



➤ July 13, 2022

Health Savings Accounts: What's Happening Now and What's Next?

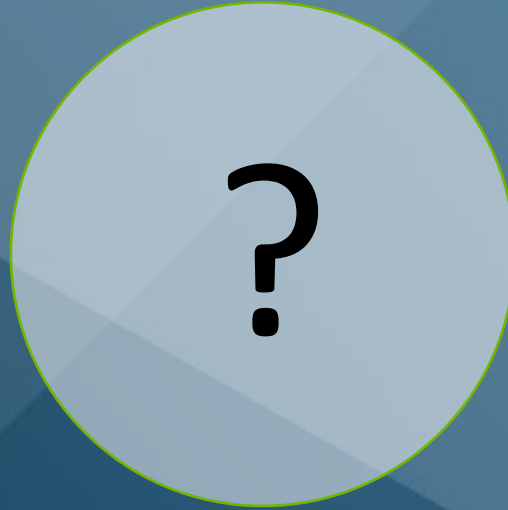


Presentation By:
Ernie Harris
President & COO of BASIC

Before We Begin



We are recording today's webinar



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Coast to Coast Administration



**BASIC services over
18,000 employers
nationwide.**



Technology Driven HR Solutions to Take Your Company Further

Suite of HR Benefits, Payroll and Leave Management, and Compliance solutions offered individually or bundled.



➤ Presenter



Ernie Harris

Ernie Harris is the President & COO of BASIC, a third-party administrator offering a broad array of HR benefits administration services. Ernie is the past President of the Product Development and Management Association (PDMA) – a global professional association with chapters in more than 30 countries and current Chair of the PDMA Foundation, a 501c3 organization focusing on innovation education.

➤ Agenda

- HSA 101
- Current Stats and Trends
- What's in store for the future of HSAs?
- BASIC's Solutions

Health Savings Account (HSA)

➤ HSA 101

- HSA stands for Health **Savings** Account
- Owned by the Employee and not the Employer
- Monies can be contributed tax free, grow tax free and withdrawn tax free
- Eligible expenses are defined in IRS Pub 502
- There are two options available in the marketplace today
 - Embedded HSAs with your Health Insurance Carrier
 - HSAs managed by a Third-Party Administrator

