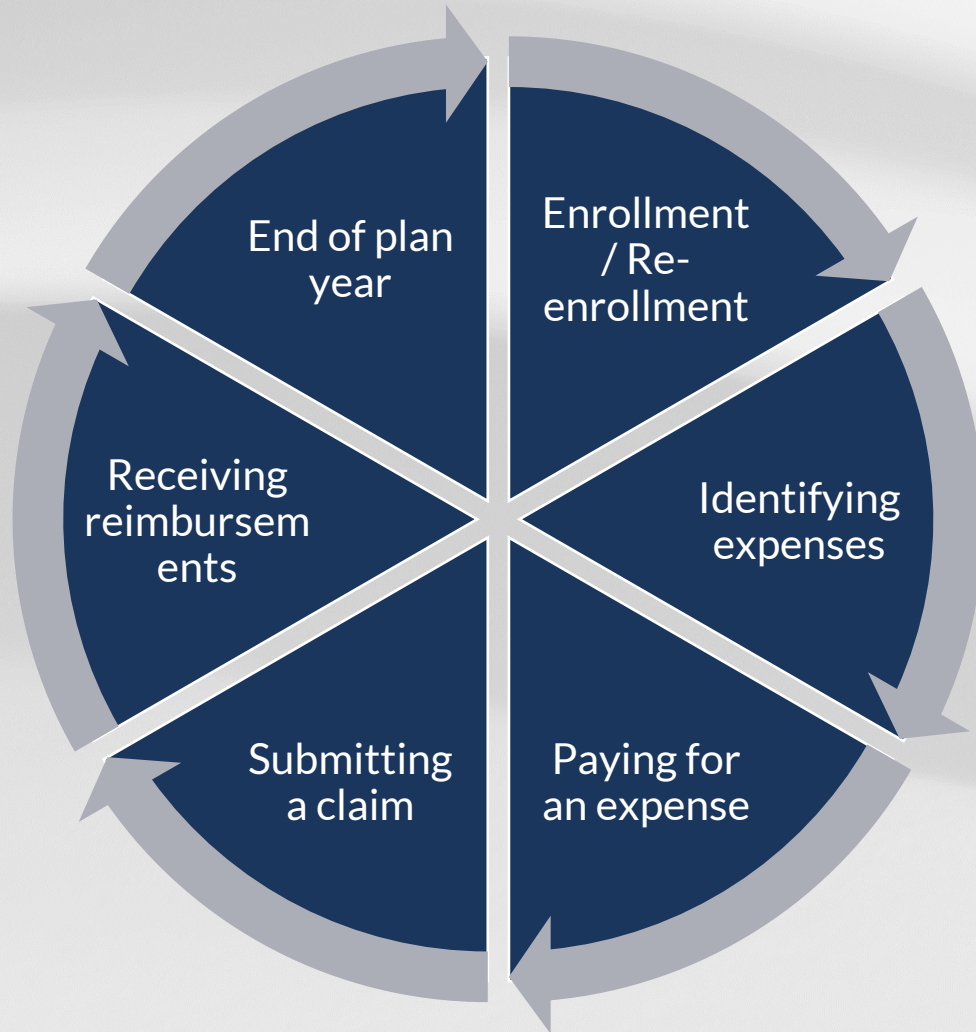
Retiree 10%

- No longer able to contribute
- Most funds in cash, or higher liquidity options
- Pays from HSA
- May use HSA funds as "income" (past unreimbursed expenses)
- Price conscious, but value and convenience more important
- Unaware of all eligible expenses
- 65+

2

Making the moments matter. How to effectively drive desired behaviors.

What drives FSA participant behavior?



