

# HEALTHCARE SPENDING AND SAVING DURING COVID-19

New survey reveals that Health Savings Accounts (HSAs) are helping Americans manage rising healthcare costs, but there's still work needed to support working families.





## COVID-19 has created significant economic pain, yet consumer behaviors show many positive signs.

HealthEquity recently commissioned a survey of 1,155 Americans to better understand how people are managing healthcare costs during the COVID-19 pandemic. As you'll see, our findings confirm much of what we already know: People are struggling to manage rising healthcare costs.

**But there's still much more benefits professionals can do to support working Americans struggling to manage healthcare costs.**

At the same time, there's a lot of positive news too. HSA use is on the rise and HSA adoption appears to correlate with positive saving and spending habits. People with HSAs display greater price consciousness and a greater inclination to price shop healthcare.

## ABOUT THE STUDY

In September 2020, HealthEquity fielded a survey in partnership with the research firm 8 Acre Perspective, polling a national sample of 1,155 Americans who are full-time employees and have healthcare coverage through their employer. Among other things, the survey revealed:

- ✓ Healthcare spending trends
- ✓ Attitudes toward HSAs
- ✓ Saving priorities
- ✓ Trends among families with children
- ✓ Attitudes toward virtual healthcare

## During COVID-19, nearly half of employees have had to make financial sacrifices due to healthcare costs.

**46%** of employees have had to make trade-offs between healthcare and other expenses in the last 6 months



“In the last 6 months, I have delayed or gone without healthcare services/treatments due to the cost.”

Both

“In the last 6 months, I have cut my spending in other areas in order to afford healthcare costs.”

Please indicate the extent to which you agree or disagree with the following statements. (Strongly disagree, somewhat disagree, somewhat agree, strongly agree.)



Recent estimates show the average couple will need more than

**\$300,000<sup>1</sup>**

to cover healthcare costs in retirement.

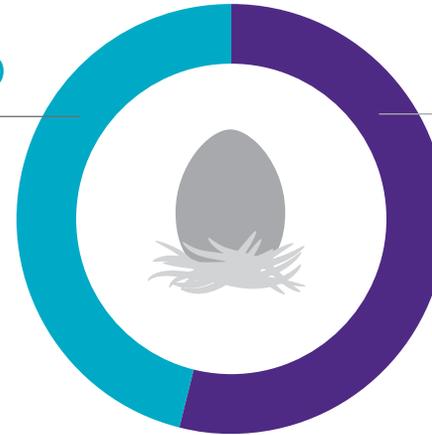


## Only 1 in 2 employees appreciate the amount of money needed to cover healthcare costs in retirement.

“I have a good understanding of how much money I will need to cover healthcare costs during retirement.”  
(% of employees)

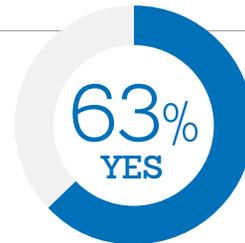
46%

NO

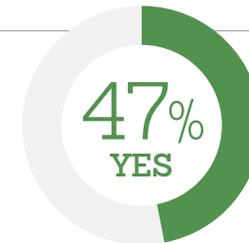


54%

YES



Among HSA participants



Among those without an HSA

HSA participants assert better understanding than those who do not have an HSA

<sup>1</sup>Based on median prescription drug expenses. Source: Employee Benefit Research Institute 2019: <https://www.ebri.org/content/savings-medicare-beneficiaries-need-for-health-expenses-in-2019>  
Please indicate the extent to which you agree or disagree with the following statements. (Strongly disagree, somewhat disagree, somewhat agree, strongly agree.)

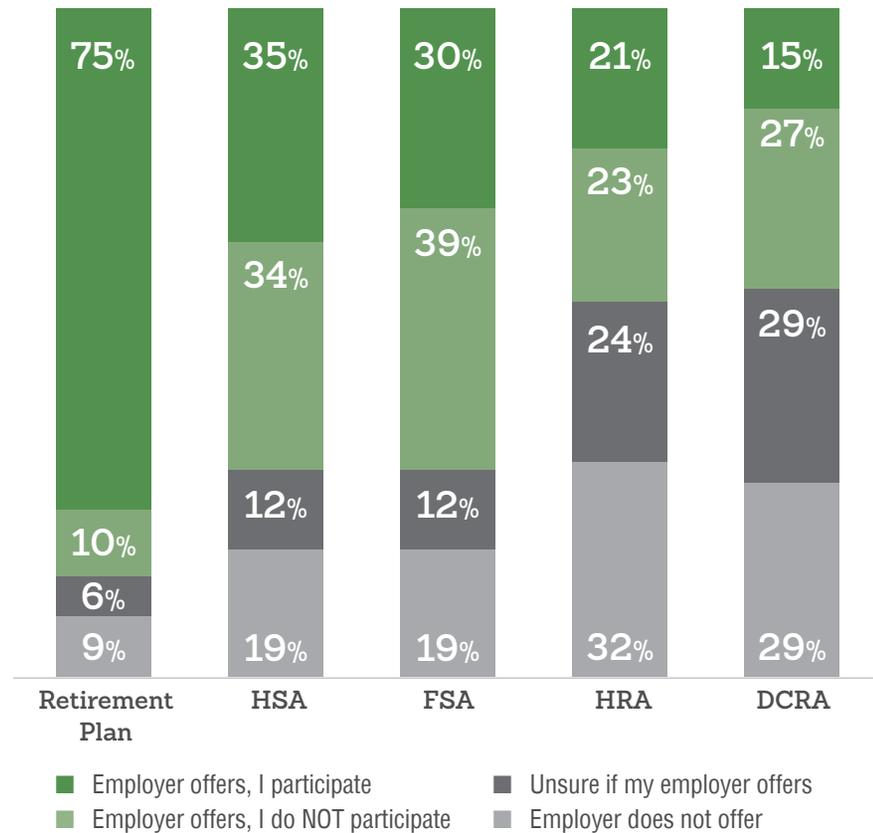
# When it comes to saving, most people prioritize traditional retirement accounts over their HSA.