➤ Three Reasons to use a TPA

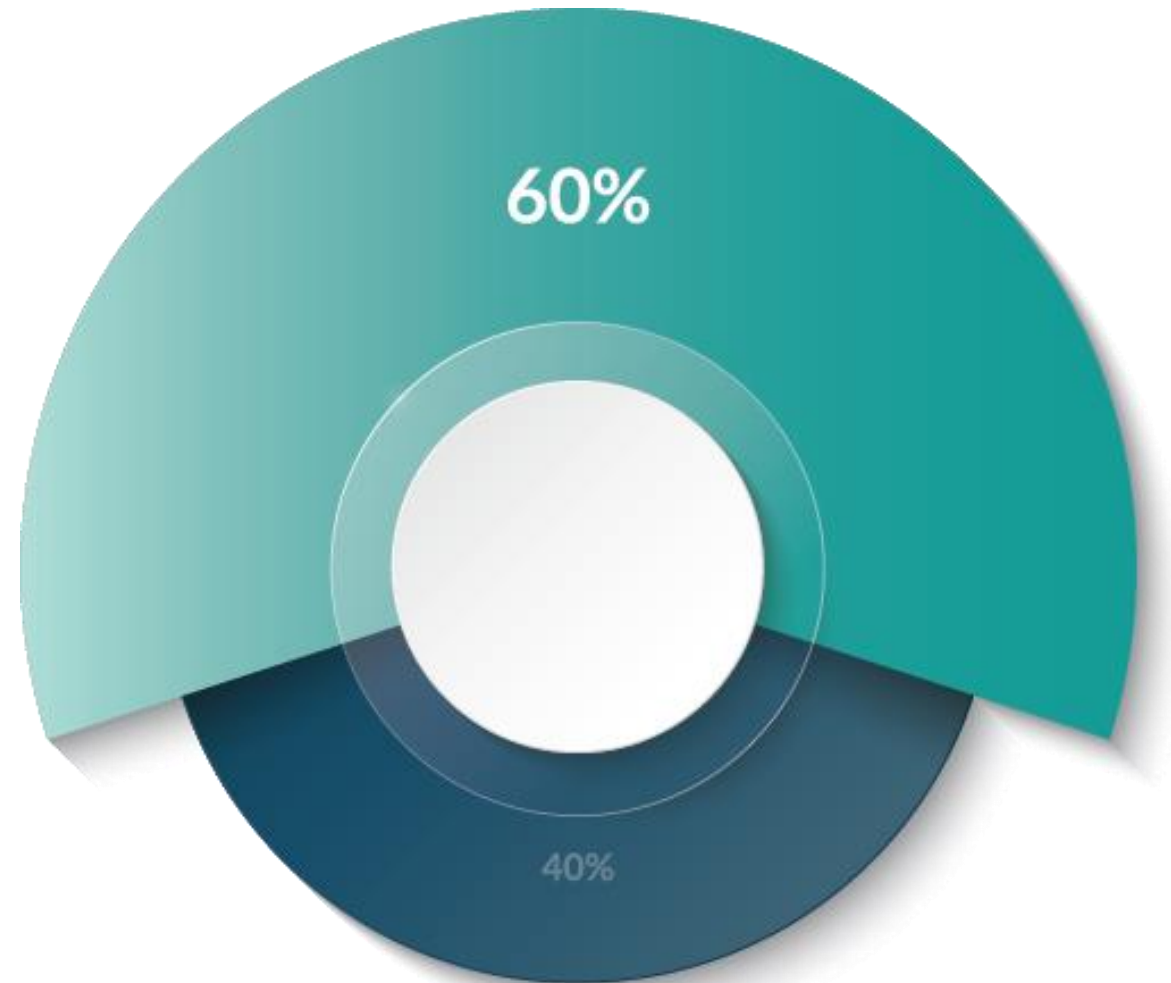


- 1. Control** – If you want to change your health plan, you will need to change your employee's HSA
- 2. Cost** – HSAs that are embedded from your health plan are often presented as free, but the administrative cost is passed on to you in the form of increased premiums
- 3. Employee Value** – By using a TPA like BASIC, your HSA can be combined with up to 50 other account offerings and accessed through a single web portal, mobile app and benefit card

Current Stats and Trends

➤ Benefit Trends

- **60%** of employees are interested in their employer providing a wider mix of non-medical benefits that they can choose to purchase on their own



