



➤ April 17, 2024

Decoding HSA Consumer Behavior and Maximizing Benefits with BASIC



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
- Devenir 2023 Year-End Report
- Trends in the Workforce
- How is the economy doing and how does it impact HSAs?
- 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- Monies can be contributed tax free, grow tax free and withdrawn tax free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
 - Individual HSAs
 - Group sponsored HSAs
- Both options are offered by TPAs and Health Plans

➤ 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

Devenir 2023 Year-End Report

➤ Devenir Report: 2023 Year End Findings

Four Key Trends for 2023

🔑 **Strong Asset Growth**

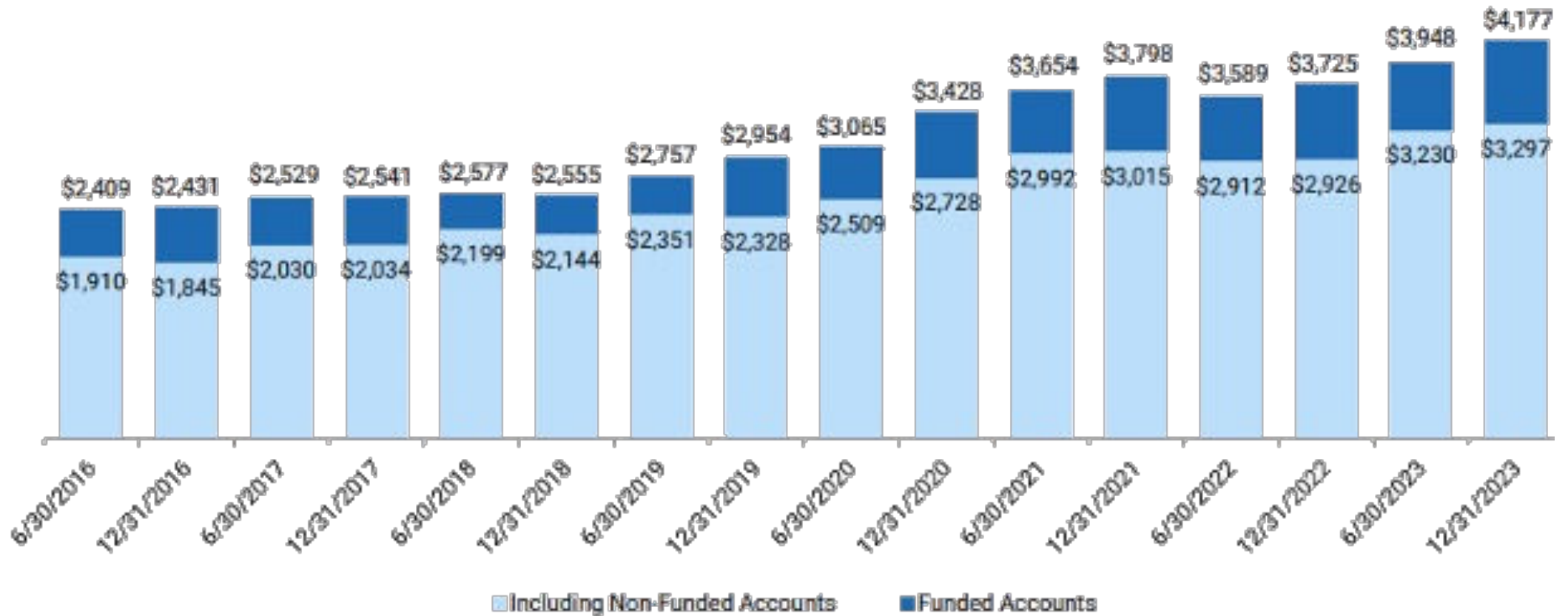