Retirement plan participation is higher than many other workplace benefits...

...as is concern about adequately funding

Access to benefits through employer  
(% of employees)

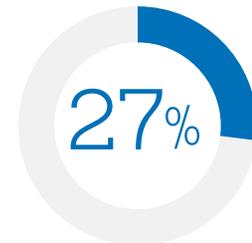
"Concerned I am not contributing enough"  
(% of employees)



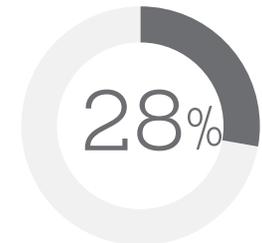
Retirement Plan



HSA



FSA



DCFSA

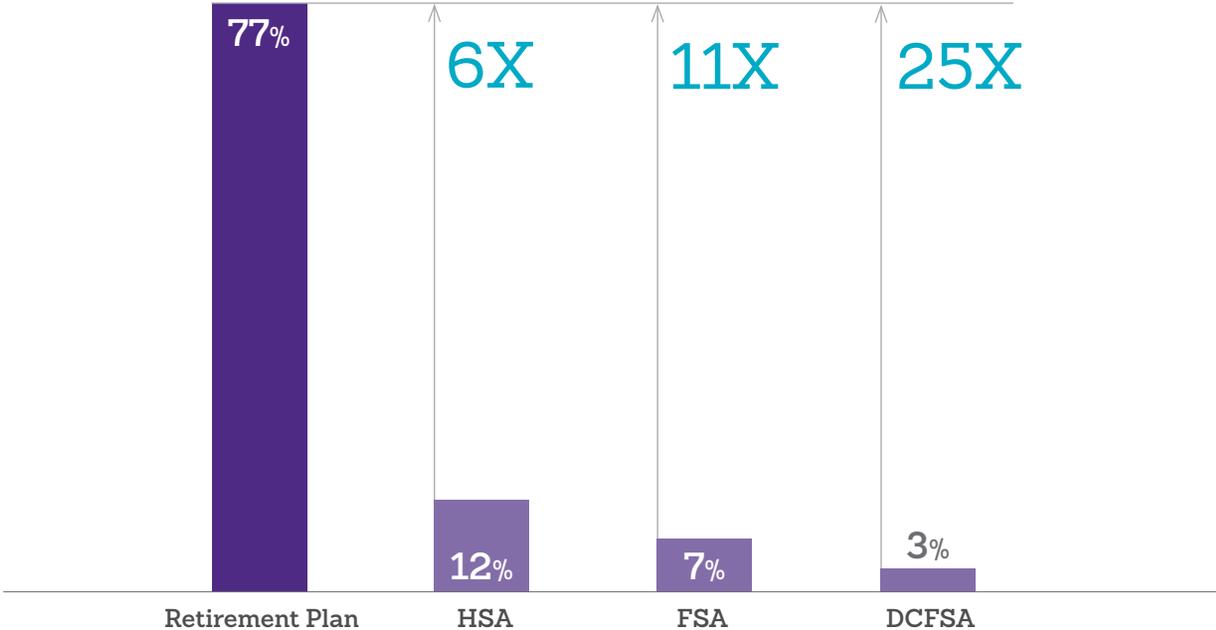
Higher for those without an HSA: 46% vs. 35%

Please indicate your access to the following benefits through your employer.

How do you feel about the amount of money you are currently contributing to each of the following accounts through your employer?

In fact, if they had extra funds to allocate, employees are six times more likely to allocate them to their retirement account than to an HSA.

Where would allocate extra workplace benefits funds  
(% of employees)



If you had extra money to contribute to one of the following workplace benefits, in which of the following would you be most likely to put it?  
(Assume that all the benefits below are offered through your employer)

Half of HSA participants view the HSA primarily as a spending tool to cover current-year healthcare expenses.



How employees use their HSA  
(% of employees)

20%

“**EQUAL MIX** of paying for current year healthcare expenses and saving for future healthcare expenses”

30%

“Primarily as a tool to **SAVE** for future healthcare expenses (beyond the current year)”