<https://www.metlife.com/employee-benefit-trends/>

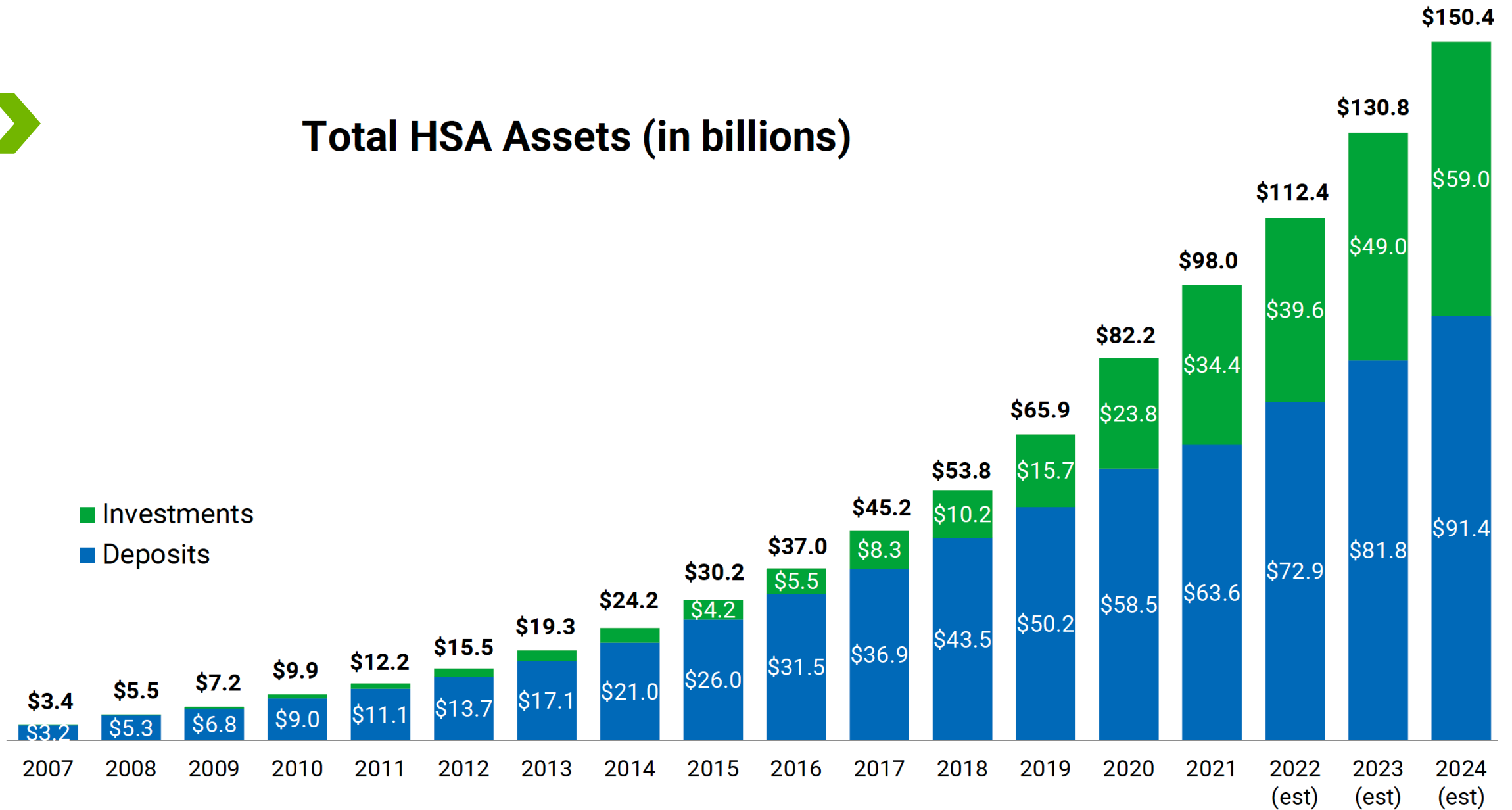
➤ Key Findings: 2021 Devenir Report

- **Strong HSA investment asset growth** – With a growing base of investors and continued strong market gains, HSA investment assets rose to an estimated \$34.4 billion at the end of the year, up 45% year-over-year. On average, investment account holders have a \$19,224 total balance (deposits and investments combined).
- **HSA contribution and withdrawal growth remains muted** – Account holders contributed over \$42 billion to their accounts in 2021 (up 2% from the year prior) and withdrew almost \$31 billion from their accounts in 2021 (up 2% from year prior).