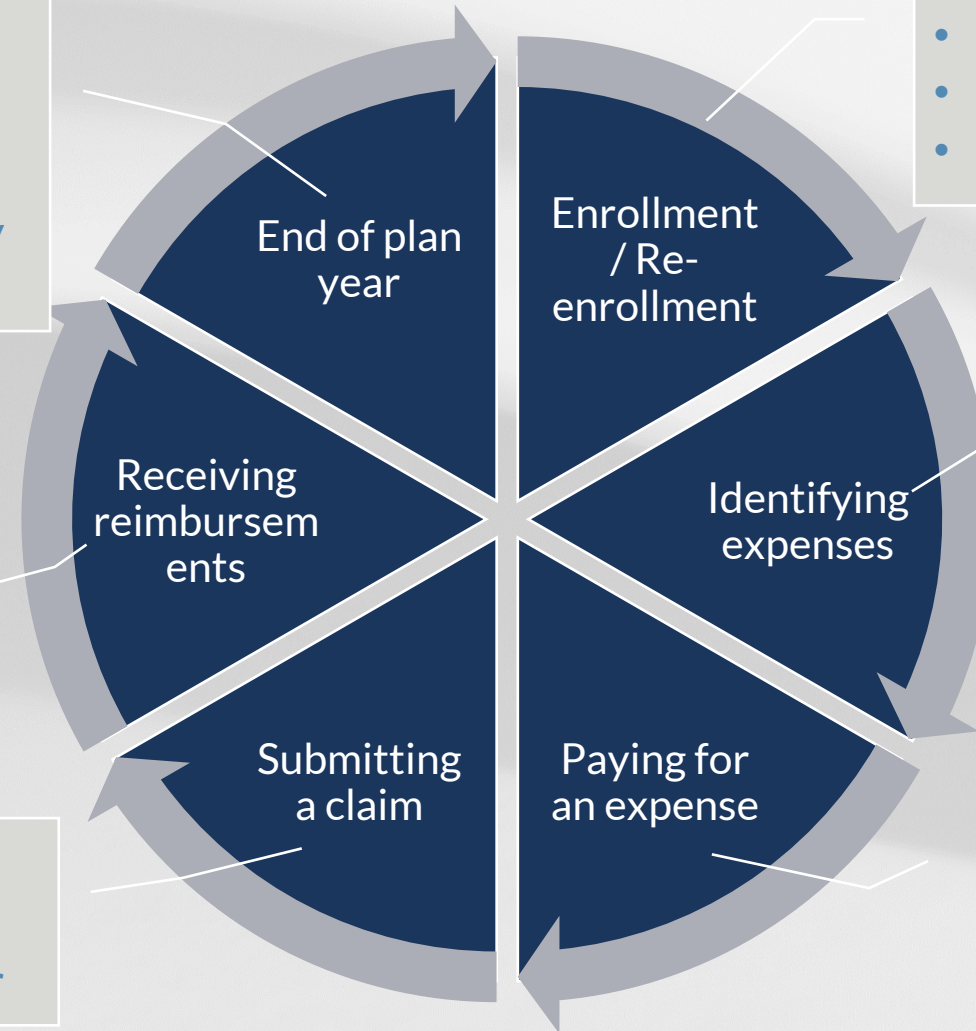
Target the **EVENT**.
Make the
moments that
matter.

What drives FSA participant behavior?

- Approaching deadlines
- Balance reminder
- What happens to remaining funds
- What is eligible (that they may have overlooked)

- What to expect
- Tips for next time (paying with card, direct deposit)

- How to submit
- What is needed
- How to receive funds faster



- What is eligible
- Estimating expenses
- Tax savings potential

- Ongoing education on what is eligible, what is relevant at certain times of year and where they can find them

- Paying with benefits card – when they might be asked for receipts

How do FSA participants like to receive information?

Preferred information format



Brochures and Flyers

Less likely to desire videos



More likely to call



What drives HSA participant behavior?

Understand the **PERSONA** to identify actions for the moments that matter.



Non Funder
20%



Spender
30%



Saver
30%



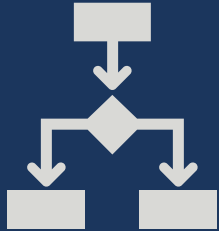
Grower
10%



Retiree
10%

How do HSA participants like to receive information?

Preferred information formats



Infographics, video and
decision support tools

More likely to
use chat



HSA Personas Behavior

Consider what they need

Most purchased by Personas

- Drive expected behavior
- Help users maximize account benefits
- List during enrollment to bring awareness of daily routine items they need and use
- More relevant messaging and engagement
- Increase adoption and funding

<u>Non Funder</u>	
Products Purchased	
Product	
1.	The Honey Pot Duo Pack Organic
2.	The Honey Pot Organic Duo-Pack
3.	U by Kotex Super Premium Ultra
4.	Benadryl Itch Relief Stick 14 mL
5.	Advil Liqui-Gels Minis, 160 ct.
6.	Bug Bite Thing
7.	Visine Original Redness Reliever
8.	Tylenol Extra Strength Rapid Rel
9.	Midol Complete Caplets, Value S
10.	Band-Aid Tough-Strips, Extra Large, 10 ct

Spender	
Products Purchased	
Product	
1.	TUMS Ultra Strength Assorted
2.	Nordic Naturals ProOmega Jo
3.	BD™ Alcohol Swabs - 100 ct.
4.	Band-Aid Flexible Fabric Adhe
5.	Neutrogena Body Clear Body
6.	Kanjo Acupressure Pain Relief
7.	TUMS Ultra Strength Assorted
8.	Sun Bum SPF 50 Sunscreen L
9.	CeraVe Acne Control Face Cleanser
10.	Benadryl Itch Stopping Cream, Extra Stre

