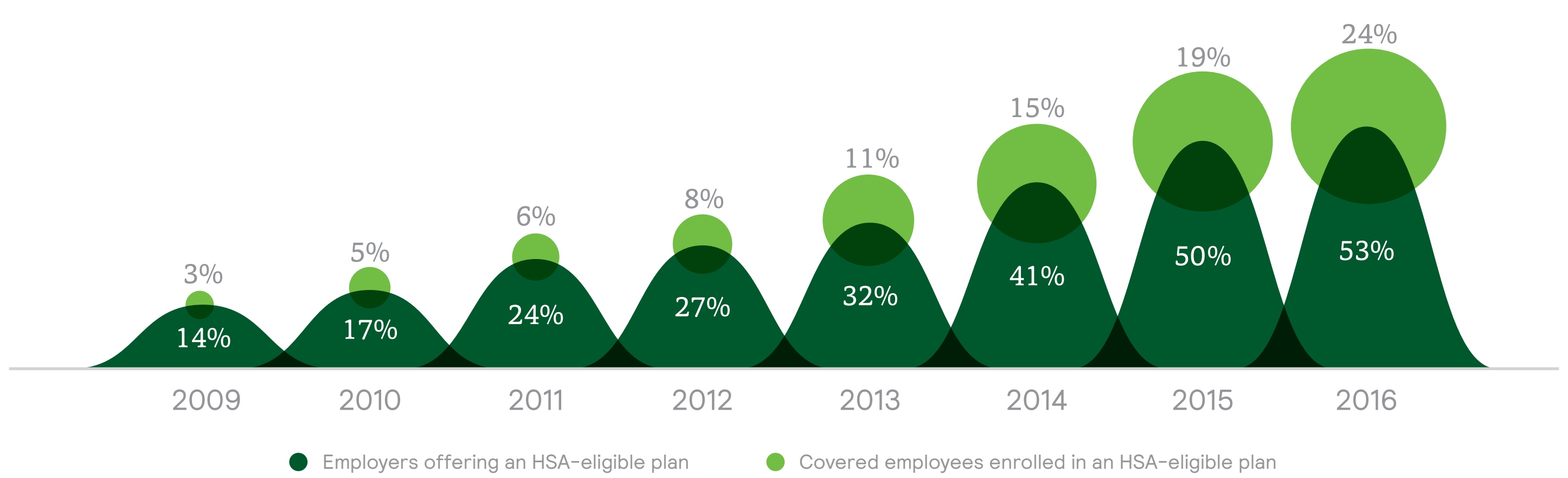


## HEALTH SAVINGS ACCOUNTS: CAN THEY WORK FOR EVERYONE?

The past decade has seen rapid growth in high-deductible health plans coupled with health savings accounts. Employers use these plans to advance a number of goals: to promote consumerism, provide more affordable coverage, permit tax-advantaged saving — and control benefit cost growth, which has been especially important under the threat of the ACA’s Cadillac tax and will remain a priority regardless of what happens in Washington. The average per-employee cost of HSA-eligible plans is 13% less than that of a traditional PPO.

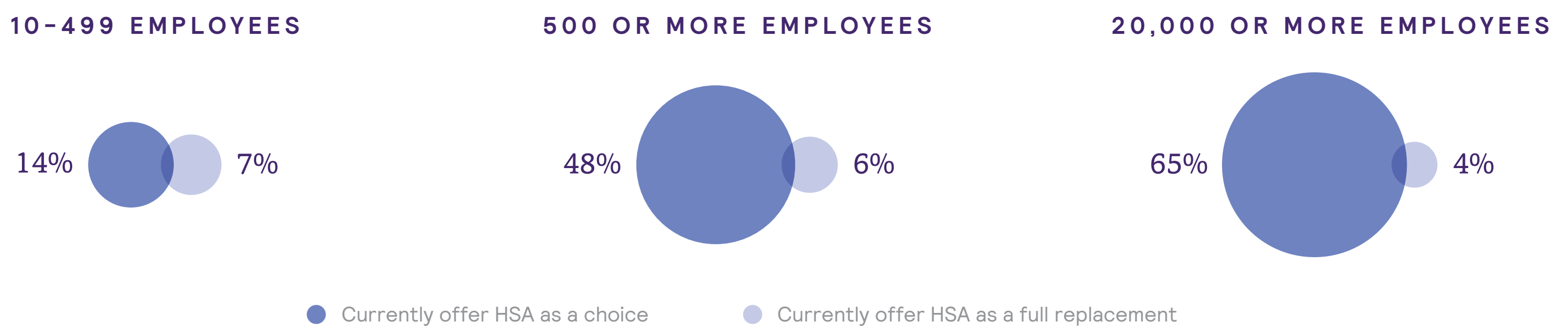
### EMPLOYERS KEEP ADDING HSA PLANS BUT ENROLLMENT REMAINS A CHALLENGE

More than half (53%) of all large employers offer an HSA-eligible plan, but under a fourth (24%) of covered employees are enrolled in one.



### WHAT’S HOLDING UP HSA ADOPTION?

Despite the cost savings, for the most part large employers still offer these plans as a choice, rather than as the only medical plan. Just 6% of all large employers offer an HSA-eligible plan as a “full replacement” of their traditional medical plan.

