# HealthEquity Overview

## State of Idaho

November 2011

# Introducing HealthEquity

- **Beyond a TPA: Licensed and audited by the IRS**
  - Regulated by FDIC and US Treasury
  - Over 18,000 employers; over 450,000 health accounts
    - Over 30,000 Reimbursement Accts (HRA/FSAs)
  - ~$650M in HSA deposits
  - Software platform built to administer health accounts

- **Experience**
  - Founded in 2002, based in Salt Lake City, UT
  - Fastest growing health account administrator in the country
  - 50+ health plan partners
  - Large employers include: University of Idaho, Idaho Power, State of Utah, State of Washington, American Express, General Dynamics, Google, Dow Corning, Lincoln Financial, Tyco, PricewaterhouseCoopers
  - Proven scalability – 75% + year-over-year growth without missing Service Level Agreements
  - Helped design and currently provide HSAs and financial services for Utah Health Exchange

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# A New Model Health Plan

HSA

Health Plan

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# What is an HSA?

- "Triple-Tax Advantaged" savings account used for medical expenses and saving for retirement—*Think of a medical 401(k) on tax-advantaged steroids.*
- HSAs enable consumers to research lower cost alternatives and become empowered consumers of health care.
- HSAs may be used as a tax-free investment vehicle for you to invest and grow retirement savings—**There is NO lose it or use it provision with an HSA!**
- To be eligible to make contributions to an HSA you must be covered under an Qualified High Deductible Health Plan.

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Fears and Facts About HSAs

- Fear: “I can’t save enough money to pay for a very big healthcare event.”
- *Fact: You don’t have to.  Most employers offer a great medical plan that kicks in to help pay for higher cost medical events after you reach your deductible.*

- Fear: “I hate the use-it or lose-it part of an HSA.”
- *Fact: HSAs accumulate and grow year after year--they are owned by you and are portable so you can take it with you!”*

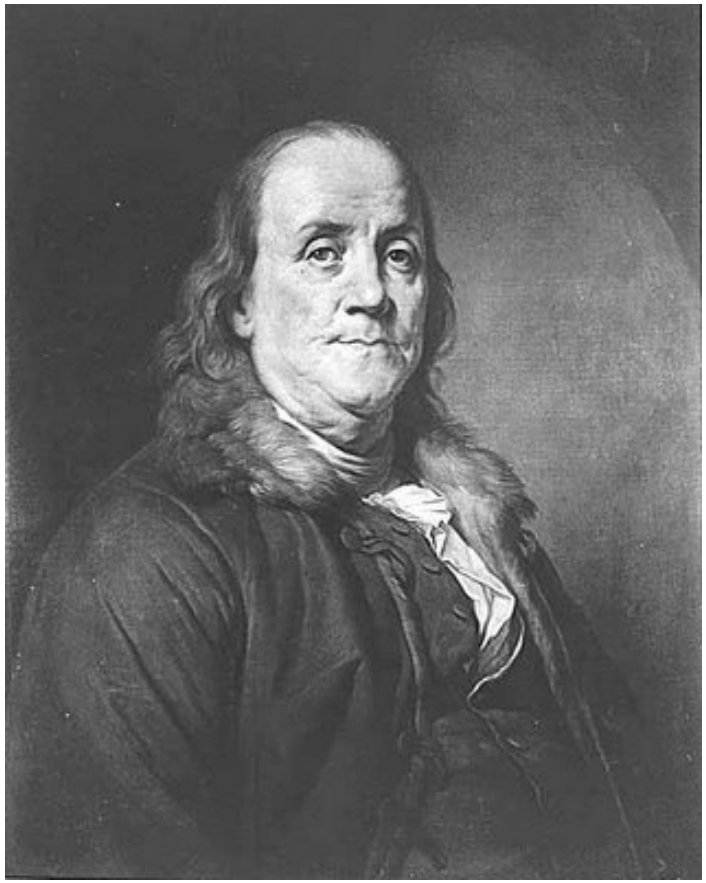
- Fear: HSAs may lead me to not get preventative and other necessary care.
- *Fact: Most employers’ plans provides free preventative care and premium savings you can put into your HSA to help pay for necessary care, tax-free.*

- Fear: “If I am healthy and don’t use healthcare, an HSA is not for me.”
- *Fact: Any dollars in an HSA can be invested, used for retirement like other retirement accounts, and passed on to heirs.*

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Growing “Health Equity”



***Good:***

***“A penny saved is a penny earned.”***

***“An ounce of prevention is worth a pound of cure.”***

***--Benjamin Franklin***

***Bad:***

***“Every ER patient deserves a CT Scan.”***

***“Never let a little skin get between you and the diagnosis.”***

***“A chance to cut is a chance to cure.”***

***--Anonymous***

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc. Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Building Health Savings

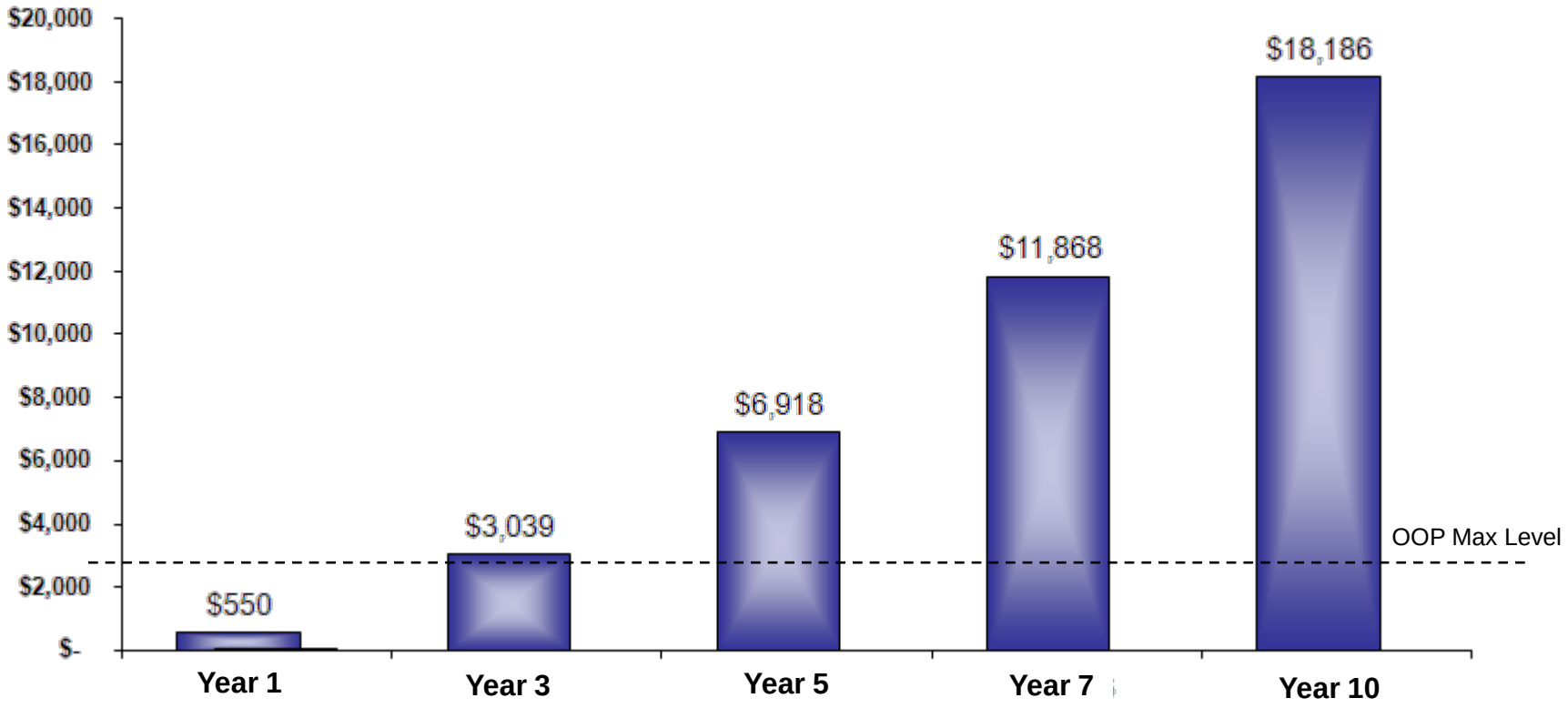
- Make tax-advantaged contributions
  - Contribute up to $3,050 as an individual or $6,150 as a family in 2011 ($3,100/$6,250 for 2012)
  - Annual catch-up contribution up to $1,000, if 55 or older
- Save $ on your premiums by moving to an HSA plan
  - Put these premium savings into your HSA
- Be thoughtful about the way you spend your healthcare dollars
  - Generics over Name Brands
  - Urgent or Primary Care over Emergent Care