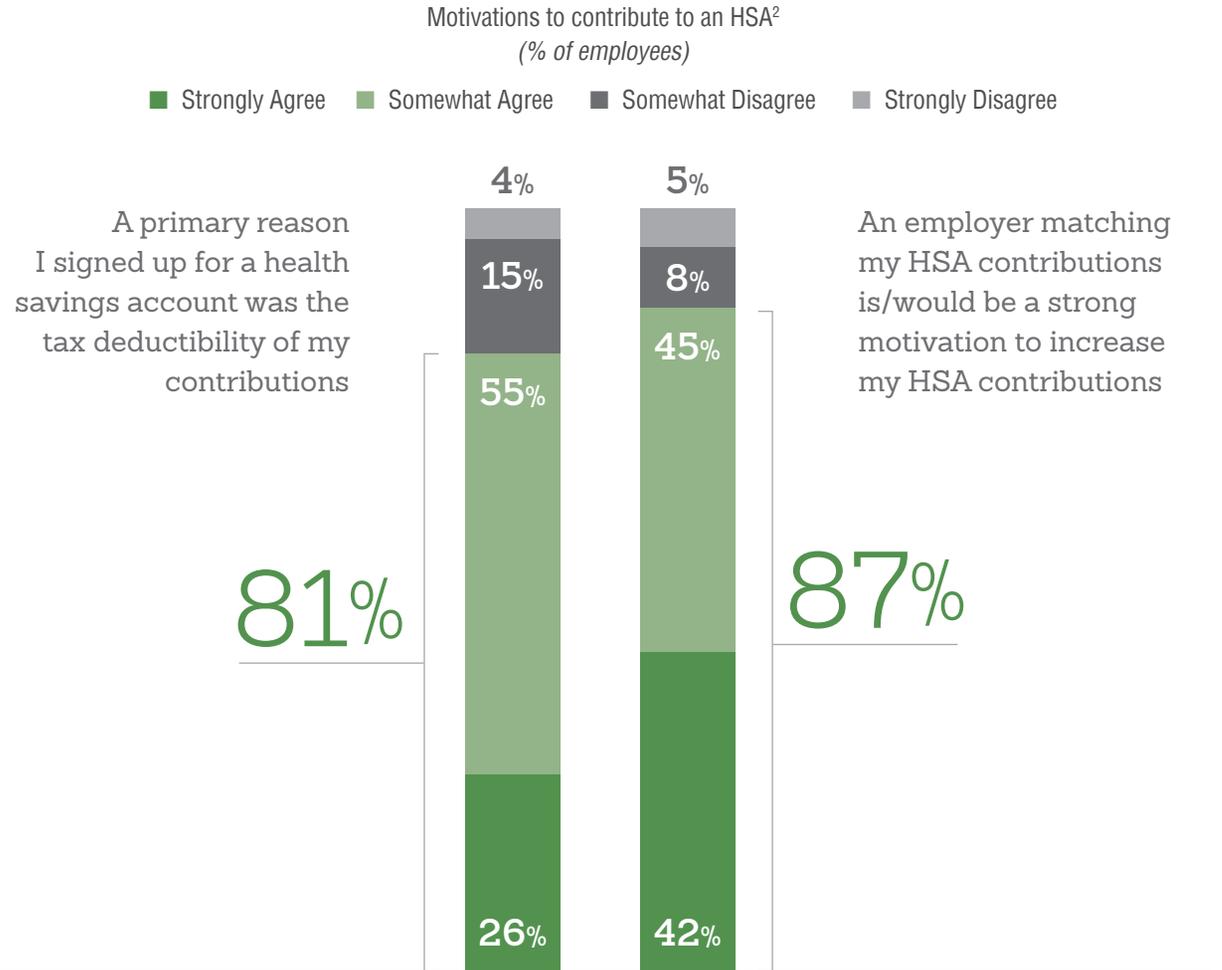
50%

“Primarily as a way to pay for healthcare expenses in the **CURRENT YEAR**”

Which of the following best represents how you use your HSA? Base: Participates in HSA; n=411



## Tax deductibility and employer matching are both powerful motivators for additional HSA contributions.



<sup>2</sup>HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-deductible with very few exceptions. Please consult a tax advisor regarding your state's specific rules.

Please indicate the extent to which you agree or disagree with each of the following statements about your employer health savings account (HSA). (Strongly disagree, somewhat disagree, somewhat agree, strongly agree.) Base: participates in HSA; n=411

## Those who have an HSA are more likely to price shop for healthcare.

"Before selecting a healthcare provider (other than primary care), I usually compare prices among providers."  
(% of employees)

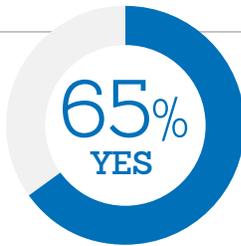
42%

NO

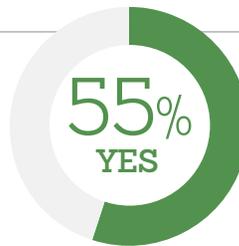


58%

YES



Among HSA participants



Among those without an HSA

HSA participants are more likely to shop healthcare than those without an HSA.

Please indicate the extent to which you agree or disagree with the following statements. (Strongly disagree, somewhat disagree, somewhat agree, strongly agree.)





## HSA participants are also more likely to wish they could compare prices more than they currently do.

“When it comes to selecting healthcare services and providers, I wish I could compare prices more than I do today.”  
(% of employees)