🔑 **Spending Increasing**

🔑 **Capital Markets Rebound**

🔑 **Number of Investors Slowing**

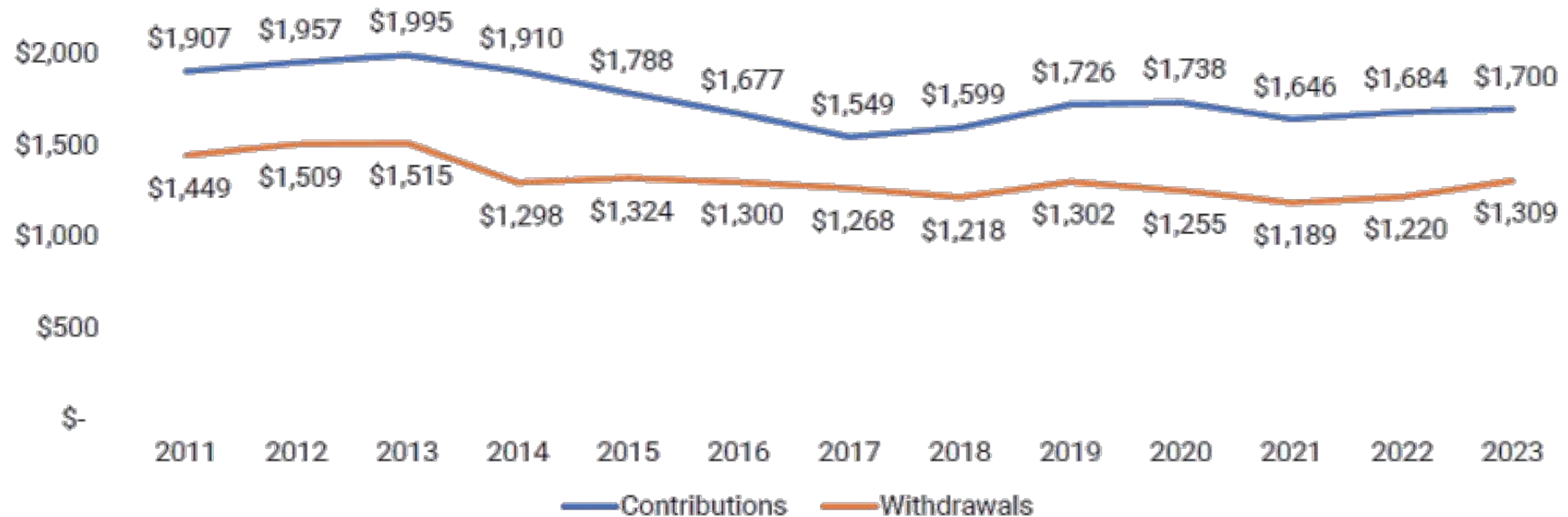
➤ Devenir Report: Strong Asset Growth

Average Account Balance



➤ Devenir Report: Spending Increasing

Yearly Contributions & Withdrawals Per Funded Account



A funded account is defined as an account with a balance greater than \$0 as of 12/31/2023

➤ Devenir Report: Capital Markets Rebound

Dow Jones Industrial



➤ Devenir Report: Investors Slow



Investor Community

2.9 Million HSA account holders have a portion of their contributions in investments



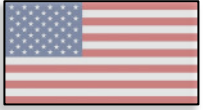
Growth Slows

While growth continues, it has slowed significantly in the last year with 8% of all HSA account holders investing