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc. Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Save Money Over Time

The money saved can be rolled over each year and invested, allowing the HSA to grow

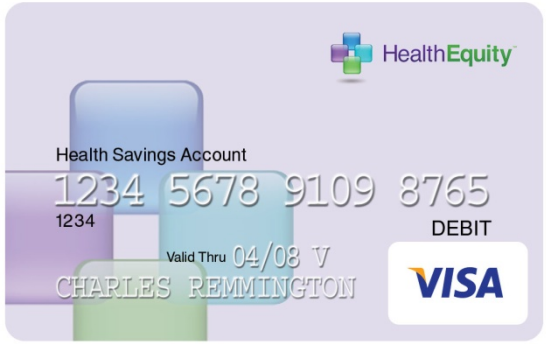



Over time, you could have more in your HSA than your out-of-pocket (OOP) maximum level leaving you with no additional exposure

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Going to The Doctor

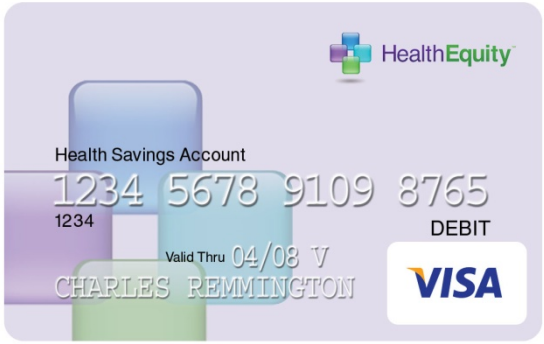



- Go to the doctor → No co-pays
- Doctor sends insurance company the bill → Insurance carrier adjusts price based on discounts
- Provider sends bill to employee → Employee pays the provider with HSA card or via online bill pay

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc. Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Filling Prescriptions




- Go to pharmacy → Show medical ID card
- Pharmacy applies discount immediately → Pay with HealthEquity card
- Pharmacy sends claim to insurance company → Insurance company applies amount to your deductible – no paperwork needed.

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc. Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Sample Qualified Medical Expenses

- Acupuncture
- Alcoholism or drug addition treatment
- Ambulance services
- Artificial limbs
- Artificial teeth
- Birth control pills and other prescription contraceptives
- Breast reconstruction surgery
- Chiropractor
- Contact lenses
- Dental treatment
- Diagnostic devices
- Eye surgery
- Eyeglasses
- Fertility enhancement
- Hearing aids
- Long-term care
- Nursing home and/or services
- Optometrist
- Oxygen
- Prescription medications
- Psychoanalysis
- Smoking cessation programs
- Sterilization (reproductive)
- Therapy prescribed as treatment
- Transplants (cost of donor)
- Weight loss program (if prescribed by a doctor)
- Wheelchair
- Wig (if prescribed by a doctor)

- For a comprehensive listing of qualified and non-qualified medical expenses see IRS Publication 502

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Sample Non-Qualified Medical Expenses

- Babysitting, childcare, and nursing services for a normal, healthy baby
- Controlled substances in violation of federal law
- Elective cosmetic surgery
- Dancing lessons
- Diaper services, unless needed to relieve the effects of a particular disease
- Electrolysis or hair removal
- Funeral expenses
- Hair transplant
- Health club dues
- Illegal operations and treatments
- Liposuction
- Maternity clothes
- Medicine imported from another country
- Nutritional supplements unless prescribed for a medically diagnosed condition
- Personal use items unless specifically included
- Swimming lessons
- Teeth whitening
- Veterinary fees, except for guide or assistance animals
- Weight-loss program
- **Effective January 1, 2011, over-the-counter medications will not be a qualified medical expense unless you have a doctor's prescription**

- For a comprehensive listing of qualified and non-qualified medical expenses see IRS Publication 502

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc. Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