Source: Devenir Research Report

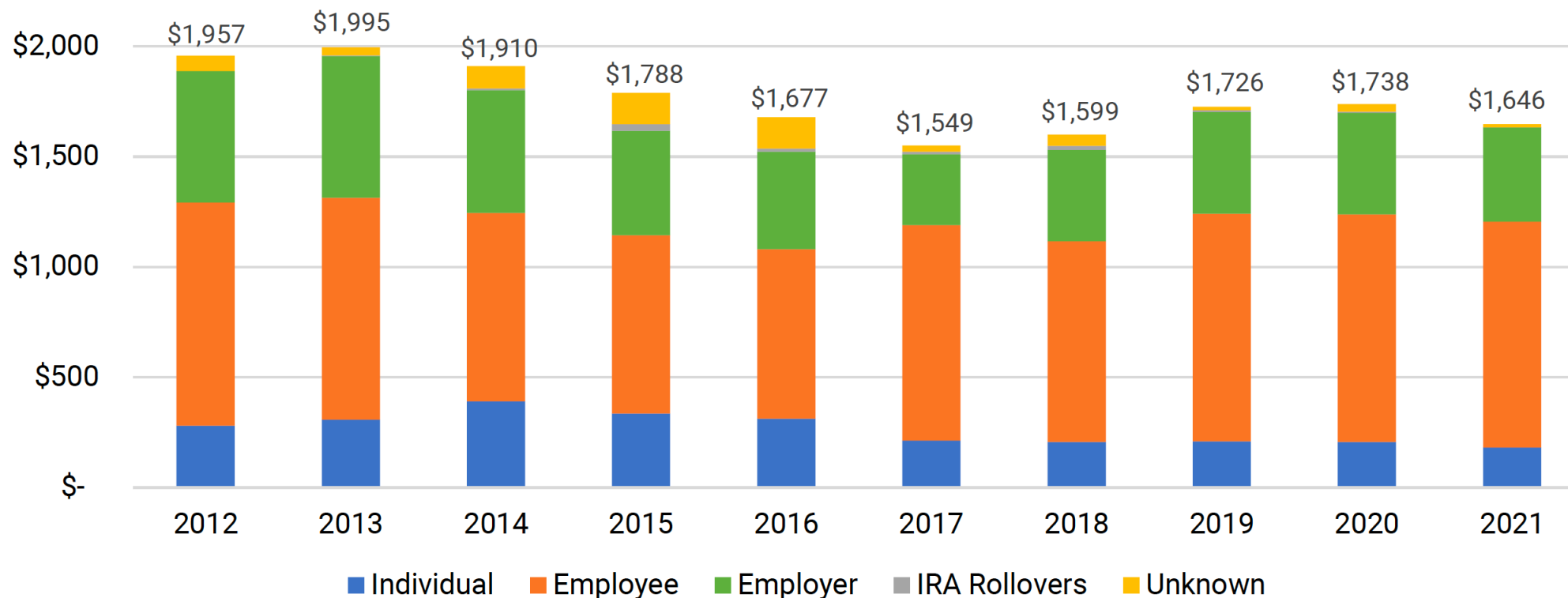


Total HSA Assets (in billions)



➤ Pandemic Impact? Maybe Not?

Average Contribution Per Funded Account



A funded account is defined as an account with a balance greater than \$0 at the year-end.

➤ 2021 Results

- **Employer Contributions**

- The average employer contribution was \$867 down from \$870 in 2020
- 26% of all HSA contributions came from the employer

- **Employee Contributions**

- The average employee contribution was \$2,101 up from \$2,054 in 2020
- 61% of all HSA contributions came from the employee

- **Individual Contributions**

- The average individual contribution was \$2,079 up from \$2,033 in 2020
- 11% of all HSA contributions came from an individual account not associated with an employer

What's the future of HSAs?

➤ Looking Forward

- Devenir projects HSA Industry asset growth of 15% in 2022
- The HSA market will reach 38 million accounts by the end of 2024, holding over \$150 billion in assets
- Investing opportunities continue to surge – Account holders are utilizing their account's unique ability to be invested and used as a long-term savings vehicle

Source: BenefitsPro and Devenir Research Reports

➤ Looking Forward

- 93% of employers find it important to be part of their employees' long-term financial wellness through the health and retirement plans
- Benefit education continues to be the primary driver to adoption and employee value

Source: BenefitsPro and Devenir Research Reports

BASIC's Solution

➤ CDA System Flexibility

- The BASIC CDA system is a new, purpose built, financial account administration system
- Unlike traditional platforms that started as an FSA platform, CDA is capable of managing any tax-advantage or non-tax-advantaged account design necessary