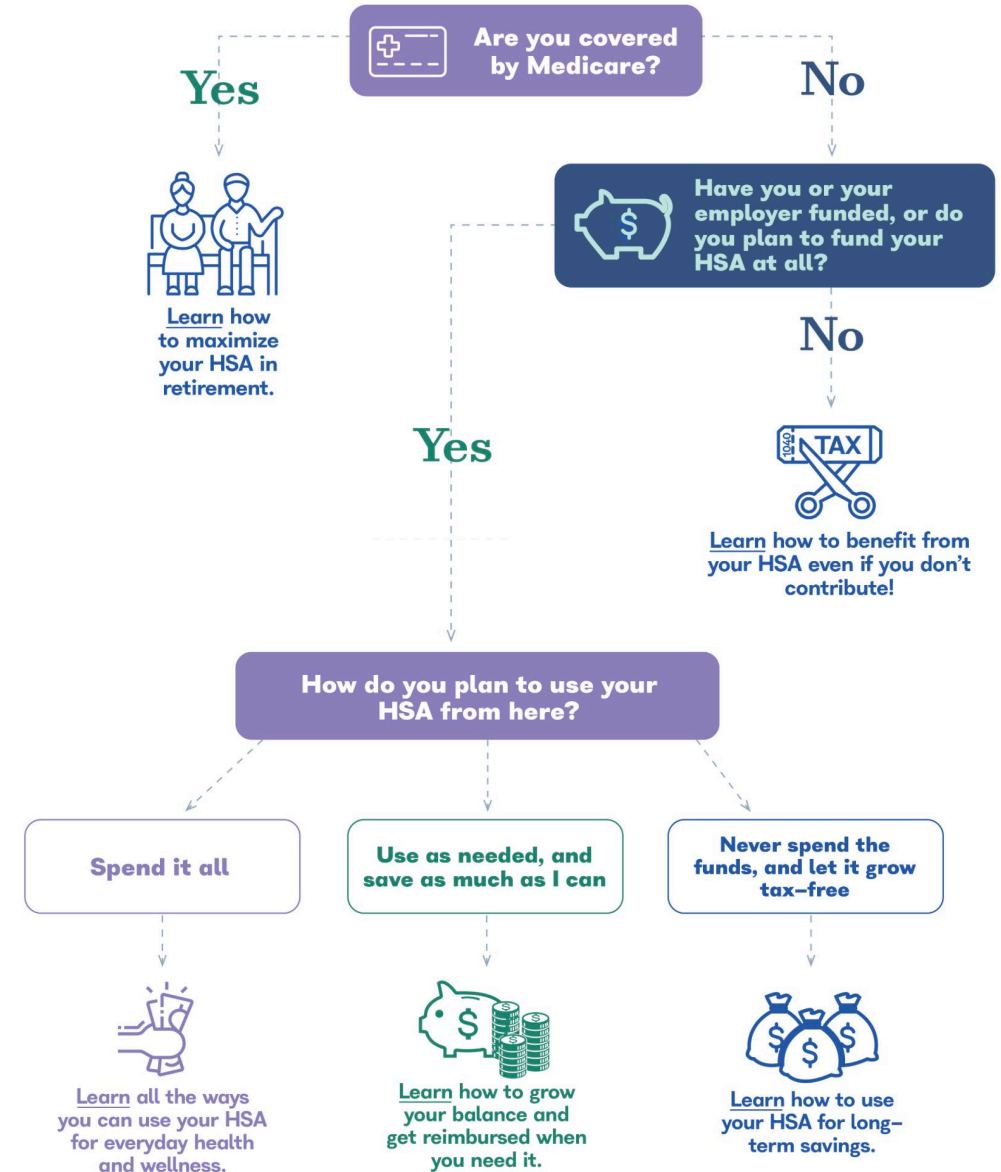
Saver	
Products Purchased	
Product	
1.	Neosporin Plus Pain Relief, Maximum St
2.	Opti-Free RepleniSH Multi-Purpose Disin
3.	Pedialyte® Electrolyte Powder Pack - Pu
4.	U by Kotex Click Compact Tampons, Reg
5.	Caring Mill® Fever Relief Sheets, 6 ct.
6.	Excedrin Extra Strength Caplets, 100 ct.
7.	Aura Revive Heated Deep Muscle Pain R
8.	Benadryl Itch Relief Stick 14 mL
9.	Tylenol Extra Strength Caplets, 24 ct.
10.	Bug Bite Thing

Identifying users to deliver personalized content

The best way to reach HSA holders is by sending targeted, segmented and personalized emails\messaging.

When segmented messaging is not an option, we can start with a simple approach to self-identification, and move to personalized messaging from there.