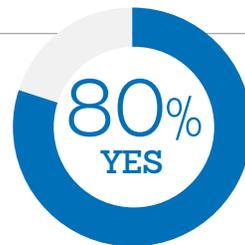
25%

NO



75%

YES



Among HSA participants

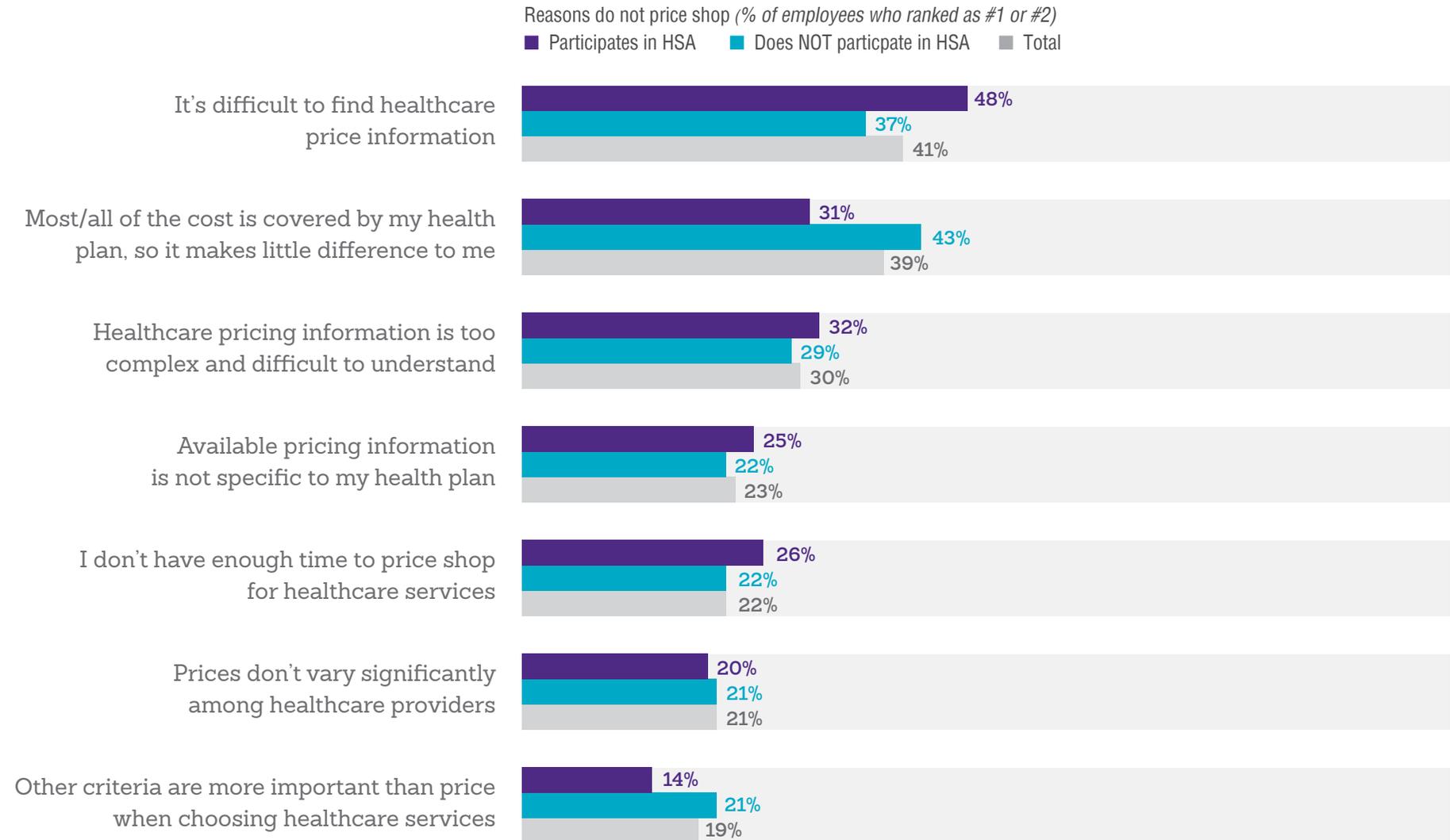


Among those without an HSA

**HSA participants are more price conscious  
than those without an HSA.**

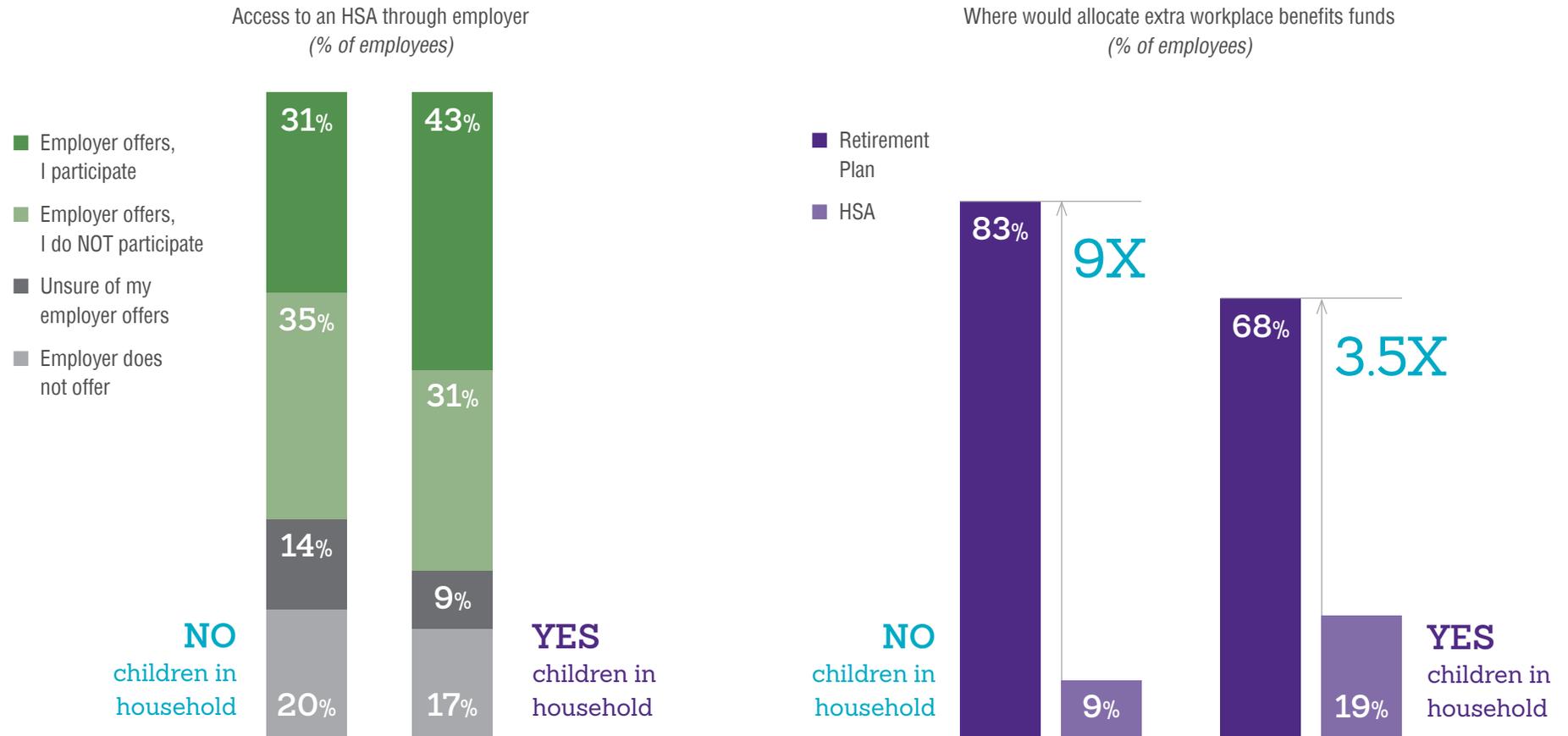
Please indicate the extent to which you agree or disagree with the following statements. (Strongly disagree, somewhat disagree, somewhat agree, strongly agree.)