Trends in the Workplace



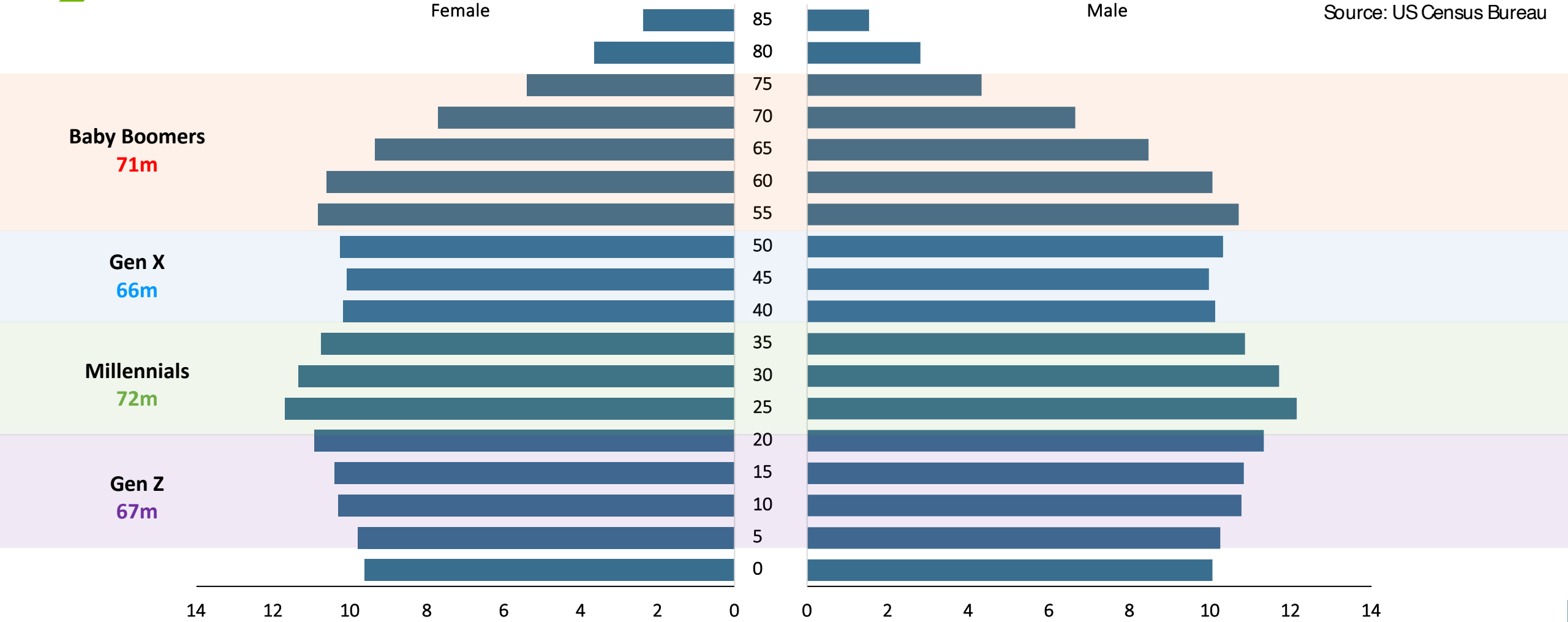
FOCUS: Attract & Retain



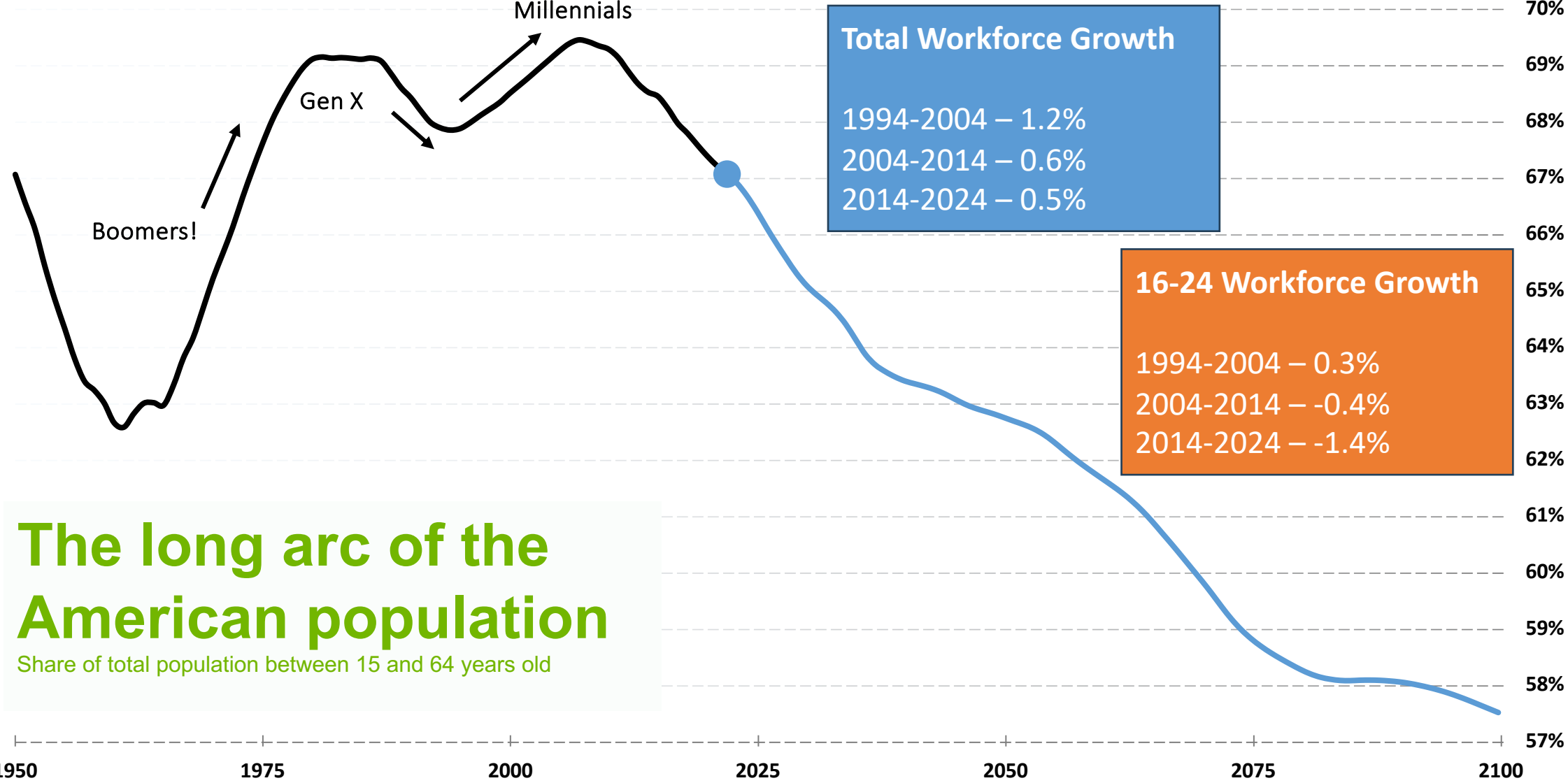
Demographic Transition

Population by Age and Gender, United States of America (in Millions)

Source: US Census Bureau



Source: UN Population Division



The long arc of the American population

Share of total population between 15 and 64 years old

What's with all these layoffs?

Google

Meta

Apple

amazon



➤ The Labor Market as a “Crumple Zone”

- Excess openings created by demographics
- High labor demand absorbs layoffs
- Low unemployment holds up housing
- Overall Impression: Eating into Slack

- 🔑 **The labor market is and will remain tight**
- 🔑 **The cost of hiring remains high**
- 🔑 **Retention will rise in strategic importance**



Summary Findings

How is the economy doing and how does it impact HSAs?