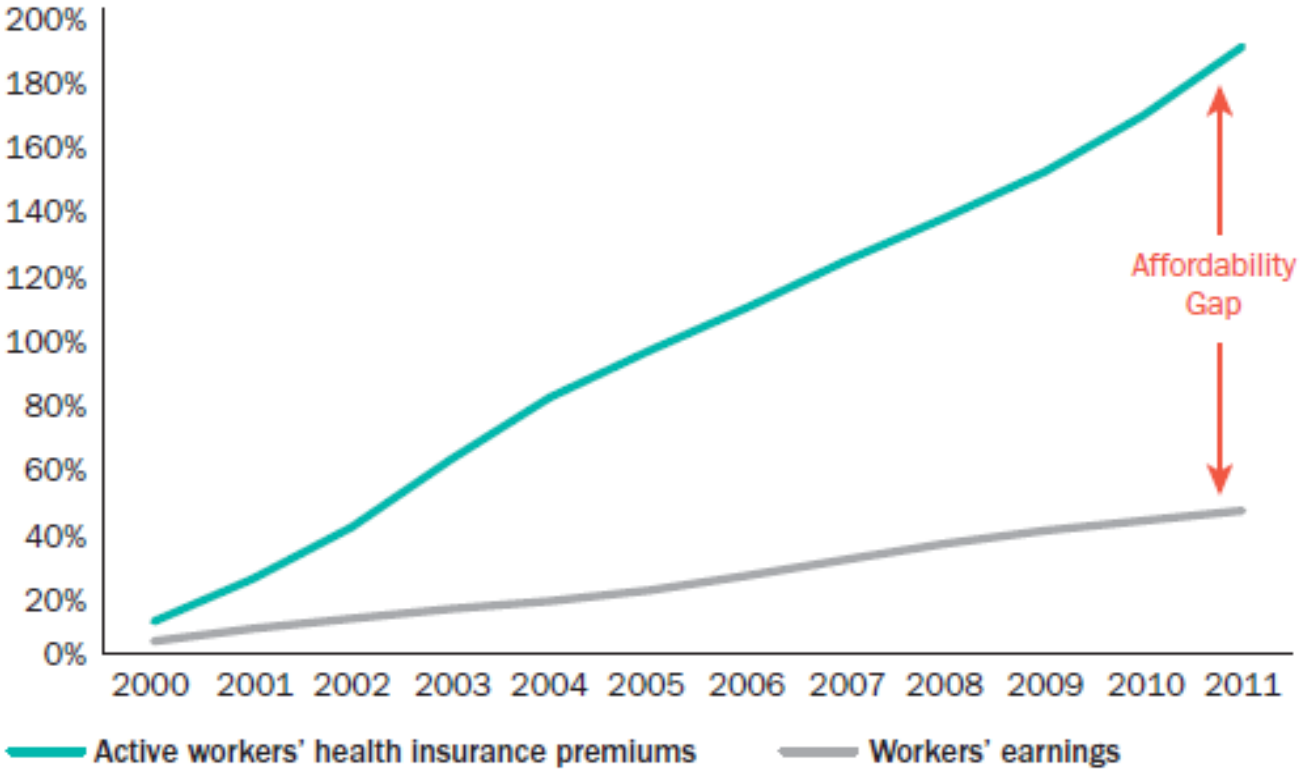
# Healthcare Reform & HSAs/FSAs

- **HSAs largely unaffected by Reform; beginning 2011:**
  - 10% excise tax increased to 20% for non-qualified distributions
  - Can't use for OTC drugs (Rx or insulin ok) beginning 2011
- **FSAs affected more**
  - Contributions capped at $2,500/year + inflation beginning 2013
  - Can't for OTC drugs (Rx or insulin ok) beginning 2011
- **Preventative care**
  - Now required to be free
- **Cadillac Tax; beginning 2018**
  - HSA, HRA, and FSA contributions included in calculation
- **60% minimum actuarial value compared to "zero-cost sharing" plan**
  - Appears that account contributions will be included in calculation
- **Minimal Essential Coverage (MEC); beginning 2014**
  - Most popular HSA qualified plans will meet requirements

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Lack of Affordability of Health Benefits

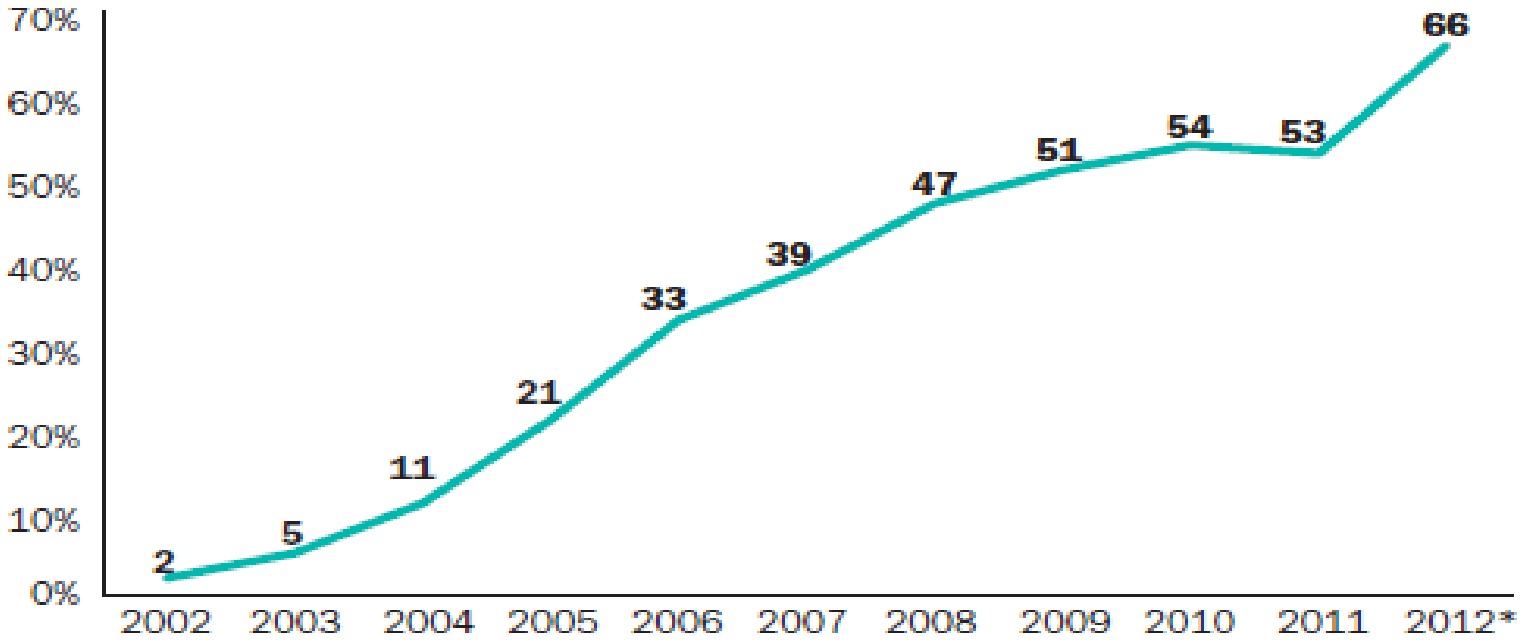



**2011**
**16th Annual Towers Watson/National Business Group on Health Employer Survey on Purchasing Value in Health Care**

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc. Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Percentage of Large Employers Offering Account Based Health Plans (HSAs)