➤ Integrated Offering

| | | | | | | | | | | | | | | | | | | |
|---|--|--|---|---------------------------------------|---|--|-------------------|---------------------------------------|---|--|------------------------------|--------------------------------------|---|--------------------------------------|--|---|------------------------------------|-------------------------------------|
| HEALTHCARE FLEXIBLE SPENDING ACCOUNT (HFSA) * | | HEALTH REIMBURSEMENT ARRANGEMENT (HRA) * | | SPOUSAL INCENTIVE HRA * | | OFFICE SUPPLIES EXPENSE REIMBURSEMENT ACCOUNT* * | | | | | | RETIREE PREMIUM COLLECTION ACCOUNT * | | | | | | |
| LIMITED PURPOSE HEALTHCARE FSA (LPFSA) * | VISION REIMBURSEMENT ACCOUNT * | EMERGENCY EXPENSE HRA * | MEDICARE HRA * | ATTENDANCE TRACKING ACCOUNT * | WORKPLACE TOOLS ACCOUNT * | | | | | | | LIFE EVENT PTO SHARING ACCOUNT * | PTO HARDSHIP ACCOUNT * | NON-COBRA NON-CONTINUATION ACCOUNT * | INCOME CONTINUATION ACCOUNT * | | | |
| HEALTH SAVINGS ACCOUNT (HSA) * | DENTAL REIMBURSEMENT ACCOUNT * | QUALIFIED SMALL EMPLOYER HRA (QSEHRA) * | RETIREE FUNDED HRA (FHRA) * | AFTER-TAX PREMIUM TRACKING ACCOUNT * | WORK CLOTHES ACCOUNT * | GAS PLUS ACCOUNT * | | | | | | PAID VOLUNTEER HOURS ACCOUNT * | EMPLOYER CRISIS FUND ACCOUNT* * | IN-KIND SERVICES ACCOUNT * | NON-COBRA CONTINUATION ACCOUNT * | EMERGENCY SAVINGS ACCOUNT * | | |
| HEALTHCARE PREMIUM (NESP) REIMBURSEMENT ACCOUNT * | ORTHO REIMBURSEMENT ACCOUNT * | EXCEPTED BENEFIT HRA (EBHRA) * | INTEGRATED FUNDED HRA (FHRA) * | LEAVE HOURS TRACKING ACCOUNT * | HOME OFFICE ACCOUNT * | CHILD ADOPTION ASSISTANCE ACCOUNT * | BIKE ACCOUNT * | PET INSURANCE REIMBURSEMENT ACCOUNT * | | | VACCINATION REWARD ACCOUNT * | WELLNESS POINTS TRACKING ACCOUNT * | STUDENT LOAN PAYMENT ACCOUNT * | VOLUNTEER TRACKING ACCOUNT * | EMPLOYEE CRISIS FUND ACCOUNT* * | DISASTER RELIEF FUND ACCOUNT * | COBRA PREMIUM COLLECTION ACCOUNT * | SIDECAR EMERGENCY SAVINGS ACCOUNT * |
| EMPLOYER MEDICAL CREDIT ACCOUNT * | WELLNESS REIMBURSEMENT ARRANGEMENT * | INDIVIDUAL COVERAGE HRA (ICHRA) * | AGGREGATE FUNDED HRA (FHRA) * | FMLA HOURS TRACKING ACCOUNT * | TRAVEL & BUSINESS MEALS ACCOUNT * | BACK-UP CARE REIMBURSEMENT ACCOUNT * | PARKING ACCOUNT * | PET CARE REIMBURSEMENT ACCOUNT * | EMERGENCY LOAN ACCOUNT * | EMPLOYEE ACHIEVEMENT / AWARD ACCOUNT * | FITNESS TRACKING ACCOUNT * | STUDENT LOAN REIMBURSEMENT ACCOUNT * | VOLUNTEER PLEDGE TRACKING ACCOUNT * | EMPLOYER PHILANTHROPY FUND ACCOUNT * | SCHOLARSHIP FUND ACCOUNT * | FMLA PREMIUM COLLECTION ACCOUNT * | HOLIDAY CLUB ACCOUNT * | |
| EMERGENCY MEDICAL LOAN ACCOUNT * | GENDER AFFIRMATION REIMBURSEMENT ACCOUNT * | OPEN-ENDED HRA * | MICROBUSINESS HRA (AGRIPLAN/ BIZPLAN) * | HEALTHCARE PREMIUM TRACKING ACCOUNT * | PROFESSIONAL BUSINESS EXPENSE ACCOUNT * | DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT * | TRANSIT ACCOUNT * | LIFESTYLE REIMBURSEMENT ACCOUNT * | EMERGENCY EXPENSE REIMBURSEMENT ACCOUNT * | WELLNESS REWARDS ACCOUNT * | WELLNESS TRACKING ACCOUNT * | TUITION REIMBURSEMENT ACCOUNT * | VOLUNTEER HOURS (DOLLARS FOR DOERS) ACCOUNT * | GIVEBACK WORKPLACE GIVING ACCOUNT * | PARTIAL UNIVERSAL DEDUCTION GIVING ACCOUNT * | STATE CONTINUATION PREMIUM COLLECTION ACCOUNT * | GIVING SAVINGS ACCOUNT * | |
| HEALTHCARE | | | | | FRINGE BENEFITS | | | | | | WELLNESS | EDUCATION | GIVING (all 501c3) | | | PREMIUM COLLECTION | WEALTH | |

➤ Consumer Driven Accounts (CDA)