## However, lack of price transparency remains a significant hurdle.



Which of the following are reasons you don't compare prices or don't price shop as often as you would like for healthcare services (outside of primary care)? Please rank your top two reasons from the list below. *Base: Do not usually price shop, n=962*

# The presence of children in a household increases consumers' likelihood to use an HSA



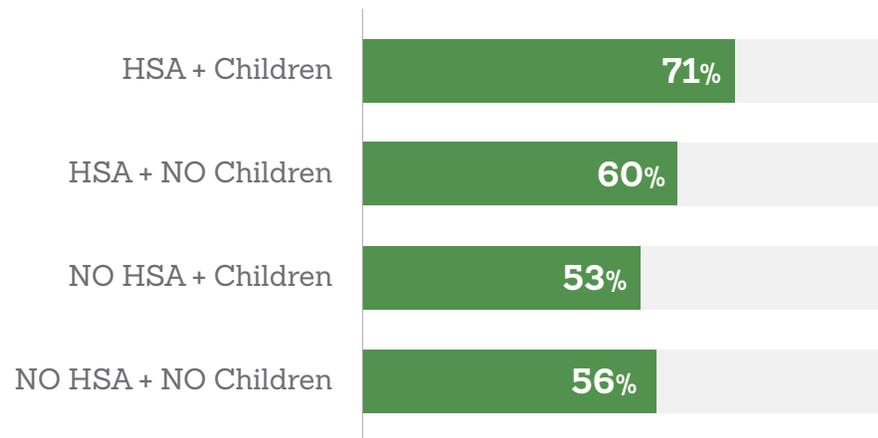
Please indicate your access to the following benefits through your employer.

If you had extra money to contribute to one of the following workplace benefits, in which of the following would you be most likely to put it? (Assume that all the benefits below are offered through your employer)

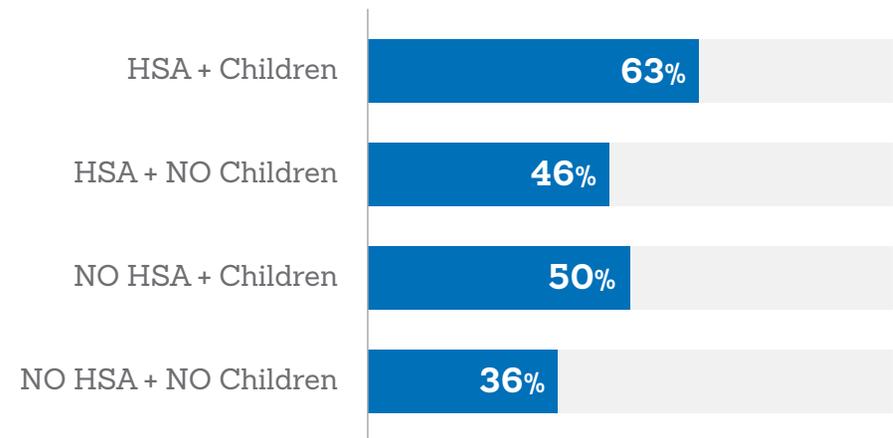


## HSA members who have children are more price conscious and more likely to be weighing healthcare costs against other expenses.

“Before selecting a healthcare provider (other than primary care), I usually compare prices among providers” (% of employees)



In past 6 months, have gone without healthcare due to cost and/or cut other spending to afford healthcare (% of employees)



Please indicate the extent to which you agree or disagree with the following statements. (Strongly disagree, somewhat disagree, somewhat agree, strongly agree.)



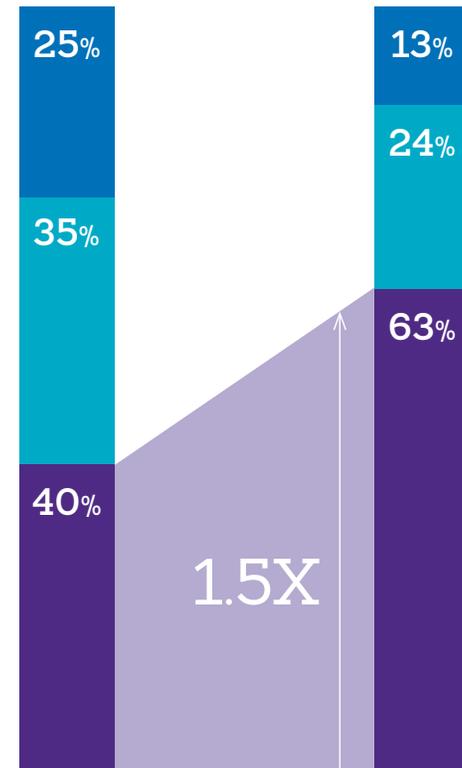
Parents are also more likely to view their HSAs as spending rather than savings tools.