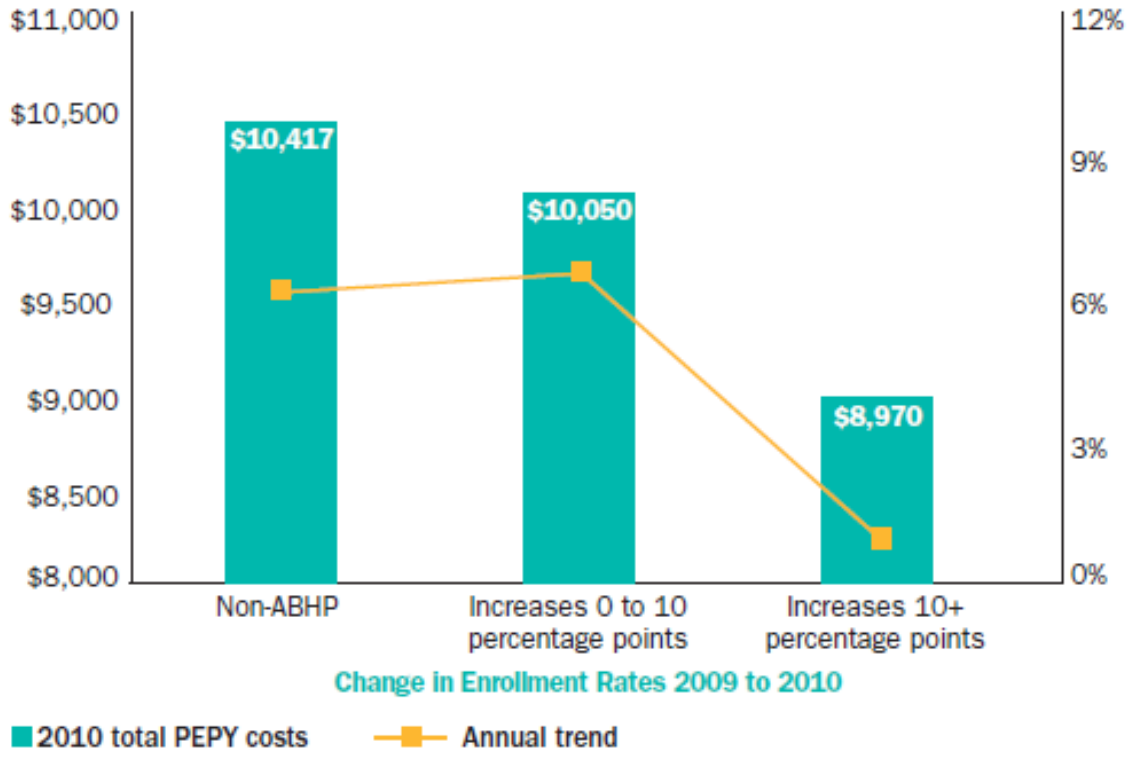

*Planned for 2012

2011
16th Annual Towers Watson/National Business Group on Health Employer Survey on Purchasing Value in Health Care

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc. Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Higher Enrollment in ABHPs Equals Lower Costs and Trends



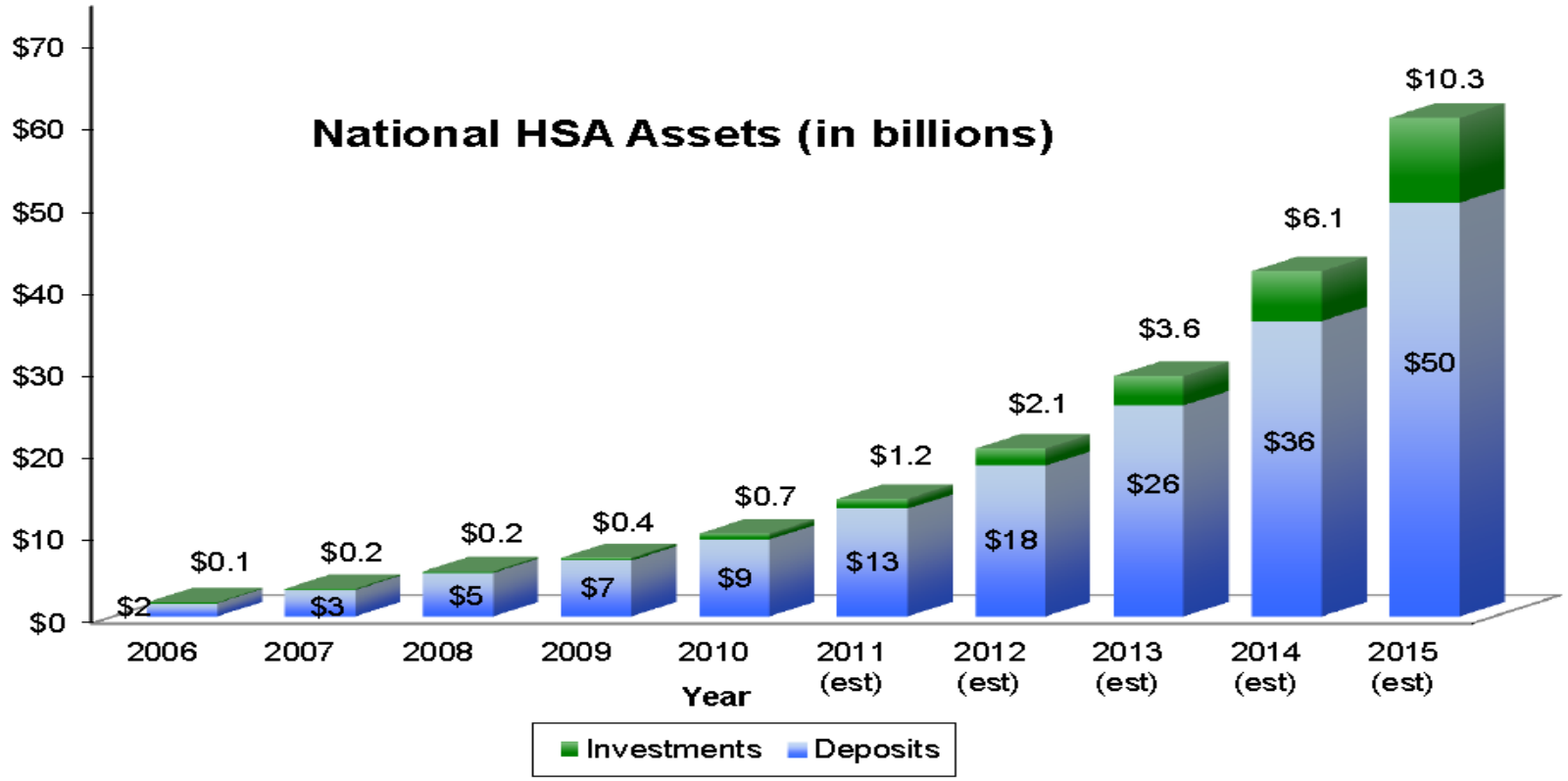

**2011**

**16th Annual Towers Watson/National Business Group on Health Employer Survey on Purchasing Value in Health Care**

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc. Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# HSA Asset Growth




2010 Devenir Health Savings Account Survey Report

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Evidence that HSAs Reduce Costs

| Reduces | Increases |
|---|---|
| Overall utilization: 5-12% | Preventative benefits: 5-20% |
| Inpatient hospital visits: 10-15% | Immunizations: 8-12% |
| Outpatient hospital visits: 10-15% | Physical exams: 5-15% |
| ER visits: 10-15% | Online tool usage: 10-30% |
| PCP office visits: 5-10% | Generic Rx usage: 10-15% |

Consumer Driven Healthcare: Myths vs. Reality, ERIC 2008 Health Policy Conference , June 11, 2008
C. William Sharon, CEBS National Practice Leader AON Consulting
Sources: Aetna, CIGNA, and United Healthcare

