

# Employers contributing less to workers' health savings accounts

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High-deductible health plan enrollment is up, but employees are contributing more.

(HealthDay)—U.S. workers got less help socking away savings for medical expenses from their employers in 2014 than the prior year, a new study finds.

Employers shelled out an average of \$515 toward single workers' health savings accounts in 2014, a 10 percent decrease from \$574 in 2013, United Benefit Advisors (UBA), a national network of employee benefit consultants based in Indianapolis, reported.

Employees with family health coverage also took a hit, according to UBA's 2014 Health Plan Survey, which the company says is the largest survey of its kind.

On average, employers contributed \$890 toward the health savings

accounts of workers with family health coverage in 2014, versus \$958 the prior year—a 7 percent decline.

The decrease in employer contributions to health savings accounts "is a continuation of a trend that we've seen over the past couple of years," said Les McPhearson, CEO of the health benefits advisory firm.

But not everyone agreed that this is a trend.

"We've not seen that," countered Kevin McKechnie, executive director of the American Bankers Association's HSA Council in Washington, D.C. "I'm a little surprised that there's a study that suggests they're down in those amounts," he said.

If employer HSA contributions have declined, it's likely that employers are struggling to control health costs, reasoned Whitney Johnson, an associate professor of business law at St. Cloud State University's Herberger Business School in Minnesota.

"If this logic is correct, it may bode well for the growth of HSA programs because more employers will switch to high-deductible health plans [because of lower premiums]," he explained.

On the other hand, "Without adequate employer contributions, employees will be less satisfied" with these offerings, he said.

The decline in funding reported by UBA comes as more people with job-based health insurance coverage enroll in so-called "consumer-directed health plans." This refers to a type of [health insurance coverage](#) that combines a high-deductible health plan with a health savings account, or HSA.

Enrollment in consumer-directed health plans is up 30 percent over the

past two years, McPhearson noted.

Introduced about a decade ago, HSAs allow people to build up funds on a tax-favored basis to help pay for major health expenses.

In 2014, the maximum contribution for an individual was \$3,300 for an individual and \$6,550 for a family. This year, it's \$3,350 for an individual and \$6,650 for a family, according to the U.S. Department of Treasury.

When high-deductible, account-based health plans were first introduced, premiums were much lower than what employers paid for traditional HMO and PPO coverage, McPhearson explained. Businesses were able to plunk the premium savings into employees' [health savings](#) accounts.

Today, these high-deductible plans are typically cheaper than HMOs and PPOs, but the gap in premium "is less than it was six or eight years ago," McPhearson said. That's partly due to year-over-year increases in health care spending, which drives up health plan premiums, he said.

The decline in employer HSA contributions may also reflect financial pressures posed by the Affordable Care Act, UBA noted.

UBA's survey is based on responses from almost 10,000 employers that sponsor nearly 17,000 [health plans](#) nationwide.

Employer HSA contributions vary by region, industry and size, according to the survey.

Businesses with 50 or fewer employees tend to be more generous than larger employers with 1,000 or more workers. Small companies' HSA contribution to workers with family coverage tends to exceed \$890 average, while larger firms kick in an average of \$760, the survey found.

Small employers' generosity helps compensate for deductibles that are generally higher than those paid by workers in large group plans, said UBA partner Andrea Kinkade in a news release. Kinkade is president of Kaminsky & Associates Inc., an independent consulting firm in Maumee, Ohio.

The National Business Group on Health (NBGH), which represents very large employers—generally 5,000 or more workers—has not seen a decline in HSA funding. But the organization also hasn't seen the level of funding reported in the UBA survey, perhaps due to differences in survey methodologies.

"Our median number is around \$600 right now," said Karen Marlo, a vice president with the NBGH, a Washington, D.C.-based membership organization.

She said in addition to maintaining HSA contributions, large employers are helping consumers make the most of their [health](#) care dollars by providing second-opinion services and price transparency tools, for example.

**More information:** Learn more about health savings accounts from the [Mayo Clinic](#).

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