“**EQUAL MIX** of paying for current year healthcare expenses and saving for future healthcare expenses”

“Primarily as a tool to **SAVE** future healthcare expenses (beyond the current year)”

“Primarily as a way to pay for healthcare expenses in the **CURRENT YEAR**”

How employees use their HSA (% of employees)



**NO**  
children in household

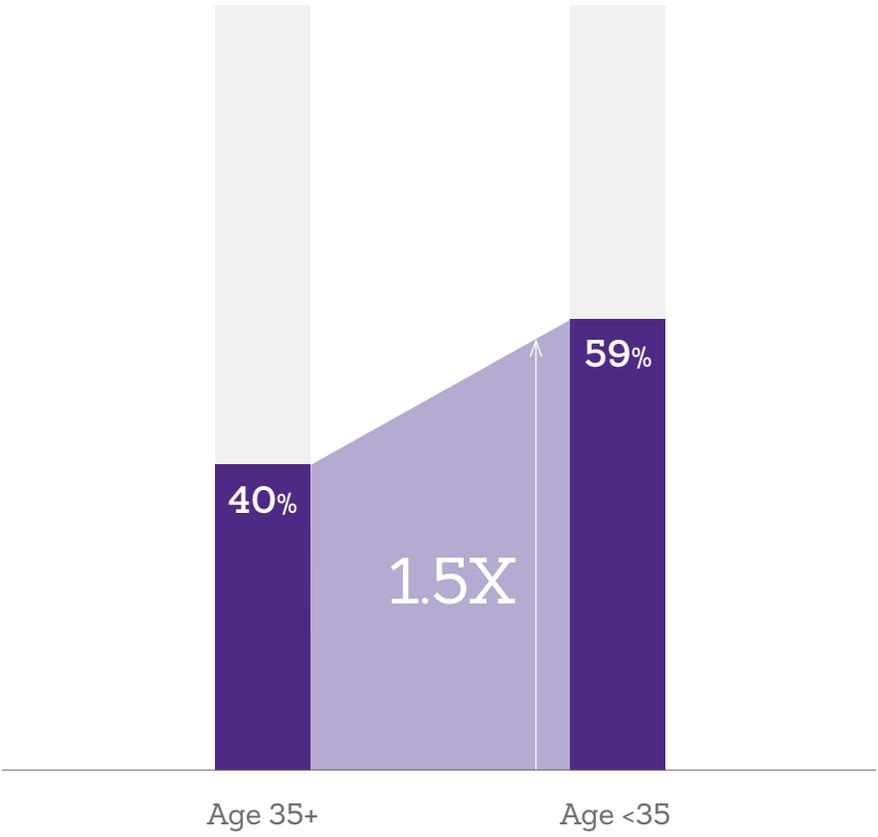
**YES**  
children in household

Which of the following best represents how you use your HSA? Base=Participates in HSA; n=411

# Younger employees are more likely to be struggling to afford healthcare and more likely to compare prices among providers.

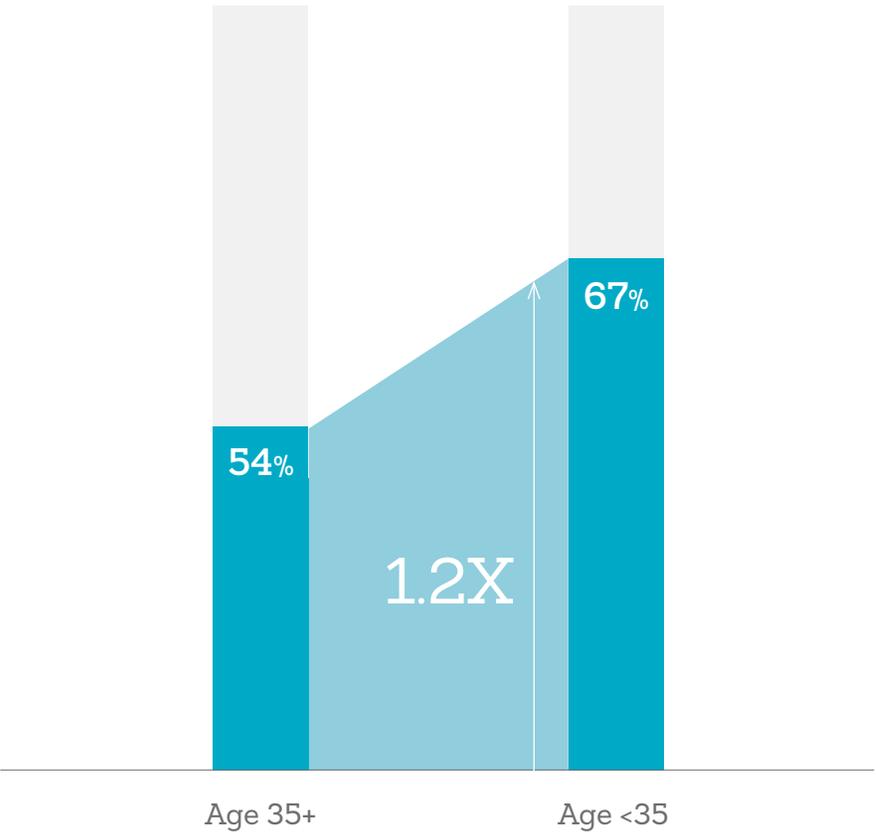
## Younger people are more often facing trade-offs between healthcare and other expenses

In past 6 months, have gone without healthcare due to cost and/or cut other spending to afford healthcare (% of employees)



## ...and are more price conscious

“Before selecting a healthcare provider (other than primary care), I usually compare prices among providers” (% of employees)