One card
One website
One mobile app



➤ BASIC Card

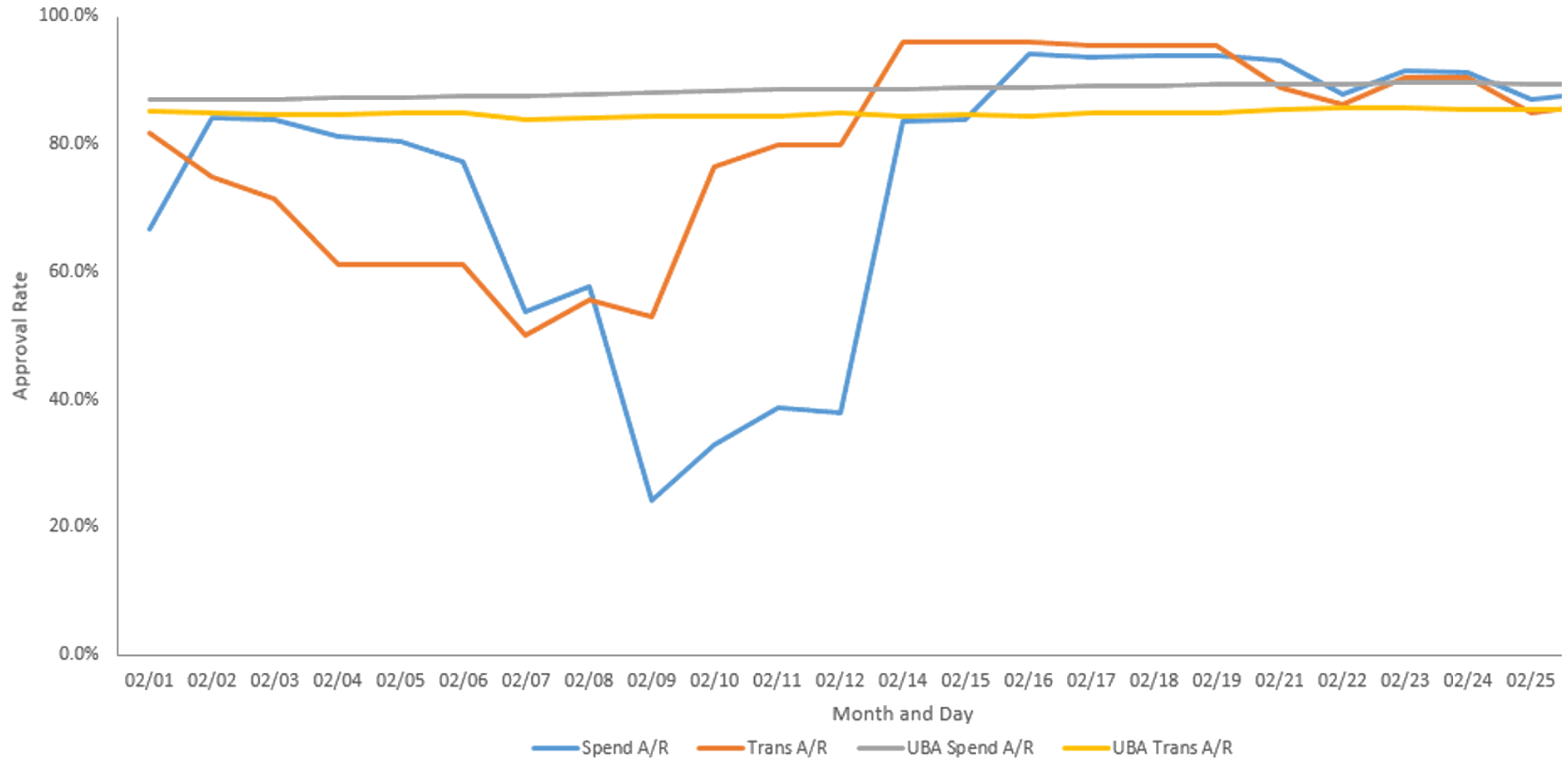
- Smart benefits card with access to all participant benefit accounts and MyCash
- Eliminates the need for reimbursement requests
- **Proprietary technology** instantly withdraws funds from the appropriate account(s)



➤ Story Time



➤ Education Matters



➤ MyCash

MyCash is an unrestricted post-tax reimbursement account linked to participants' BASIC Cards.