A Few Headlines From 2023

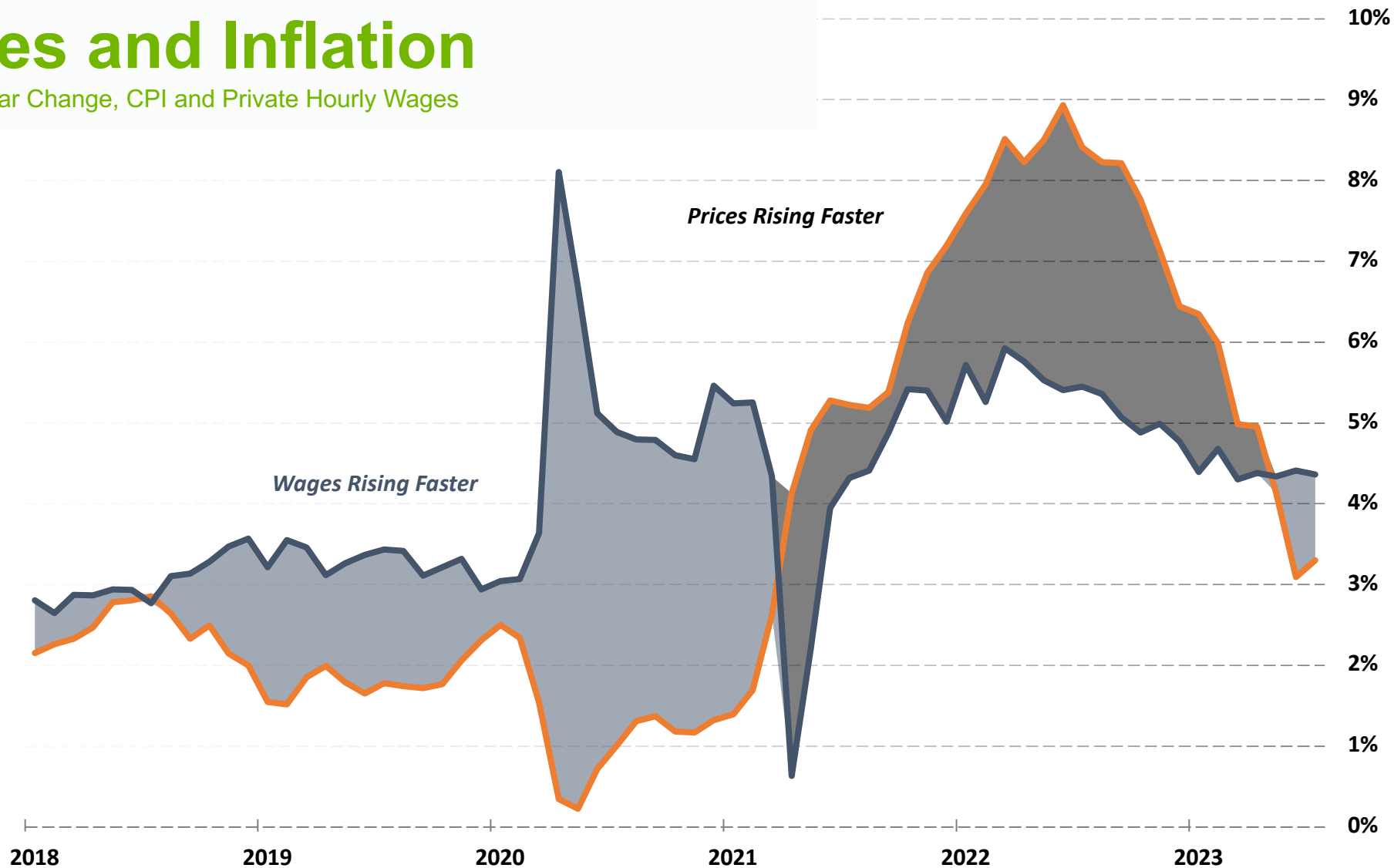
A Very Bearish Season

- “Silicon Valley Bank failure raises fear of broader financial contagion” (*Washington Post*, March 10)
- “‘Already past the point of no return’: JPMorgan says the U.S. is probably headed for a recession” (*Fortune*, March 21)
- “Layoffs are up nearly fivefold so far this year with tech companies leading the way” (*CNBC*, April 6)
- “The banking crisis will tilt US into recession, say Fed economists” (*CNN*, April)