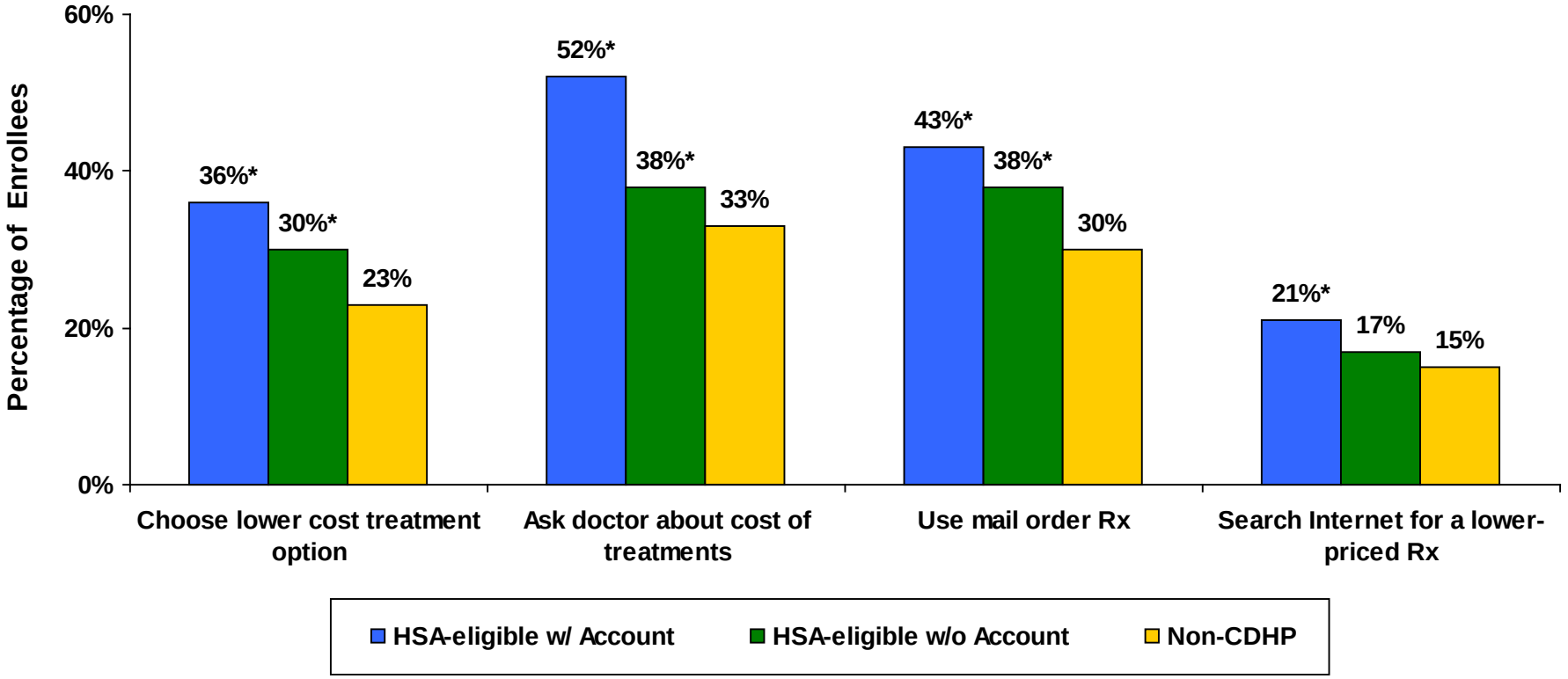
Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Engaged Consumers Behave Differently

## HSA-eligible consumers more cost-conscious and cost-driven

Behaviors Change with an HSA versus Traditional Plans




* Statistically different from non-CDHP without Account results at a 95% confidence level

**Sources: 2008 BCBSA CDHP Member Experience Survey**

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# HealthEquity Case Studies

- University of Idaho: 90% adoption of HSAs over 3 years. Lower medical cost trends, 22% of employees have over $5,000 HSA balance
- Idaho Power: 30% adoption. Average account HSA balance >$4,000, 25% are investing their HSA dollars in mutual funds
- American Express: 100% adoption of HSAs over 3 years. Presented at Conference Board Meetings in April 2011 that "three year trend was less than 1% and that 5 year expected cost savings is ~$100M"
- Dow Corning: Presented case study with HealthEquity. 74% adoption over 4 years. Last year trend for HSA population was 0% while trend for non-CDH population was 11%
- Franklin Covey: Decrease annual premium cost trend from 18% to 1.7% over three years
- Bloomington Public Schools: $5.8M in health cost savings over three years

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Tools For Managing Your HSA

## Member Website Demonstration

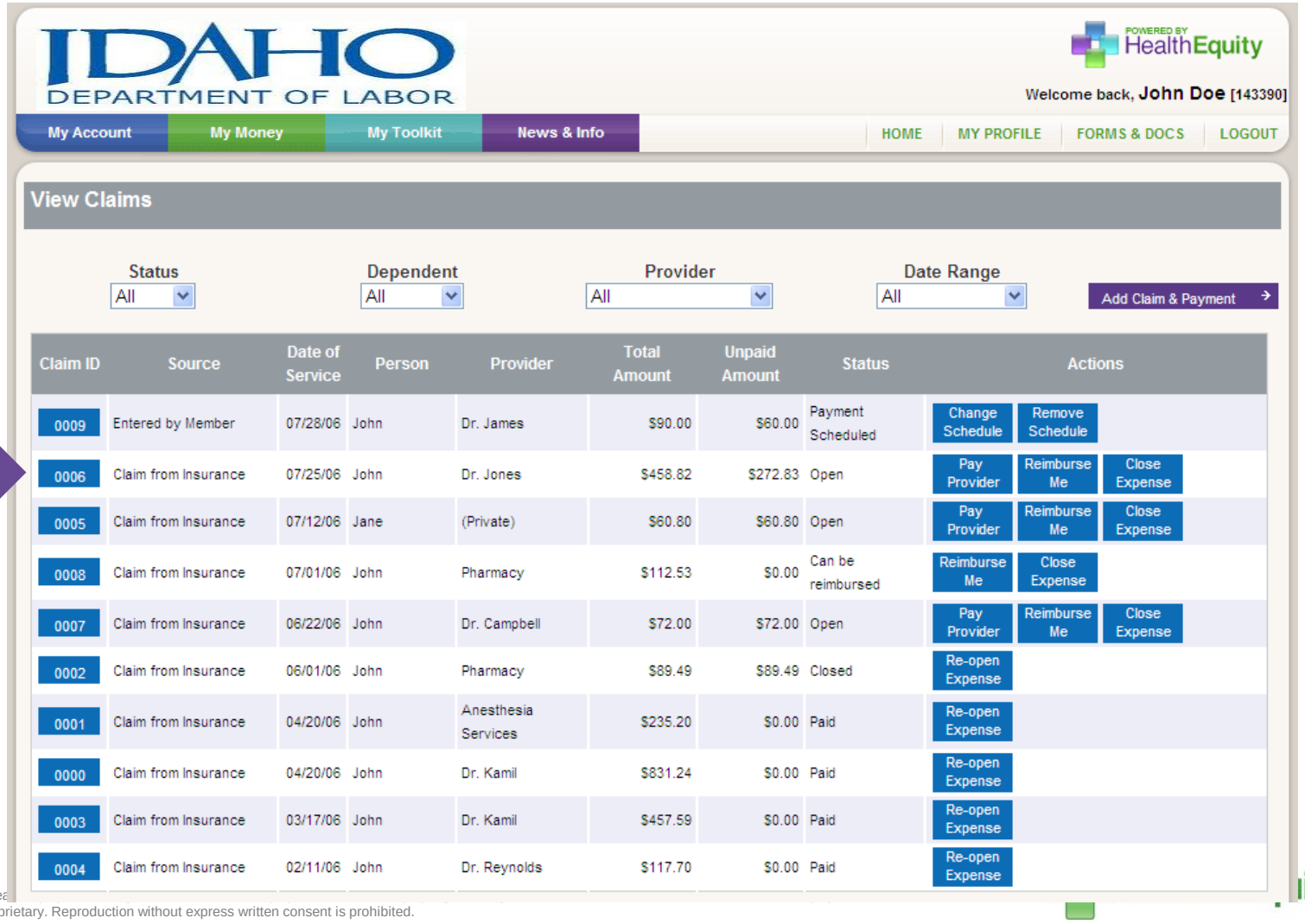
Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Tools For Managing HSAs

Copyright
Confidential and proprietary. Reproduction without express written consent is prohibited.

