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New Research from EBRI:

Employer Contributions to Account-Based Health Plans Drop in 2010

Individual Contributions Rise, Family Contributions Remain Stable

WASHINGTON—Contributions from employers to workers' account-based health plans declined for the second year in a row in 2010, according to new findings by the nonpartisan Employee Benefit Research Institute (EBRI).

Data from the 2010 EBRI/MGA Consumer Engagement in Health Care Survey show that the percentage of workers who reported that their employer contributed \$1,000 or more to their account-based health plan declined from 37 percent in 2008 to 28 percent in 2010.

The study found the drop in employer contributions may have been due to the weak economy. However, workers with employee-only coverage responded to the decrease from employers by increasing their own personal contributions; workers with family coverage did not increase their contributions.

The analysis is based on the 2008, 2009, and 2010 EBRI/MGA Consumer Engagement in Health Care Survey and the 2006 and 2007 EBRI/Commonwealth Fund Consumerism in Health Care Surveys. It examines the availability of health reimbursement arrangement (HRA) and health saving account (HSA) eligible plans (consumer-driven health plans, or CDHPs), as well as employer and individual contribution behavior. The full report is published in the March 2011 *EBRI Notes*, "Employer and Worker Contributions to Account-Based Plans, 2006–2010," and is available online at www.ebri.org

Employment-based health benefits are the most common form of health insurance in the United States, but skyrocketing expenses have forced employers to seek ways to control their costs. In recent years, employers increasingly have turned to account-based health plans—a combination of health plans with deductibles of at least \$1,000 for employee-only coverage and tax-preferred savings or spending accounts that workers and their families can use to pay their out-of-pocket health care expenses. There were 22 million people enrolled in a CDHP or in a high-deductible health plan (HDHP) in 2010.

"The recession had a profound effect on employers, and they are continuing to look for ways to cut health care costs while empowering their workers to make cost-conscious decisions about

their health,” said Paul Fronstin, director of EBRI’s Health Research and Education Program and author of the report. “Individuals with employee-only coverage also responded to the need to take control of their health care cost by increasing their contributions in a poor economy.”

Other findings in the report:

- **Income Differences:** Not surprisingly, lower-income persons with HSAs are less likely to make a contribution to the account than higher-income persons. One-fifth of persons in households with less than \$50,000 in income did not contribute to the account in 2010, compared with 12 percent of persons with \$50,000 or more in household income who did not contribute. For the lower-income group, the percentage contributing \$1,500 or more increased between 2009 and 2010 from 21 percent to 31 percent, but among the higher-income group, the percentage contributing \$1,500 or more fell from 54 percent to 47 percent.
- **Health Differences:** Persons with a health condition were slightly more likely than those without one to contribute to an HSA. Those with health problems contribute slightly more than those without health problems. Among persons without health problems, 40 percent contributed \$1,500 or more in 2010. Similarly, 51 percent of those with a health problem contributed \$1,500 or more in 2010.

EBRI is a private, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions.

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