Source: US Bureau of Labor Statistics

Wages and Inflation

Year over Year Change, CPI and Private Hourly Wages



Stimulus and Savings

Net Private Savings, in Trillions

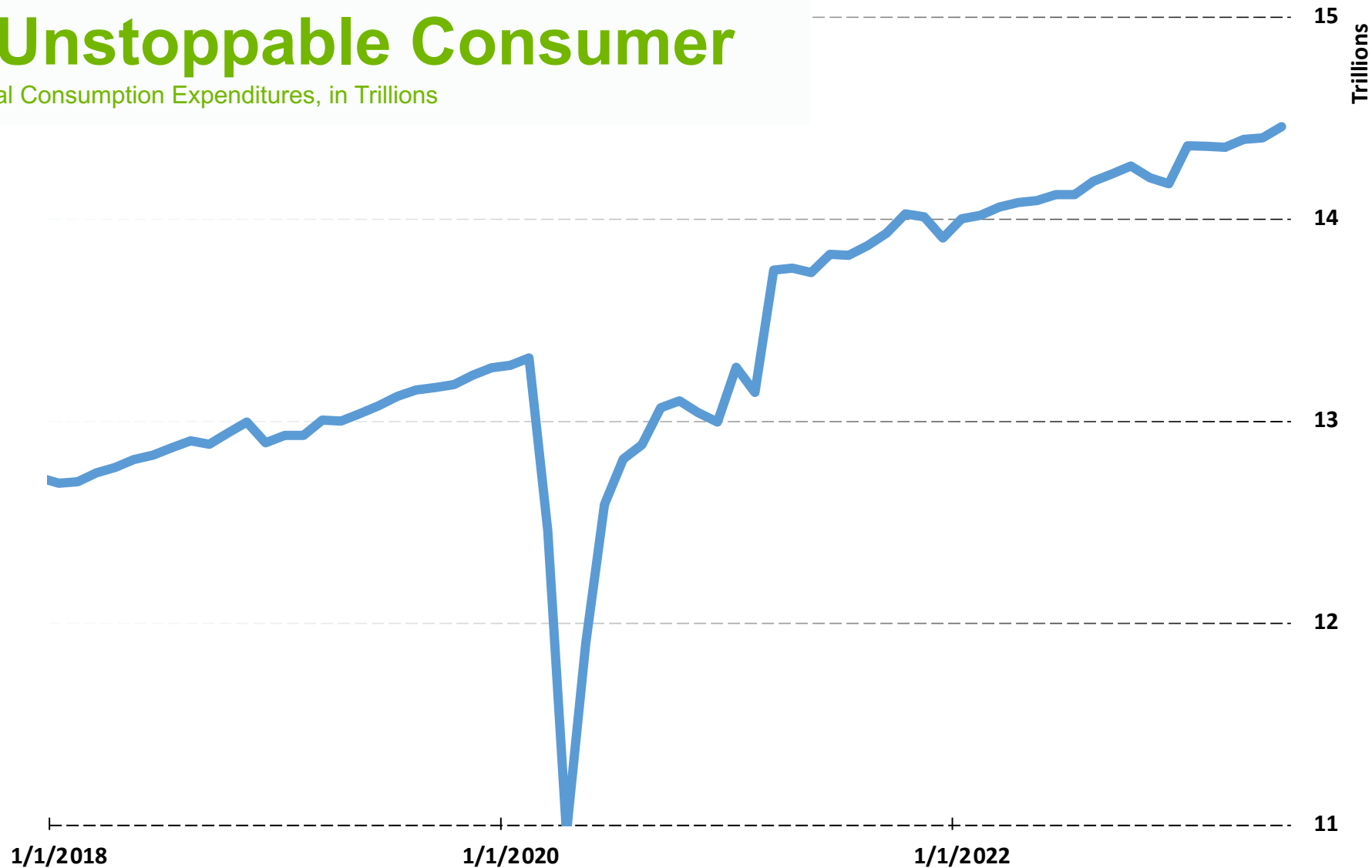
Source: US Bureau of Economic Analysis



The Unstoppable Consumer

Real Personal Consumption Expenditures, in Trillions

Source: US Bureau of Economic Analysis



Consumer Behavior Summary

1. Despite increased cost of goods and services, consumer continue to spend on a consistent increasing trend
2. According to a recent primary research project targeting HSA account holders, consumers are looking for ways to save more money
3. Forbes reported in their 2023 employee benefits survey that fringe benefits make up 3 of the top 5 most requested offerings

What's the future of HSAs?

➤ Looking Forward: More Growth



“

HSA Growth Continues

HSA providers project HSA industry asset growth of 14% in 2024, while anticipating their own business will grow by 23% during the same period.

”

The infographic features a purple background with a stylized illustration of a person in a blue hoodie sitting at a desk, working on a laptop. The desk has a monitor, a keyboard, and a mouse. A speech bubble with the word 'ella' is next to the person. The background is decorated with various icons: a starburst, a thumbs up, a heart, and a speech bubble. The text is enclosed in a white and blue outlined box.