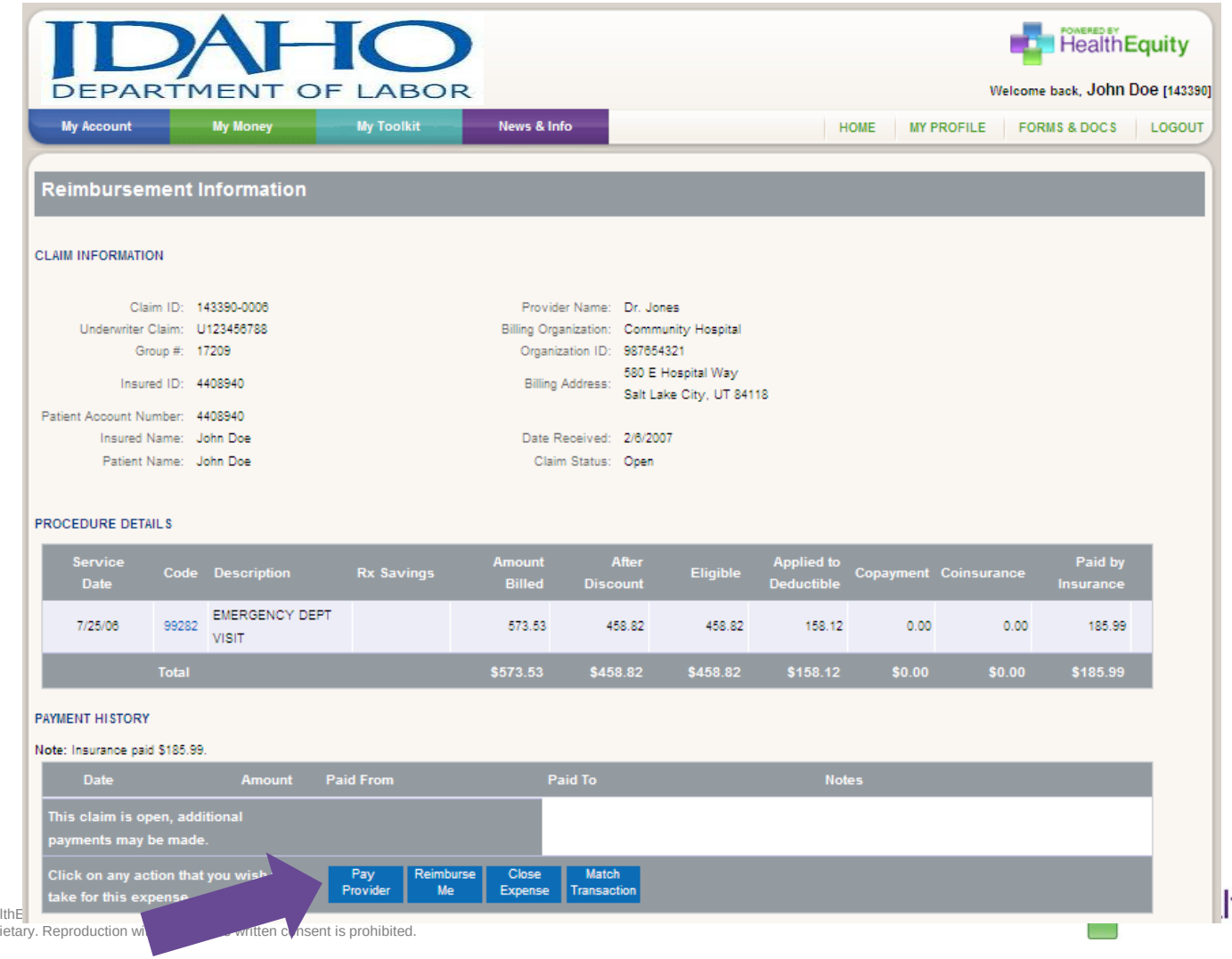
# Claims Integration




| Claim ID | Source | Date of Service | Person | Provider | Total Amount | Unpaid Amount | Status | Actions |
|---|---|---|---|---|---|---|---|---|
| 0009 | Entered by Member | 07/28/06 | John | Dr. James | $90.00 | $60.00 | Payment Scheduled | Change Schedule, Remove Schedule |
| 0006 | Claim from Insurance | 07/25/06 | John | Dr. Jones | $458.82 | $272.83 | Open | Pay Provider, Reimburse Me, Close Expense |
| 0005 | Claim from Insurance | 07/12/06 | Jane | (Private) | $60.80 | $60.80 | Open | Pay Provider, Reimburse Me, Close Expense |
| 0008 | Claim from Insurance | 07/01/06 | John | Pharmacy | $112.53 | $0.00 | Can be reimbursed | Reimburse Me, Close Expense |
| 0007 | Claim from Insurance | 06/22/06 | John | Dr. Campbell | $72.00 | $72.00 | Open | Pay Provider, Reimburse Me, Close Expense |
| 0002 | Claim from Insurance | 06/01/06 | John | Pharmacy | $89.49 | $89.49 | Closed | Re-open Expense |
| 0001 | Claim from Insurance | 04/20/06 | John | Anesthesia Services | $235.20 | $0.00 | Paid | Re-open Expense |
| 0000 | Claim from Insurance | 04/20/06 | John | Dr. Kamil | $831.24 | $0.00 | Paid | Re-open Expense |
| 0003 | Claim from Insurance | 03/17/06 | John | Dr. Kamil | $457.59 | $0.00 | Paid | Re-open Expense |
| 0004 | Claim from Insurance | 02/11/06 | John | Dr. Reynolds | $117.70 | $0.00 | Paid | Re-open Expense |

Copyright © 2011 Hea
Confidential and proprietary. Reproduction without express written consent is prohibited.

