

The Maine View

Some Interesting Facts About Health Savings Accounts

HSA help uninsured individuals save by paying for healthcare with tax-free dollars

◆ Health Savings Accounts are tax-advantaged saving accounts for those with high deductible policies (\$1,000+ deductible for individuals or \$2,000+ for families). These accounts help individuals save and pay for out of pocket healthcare costs with tax-free dollars. Maine is one of the only states to not allow individuals and businesses to deduct Health Savings Account contributions for Maine income tax purposes. Health Savings Account (HSA) contributions are deductible for federal income tax purposes.

◆ On March 1, 2005, the Joint Standing Committee on Taxation of the Maine Legislature held a public hearing on LD 195 “An Act to Conform the Maine Tax Code with the Federal Health Savings Accounts Laws” sponsored by Representative Christopher Rector (R-Thomaston). As yet, the Committee and full Legislature had yet to vote on the proposal.

◆ If passed, the Legislature’s Fiscal Office estimated that the state would lose about \$600,000 a year in tax revenue. However, as shown below, HSAs provide affordable health insurance options to Mainers and reduce the uninsured.

HSAs are purchased by young and old alike

◆ Nearly half of those who purchased HSA-eligible plans were 40 years old or above.¹

◆ On the other hand, 34% of Non HSA-eligible plan purchasers are over the age of 40.

HSAs are favored by families, not just individuals

◆ 51% of HSA plan purchasers are individuals and 49% are families (37% of purchasers are families with children, 12% are couples without children).

◆ Of families with children, more than 35% purchased HSA-eligible plans versus nearly 24% that purchased Non HSA-eligible plans in 2004.

HSAs reach the uninsured with affordable private health insurance coverage

◆ Nearly **one-third of HSA purchasers were previously uninsured** for at least six months.

◆ More than two-thirds of HSA plan purchasers who were previously uninsured for more than six months had incomes of \$50,000 or less.

◆ 56% of HSA-eligible plan purchasers paid \$100 or less per month with 89% paying \$200 or less per person per month.

Facts About Maine's Uninsured²

Total Number:

136,000 non-elderly
(0-64 years old) uninsured

Ages:

17% under 18 years old
61% 18-44 years old
22% over 44 years old

Income Levels:

16% earn less than 100% of FPL*
32% between 100-199% of FPL
23% from 200-299% of FPL
23% over 300% of FPL
8% unknown

*(FPL, Federal Poverty Level,
is \$9,570 for a single; \$12,830 for a couple)

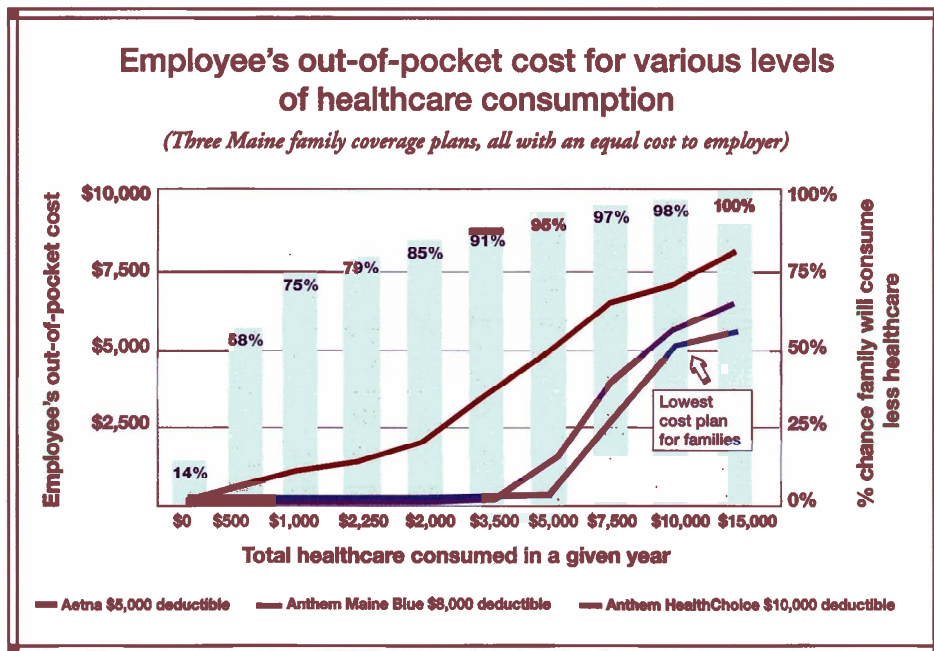
HSA provide affordable, comprehensive coverage to those with lower-incomes

- ◆ 40% of HSA-eligible plans were purchased by people with incomes of \$50,000 or below.
- ◆ 85.4% of HSA-eligible plans purchased in 2004 paid 100% of office visits, surgery, hospitalization, and lab/x-ray services after the plan deductible was met.
- ◆ 99.4% included drug benefits.

HSA Plans Work for Mainers: Reducing Premium and Often Out-of-Pocket Costs³

◆ Consider an employer who pays 100% of the premium for an Aetna family plan with a \$5,000 deductible (about \$10,300 a year). That same employer could provide an Anthem Maine Blue family plan with a \$8,000 deductible and fund a \$3,200 HSA (total cost \$10,300 a year). Or the employer could provide an Anthem HealthChoice family plan with a \$10,000 deductible and fund a \$4,600 HSA (total cost \$10,300 a year). The chart below shows the employee's out of pocket costs for each of these three plans for various levels of healthcare consumed. Also

shown is the percent chance that the employee's family will consume more than a particular level of healthcare in a given year. Not shown but of note, families with the HSA provided retain the unspent balance of the HSA to use for future healthcare costs.



Real Maine Example:
An Employer-funded HSA combined with the highest deductible plan equals the lowest out-of-pocket costs for families. Employers should consider HSA plans as a way to reduce costs for themselves and their employees.

Sources:

1. All facts taken from: Health Savings Accounts: First Year in Review—January to December 2004. Ehealthinsurance.com, February 15, 2005. Analysis of all HSA and non-HSA insurance policies sold in 2004. Available at: [content.ehealthinsurance.com/ehealthinsurance/ReportNew/2004 20HSA 20First 20Year 20Review 2002150 20Final.pdf](http://content.ehealthinsurance.com/ehealthinsurance/ReportNew/2004%20HSA%20First%20Year%20Review%202150%20Final.pdf)
2. Ziller, MS, Erika and Beth Kilbreth, Ph.D., Health Insurance Coverage Among Maine Residents: Results of a Household Survey 2002. Institute for Health Policy, Muskie School of Public Service, University of Southern Maine. May 2003. Pages 15-18. Available at: muskie.usm.maine.edu/Publications/hpi/HealthInsuranceCoverageMaine2003.pdf
3. All premiums provided by Anthem and Aetna in January 2005 for a family of four

with both parents under 40. Healthcare consumption data from Household Component Analytical Tool (MEPSnet/HC). August 2003. Agency for Healthcare Research and Quality, Rockville, MD. www.meps.ahrq.gov/mepsnet/HC/MEPSnetHC.asp (2000 figures projected to 2004 assuming 8% annual growth.)



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