HSA Style Finder



The overlooked opportunity: The Unfunded HSA (Non Funder)

THE GAP

- The average household spends \$1,600+ on health-related products annually and NOT receiving a tax benefit.

THE OPPORTUNITY

- They need education to know how to get their tax benefit:
 1. Identify and buy eligible expenses. SAVE receipts.
 2. When ready and able to, fund the account with the total of saved receipts.
 3. Reimburse self for that amount.



Non Funder
20%

- Never funded account
- No money to fund account
- Confused
- Unsure what's eligible
- Unsure of account benefits
- Unaware of all eligible expenses
- Likely younger, mid 20s
- Likely single
- Likely starting work life
- Lower HHI

Making the moments matter



How personalized content drives engagement and behavior

	Non Funder	Spender	Saver	Grower	Retiree
One size fits all emails Open and CTR	Major Underperform	Underperform	Normal	Underperform	Major Underperform
Persona Specific Emails Open and CTR	Normal	Normal	Normal	Normal	Major over perform
Benefits of persona specific messaging	<ul style="list-style-type: none">✓ Increase Open Rates and Engagement Rates.✓ Customized learning information with what is relevant to that user profile, at that time. Spenders don't relate to Investment Offerings, and Retirees don't relate to Contribution Maximization campaigns.✓ Increased benefit maximization by users.✓ Engage and drive expected behaviors. Want Spenders to pay out of pocket for that next small expense and save the HSA dollars for an emergency? Want a non-funder who spent \$1,600 last year and ran funds through the HSA to now pre-fund the exact amounts from last year?				

3

Five Tips for building out your 2023 benefits strategy



INTERACTION OPPORTUNITY:

In the **questions section**, enter the tip or recommendation you have for other employers as they form their 2023 benefits strategy.

Benefits Strategy Tip #1



Understand YOUR employees needs and preferences for benefits and communications.

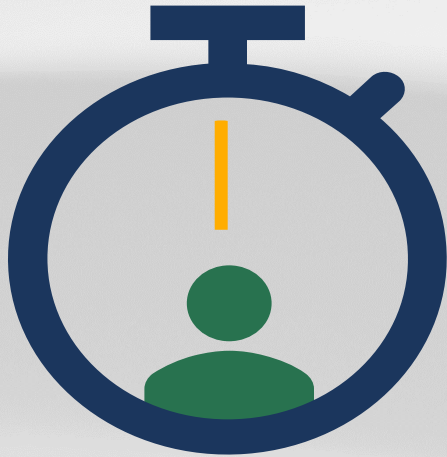
(It is ok to ask them if you aren't sure.)

Benefits Strategy Tip #2



Avoid a “one-size fits all” approach.
Targeted messages are more
effective in driving behavior.

Benefits Strategy Tip #3



Consider what drives behavior.

- FSAs tend to be driven by **EVENTS**.
- HSAs tend to be driven by **PERSONA**.

Benefits Strategy Tip #4



Start with a few common goals.

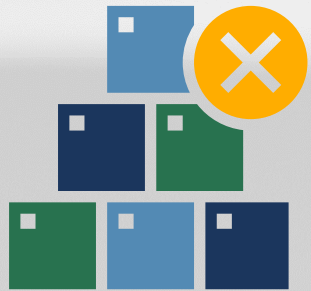
- Educate employees on what is eligible.
- How to access accounts.
- How to use funds when needed.

Eligible Consumer Staples – Even on a Standalone Basis – Make a Great Case for Funding an FSA/HSA



50% of customer have used HEC content to help inform their funding decisions.

Benefits Strategy Tip #5



Don't be afraid to FAIL.
(First Attempt In Learning)

BONUS TIPS: From our audience



Quick Recap



1. FSAs vs. HSAs: What do we know about the users?

- FSA participants tend to be a little bit older, prefer print-oriented and personal communication, and more likely to spend at specific times of year.
- HSA participants tend to be a little younger, but have larger balances based on age. Spending is more based on need.

2. Making the moments matter. How to effectively drive desired behaviors.

- FSA participants are driven by EVENTS
- HSA participants are driven by LIFE/PERSONA

3. Five Tips for building out your 2023 benefits strategy



Join Us

Health Account Outlook Series

Part 1: Leverage employee insights for a more strategic approach to health accounts.

Special Guest: Itamar Romanini, HSAStore

Part 2: HSAs are not one size fits all. -- March 7

Part 3: The Hidden Challenges (and Opportunities) of HSAs. – March 21

Special Guest: William Stuart, nationally recognized expert on reimbursement account strategy and author Your Health Savings Academy

Part 4: Helping Employees Navigate Increasing Costs in 2023 – April 12

Special Guest: Elaine Harkins, Mastercard

Register at: <https://www.gotostage.com/channel/bri-outlook>



Thank You!

ANY QUESTIONS?