# Claim Details




Copyright © 2011 HealthE
Confidential and proprietary. Reproduction w written consent is prohibited.

lthEquity

# Payment Information

Copyright © 2011 Heal
Confidential and propri

quity

# *At-Risk* Consumer

## Suzanne's Story

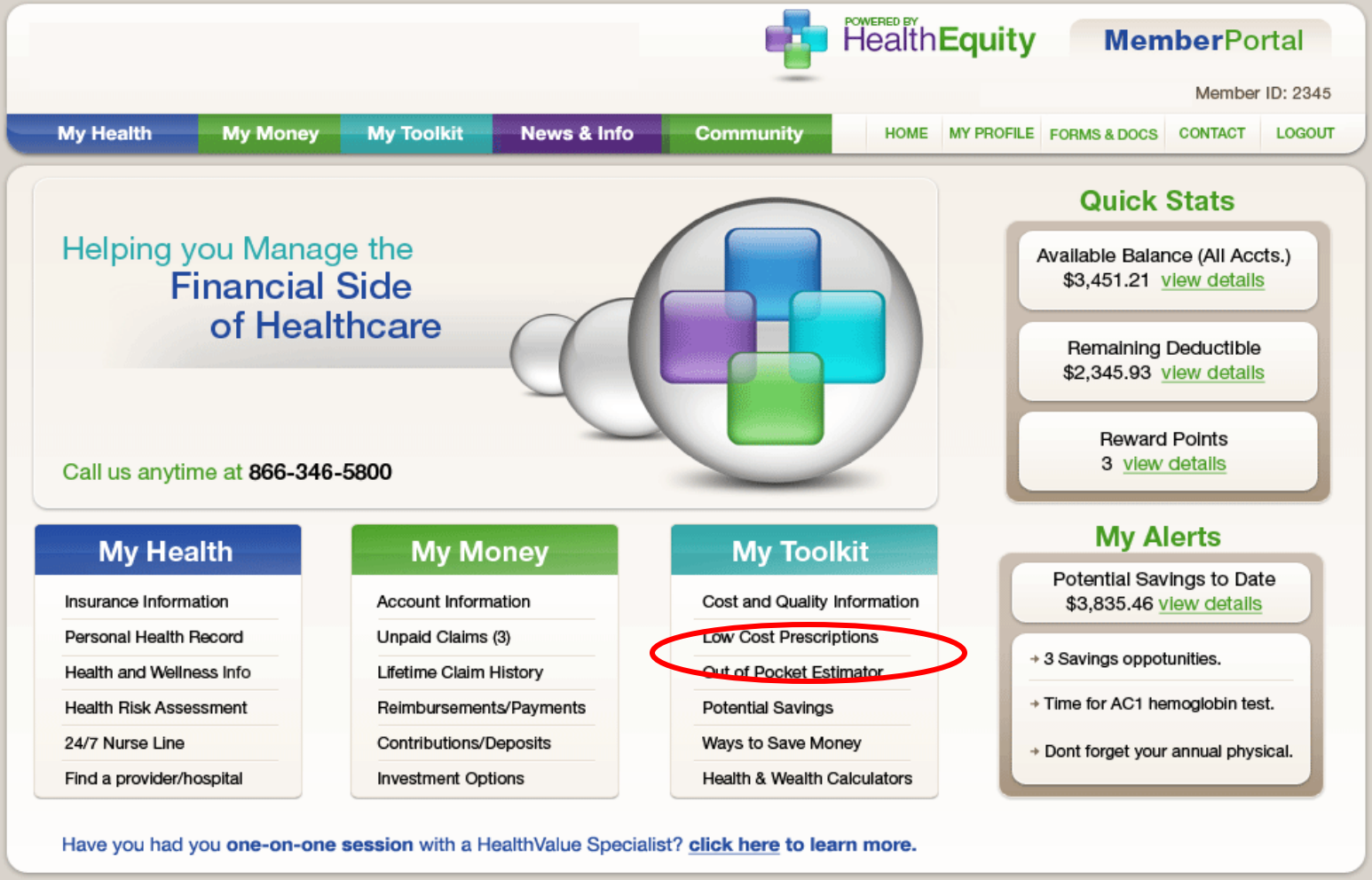
Suzanne was expecting her third child and was experiencing severe nausea. Her doctor prescribed her a name brand medication.

She went to the Pharmacy and the medication was priced at:
***Over $1,300 for a 30 day supply.***

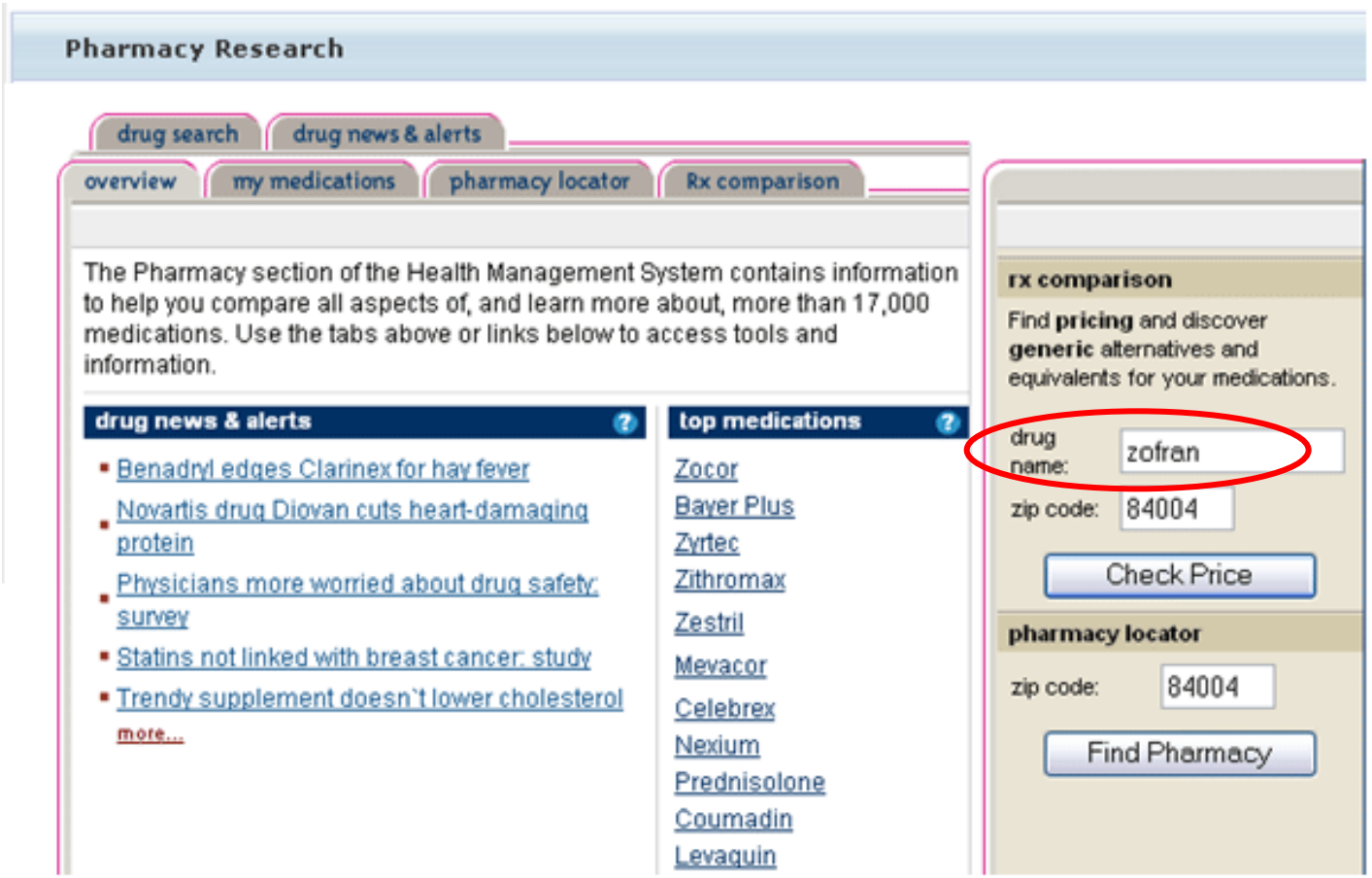
Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Healthcare Consumerism Home Page