- Reimbursements deposited directly into participants' MyCash accounts – **faster than check or direct deposit!**
 - Pay for non-benefit eligible expenses from the MyCash account by using the BASIC Card anywhere Mastercard is accepted
 - Transfer MyCash funds to personal savings or checking account via one-time or recurring transfer



➤ Our New Service Model

- Customer care call center support designed to deliver **below industry average hold times** for all clients
- Our CDA system **empowers clients** to perform routine functions like enrolling or terminating employees from a benefit plan at any time
- **Support Requests** can be made directly in our CDA system, enabling clients to quickly request changes to their benefit plan, plus receive a tracking number and status updates



Before Q&A



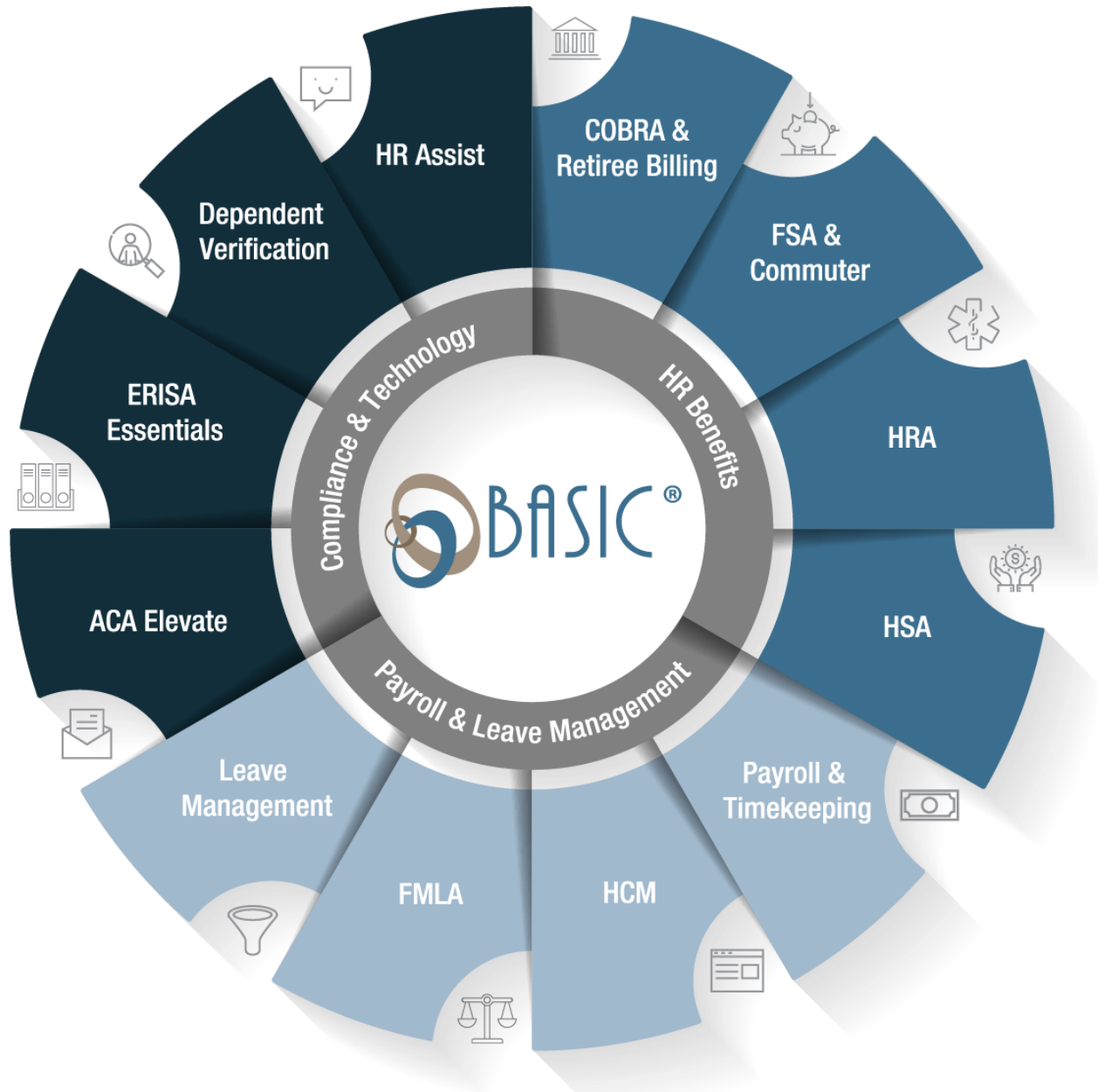
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