Source: Devenir

➤ Looking Forward: Split Decision

Market Declines



Market Gains



Source: TradingView

BASIC's Solution

➤ CDA System Flexibility

- The BASIC CDA system is a new, purpose built, financial account administration system
- Unlike traditional platforms CDA manages any benefit account design AND benefit continuation programs such as COBRA or Retiree Billing on a truly unified, single platform



➤ 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	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	

➤ 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



Before Q&A



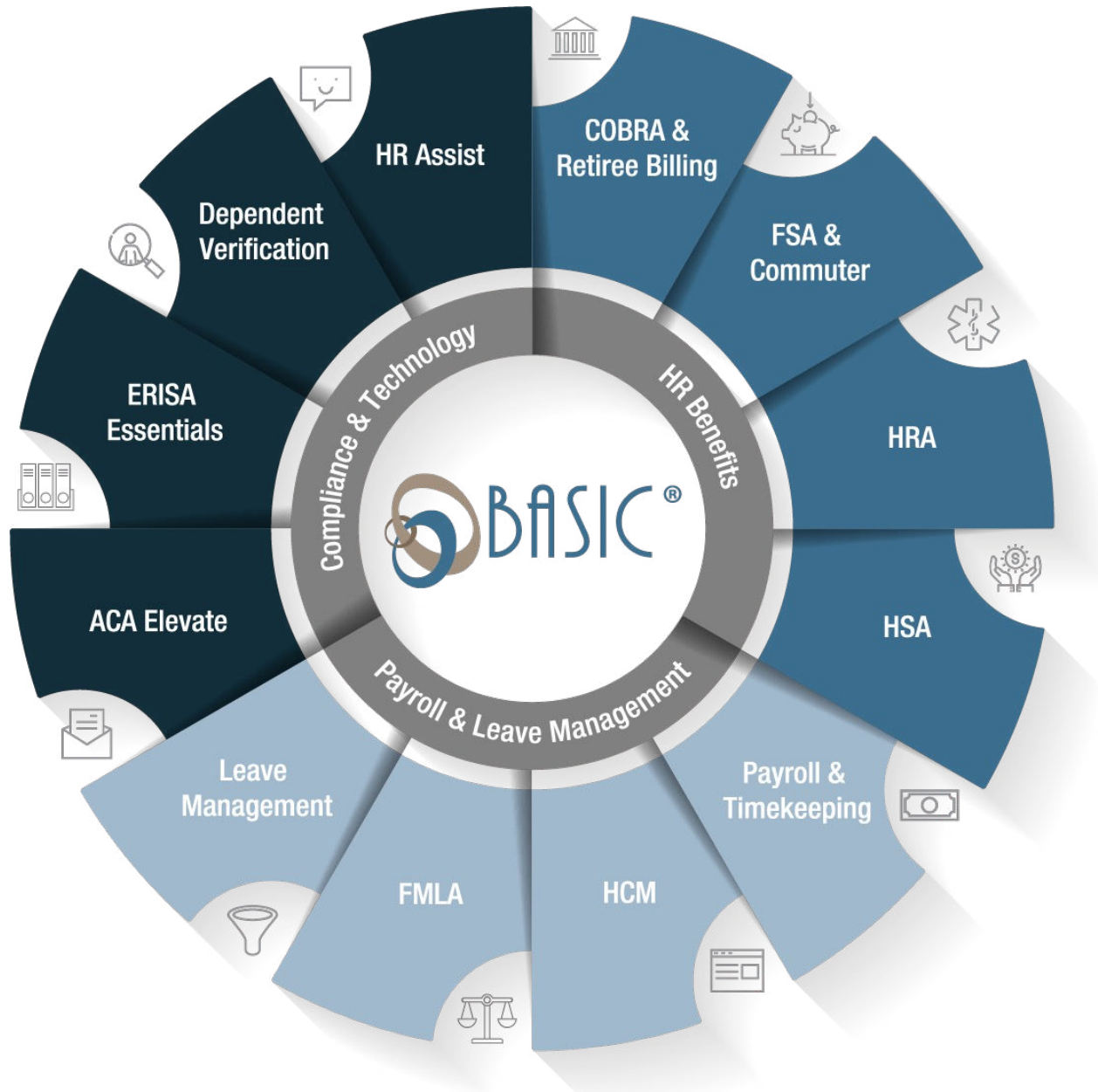
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