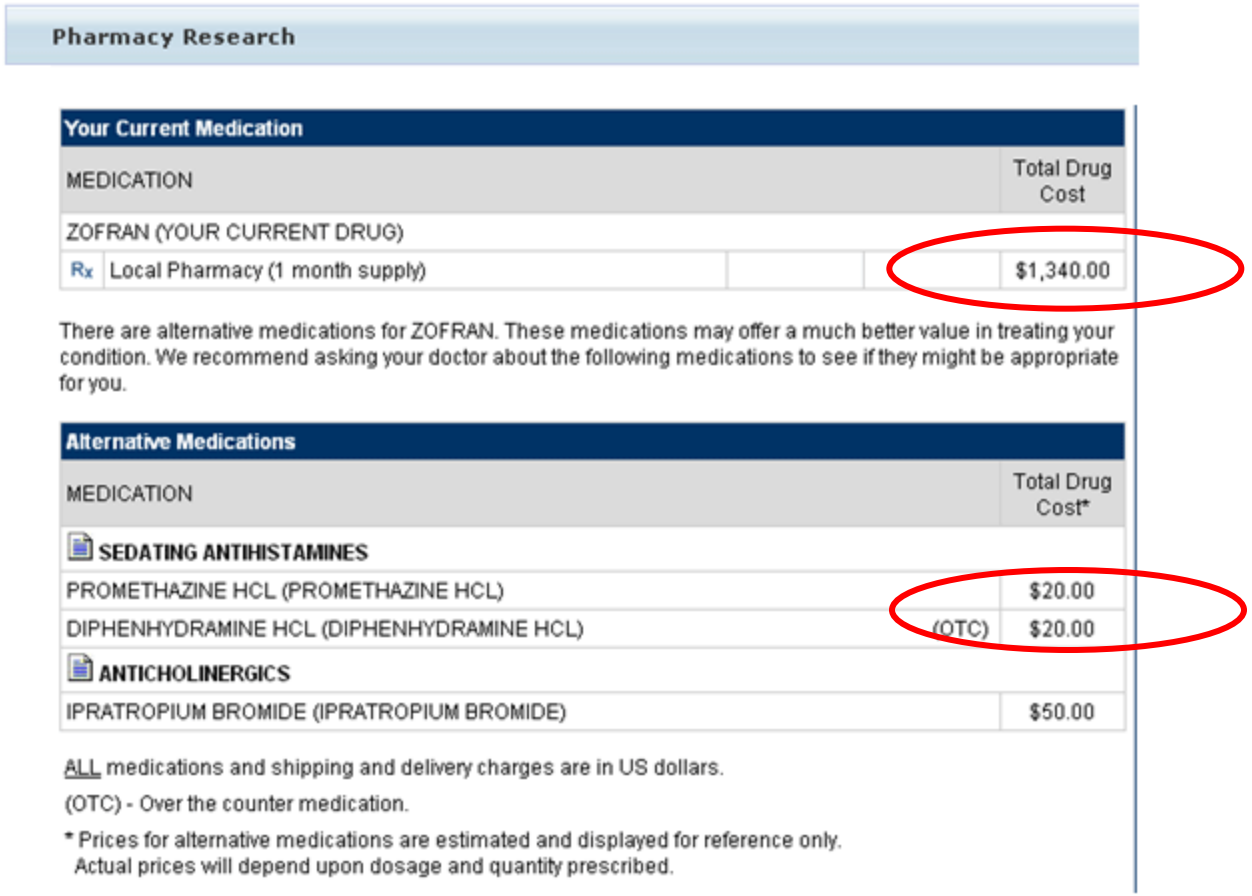
# *Empowered* Consumer




Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# *Empowered* Consumer



Pharmacy Research

**Your Current Medication**

| MEDICATION | Total Drug Cost |
|---|---|
| ZOFRAN (YOUR CURRENT DRUG) | |
| Rx Local Pharmacy (1 month supply) | $1,340.00 |

There are alternative medications for ZOFRAN. These medications may offer a much better value in treating your condition. We recommend asking your doctor about the following medications to see if they might be appropriate for you.

**Alternative Medications**

| MEDICATION | | Total Drug Cost* |
|---|---|---|
| **SEDATING ANTIHISTAMINES** | | |
| PROMETHAZINE HCL (PROMETHAZINE HCL) | | $20.00 |
| DIPHENHYDRAMINE HCL (DIPHENHYDRAMINE HCL) | (OTC) | $20.00 |
| **ANTICHOLINERGICS** | | |
| IPRATROPIUM BROMIDE (IPRATROPIUM BROMIDE) | | $50.00 |

ALL medications and shipping and delivery charges are in US dollars.

(OTC) - Over the counter medication.

* Prices for alternative medications are estimated and displayed for reference only. Actual prices will depend upon dosage and quantity prescribed.

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc.
Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

# Success!

Suzanne’s Result

After explaining her situation and the alternatives she found, her ***doctor gave her a new prescription for a generic Rx that cost her $6.50*** for a 30 day supply.

Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc. Confidential and proprietary. Reproduction without express written consent is prohibited.

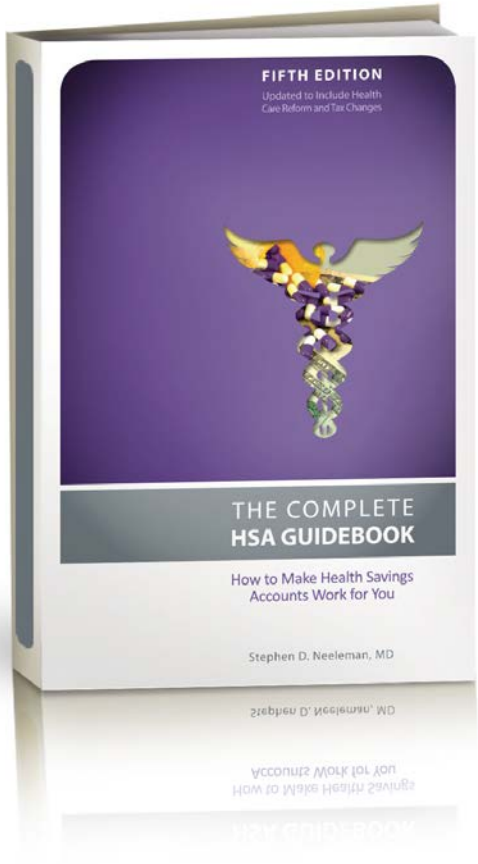
HealthEquity

# Get HSA Smart with HealthEquity

Download a free copy of
*The Complete HSA Guidebook*

www.hsaguidebook.com

Promotional Code:
HSASmart2011




Copyright © 2011 HealthEquity, Inc. All rights reserved. HealthEquity and the HealthEquity logo are registered trademarks and service marks of HealthEquity, Inc. Confidential and proprietary. Reproduction without express written consent is prohibited.

HealthEquity

Sales Support
David Sicotte
801.727.1204
dsicotte@healthequity.com

RFP Support
Erin Packham
801.727.1238
epackham@healthequity.com

HealthEquity CEO
Steve Neeleman, MD
801.727.1012
sneeleman@healthequity.com

# Contact Us

www.healthequity.com