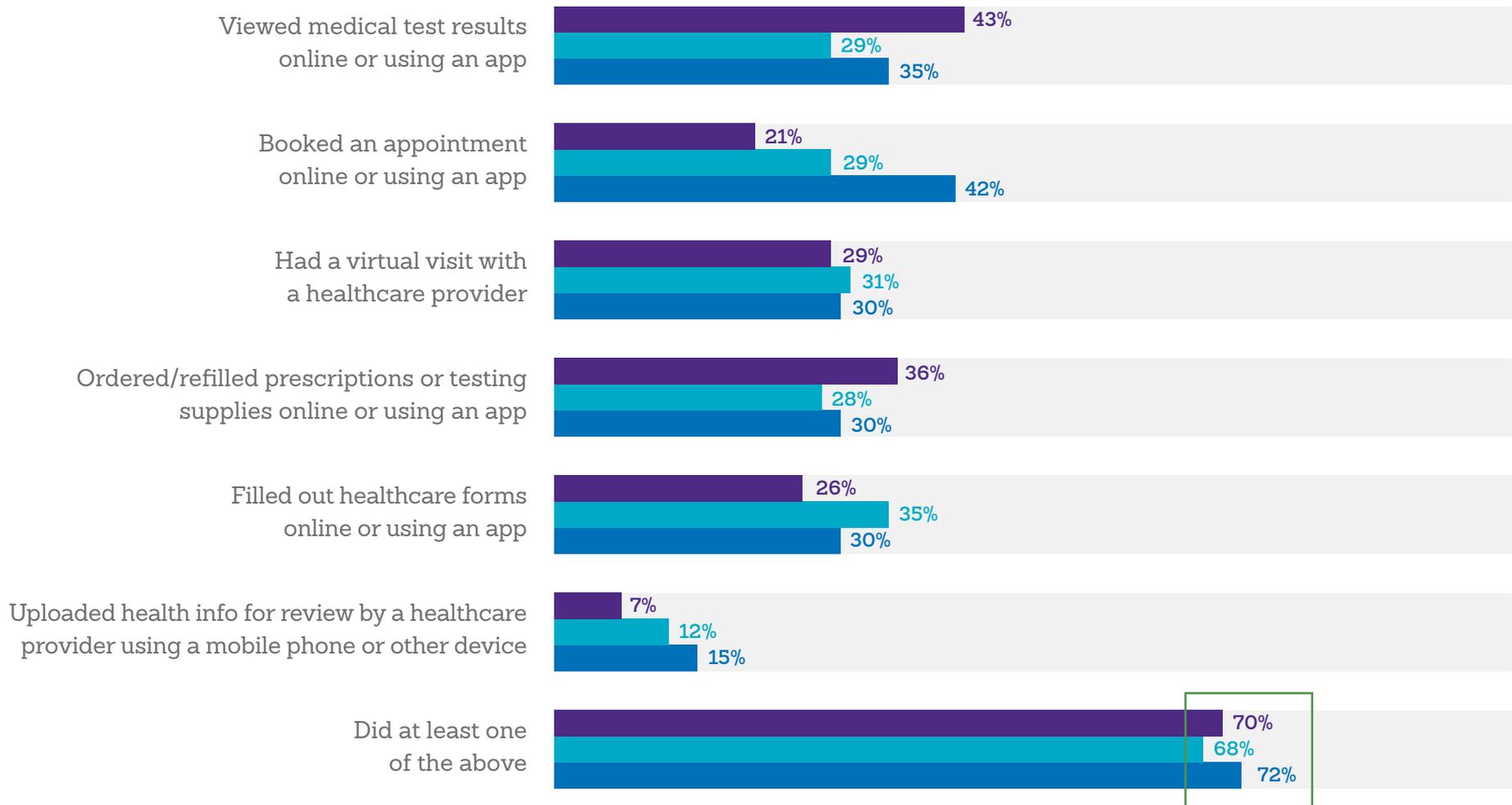


Please indicate the extent to which you agree or disagree with the following statements. (Strongly disagree, somewhat disagree, somewhat agree, strongly agree.)

## Adoption of telehealth is high; all age groups are equally likely to have used some form of telehealth in the last year.

Use of technology to interact with healthcare providers (% of employees who used in the last 12 months)

■ Age 55+ ■ Age 35-54 ■ Age 18-34



Equal likelihood across age groups

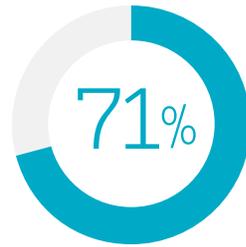
In the last 12 months, in which of the following ways have you used technology to interact with healthcare providers? Select all that apply.

