Employees, Employers Are Slow to Start Using HSAs

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WASHINGTON — Although health savings accounts and other forms of tax-deferred, consumer-driven health care financial instruments have enjoyed the fancy of policy makers, employers and employees have been reticent about embracing them.

As of June 2007, between 8 million and 9 million Americans were enrolled in a health savings account (HSA) or other tax-deferred plan, with 4.5 million new enrollees in 2007 alone, according to data from Forrester Research Inc., an independent technology and market research company. But consumer awareness of these options remains very low. A recent study by the Visa Corporation indicated that only 35% of all Americans have even heard of HSAs, and only 14% expressed any interest in starting one.

That is likely to change as HSAs prove their worth, Elizabeth Bierbower, vice president of product innovation for Humana Inc., said at a health care congress sponsored by the Wall Street Journal and CNBC. She pointed out that 5 years after the introduction of health maintenance organizations (HMOs), combined enrollment in all existing plans was only 5.3 million.

That changed quickly after major employers were convinced that HMOs would save them money. Ms. Bierbower predicted a similar trajectory for HSAs.

Some companies are taking a very proactive role in pushing HSAs, especially for lower and middle-income workers. Ms. Bierbower said Humana has been a strong HSA advocate for its employees.

For those making under $50,000 annually, Humana will contribute $6 for every $1 an employee contributes to an HSA. “The ratio is lower if your salary is higher, but there’s still a big incentive to do this. We try to encourage long-term thinking,” she said.

Physicians have been reticent about contacting physicians with guideline changes. This has resulted in an almost 3% drop in the number of days that claims are in accounts receivable, at least for regional payers.

Claim denial and resubmission rates increased, however, partly due to problems implementing the new National Provider Identifier number required by Medicare. The full impact of that transition may not be felt until this year, according to AthenaHealth.

After Aetna and Cigna, the top performers were Humana, Medicare Part B, UnitedHealth Group, WellPoint, Health Care, and Champus Tri-care. Humana and Medicare were the top two payers in 2005, United, Wellpoint, Coventry, and Champus have held steady.

“We commend Aetna for their progress in improving what should be any insurer’s core competency: paying insurance claims accurately and promptly,” said Dr. William F. Jessee, president and CEO of the Medical Group Management Association, in a statement.

Rankings are calculated by scores given to performance in seven areas. If a payer paid quickly and fully, it tended to receive a higher ranking overall. Fifty-eight percent of the score came from days in accounts receivable (DAR), first pass resolution rate, and percentage of billed charges deemed the patient’s responsibility.

Physicians have a greater collections burden when patients ask patients to foot more of the bill. There was a 19% increase in patient liability in 2006, but it only rose from 0.4% in 2005. Increased availability of real-time claims adjudication has helped cut the physician collection burden, according to AthenaHealth.

Aetna’s DAR was 26.9 days, compared with 32.6 for Cigna, and 35.7 for Coventry, which holds the No. 8 overall position. The rankings are posted at www.aetnaphydvwr.com.