## Though consumers have some concerns about quality, COVID-19 continues to accelerate virtual healthcare adoption.



**“If offered to me as an option, I would be likely to schedule a virtual visit with a healthcare provider.”**

Higher for those with children:  
**73% vs. 63%**



**“COVID-19 has increased my willingness to use virtual healthcare visits.”**



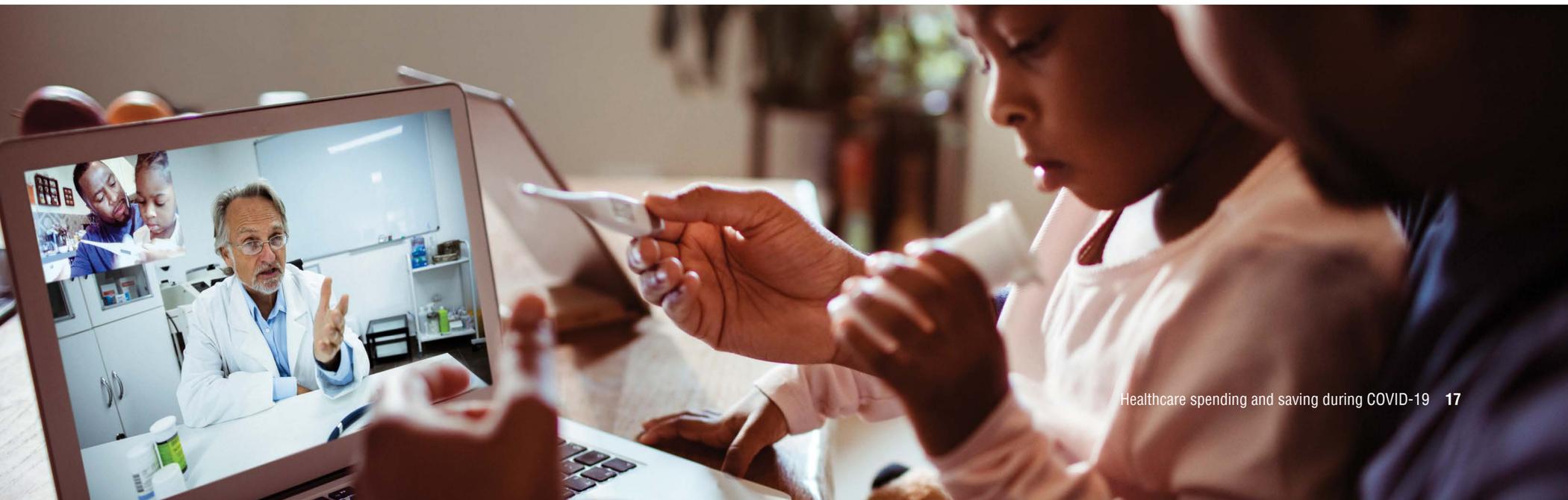
**“I am concerned that the quality of the patient-provider relationship would be diminished with a virtual visit.”**



**“I am confident I would receive the same quality of care with a virtual healthcare visit as an in-person visit.”**

Higher for those with children:  
**66% vs. 50%**

Please indicate the extent to which you agree or disagree with the following statements about virtual healthcare provider visits *in cases where a physical examination is not required*. (Strongly disagree, somewhat disagree, somewhat agree, strongly agree.)





## Four ways benefits leaders could more effectively support their people

### 1 Include the HSA in conversations about retirement readiness.

77 percent of respondents said that if they had extra money to allocate to an account, they'd choose a 401(k) or an IRA instead of an HSA. These findings indicate an education gap. The HSA is a great retirement saving tool. And, thanks to the HSA's unrivaled tax advantages, they're arguably the most powerful retirement savings vehicle available today. Benefits leaders could do more to promote the value of the HSA when it comes to building long-term retirement savings.

### 2 Find ways to promote healthcare price transparency.

80 percent of respondents say they wish they had more resources to compare and price shop healthcare. Here are a few tools<sup>3</sup> available today:

- Coupon-driven websites like RxSaver
- Integrated price shopping solutions like Healthcare Bluebook
- State-sponsored resources like Florida Health Price Finder or Health Score Connecticut
- Health provider resources like the finder and cost estimator tools offered by Aetna and Blue Cross Blue Shield
- The HealthEquity CompareMyHSA.com tool

### 3 Consider offering an HSA match to spur greater HSA adoption and use.

87 percent of respondents say they'd be more likely to choose an HSA-qualified health plan if their organization offered an employer contribution match. These findings confirm our own internal research, which showed that organizations that offer a match option enjoy higher HSA adoption and member data reflects higher average account balances. Just like with a 401(k), the HSA match helps incentivize and develop those positive savings habits.

### 4 Encourage members to consider telehealth services and virtual healthcare.

Unsurprisingly, 71 percent of respondents said that COVID-19 made them more likely to consider telehealth services. Since the CARES Act was passed last March, HSA plans can (but are not required to) cover telemedicine and remote care services before an HSA participant meets their deductible—or at reduced or no cost-sharing. Prior to the CARES Act, HSA plans were required to assess a fair market value charge for telemedicine services and apply the participant's deductible. By offering pre-deductible telemedicine coverage, organizations have a great opportunity to help accelerate health savings for millions of HSA members

<sup>3</sup>HealthEquity has no control over, and no liability for any third party websites or materials. HealthEquity makes no guarantees about the accuracy, currency, content or quality of the information provided by such sites, and we assume no responsibility for unintended, objectionable, inaccurate, misleading, or unlawful content that may reside on any such sites.



## Participant profile

Gender	Sample Size
Female	n=521
Male	n=634
<b>TOTAL</b>	<b>n=1,155</b>

Children in Household	Sample Size
Yes	n=456
No	n=699
<b>TOTAL</b>	<b>n=1,155</b>

Education	Sample Size
College Degree	n=391
No College Degree	n=764
<b>TOTAL</b>	<b>n=1,155</b>

Age	Sample Size
18-34 Years Old	n=264
35-54 Years Old	n=718
55+ Years Old	n=173
<b>TOTAL</b>	<b>n=1,155</b>

Household Income	Sample Size
Under \$50K	n=274
\$50K - <\$100K	n=492
\$100K+	n=389
<b>TOTAL</b>	<b>n=1,155</b>



## Simplify

Imagine the power of single-source simplicity

## Be confident

Build on 20+ years industry leadership

## Make a difference

Wow your people with a fully cohesive experience

## BUNDLE YOUR BENEFITS

HSA-qualified health plans are a great way to reduce premiums and help your people build long-term health savings. You can also complement an HSA with a Health Reimbursement Arrangement (HRA) to help offset premium increases and make HSAs more appealing.

But why stop there? Avoid the headaches and hassle associated with multiple vendors and let HealthEquity manage everything end to end. Our Total Solution brings a powerful lineup of integrated benefits, delivering unrivaled simplicity and convenience. We'll help you unlock economies of scale and get bundled pricing you won't find anywhere else.

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HSA



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