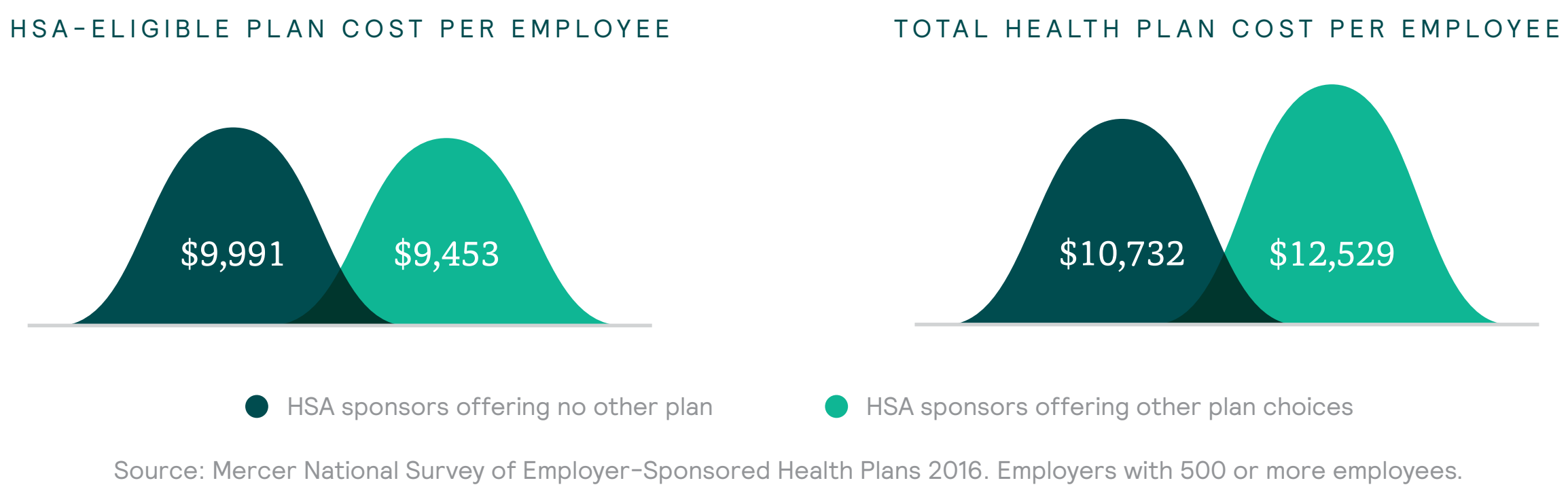


HSA enrollment grows relatively slowly when these plans are offered as a choice — suggesting that many employees remain uncomfortable with the higher deductible.

### THE SKINNY BEHIND FULL REPLACEMENT STRATEGIES

What’s at stake in offering an HSA-based plan as an option rather than as a full replacement? Although full-replacement HSA plans cost more than those offered as a choice, when you compare total health plan cost per employee — across all medical plans offered — employers offering full replacement HSA-eligible plans spend much less.

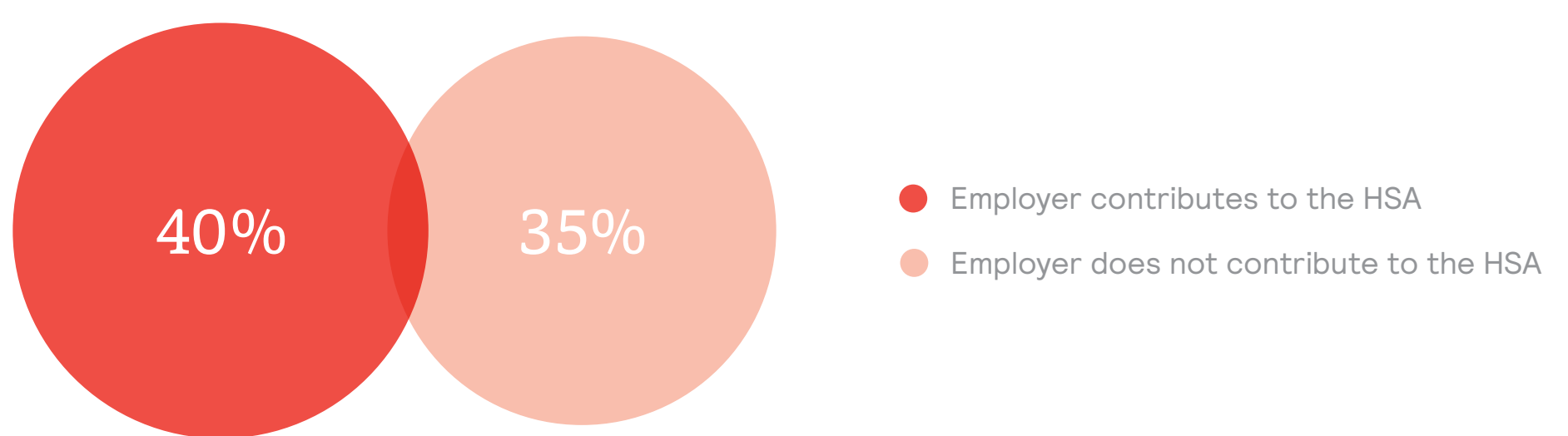
THIS TRANSLATES TO LOWER PAYCHECK DEDUCTIONS FOR EMPLOYEES AS WELL



### DO EMPLOYER CONTRIBUTIONS CHANGE THE GAME/OUTCOME?

Even when employers make a contribution to their employees’ HSA accounts, average enrollment is only slightly higher than when they don’t.

PERCENTAGE OF ELIGIBLE EMPLOYEES WHO CHOOSE AN HSA\* WHEN OFFERED WITH OTHER MEDICAL PLANS

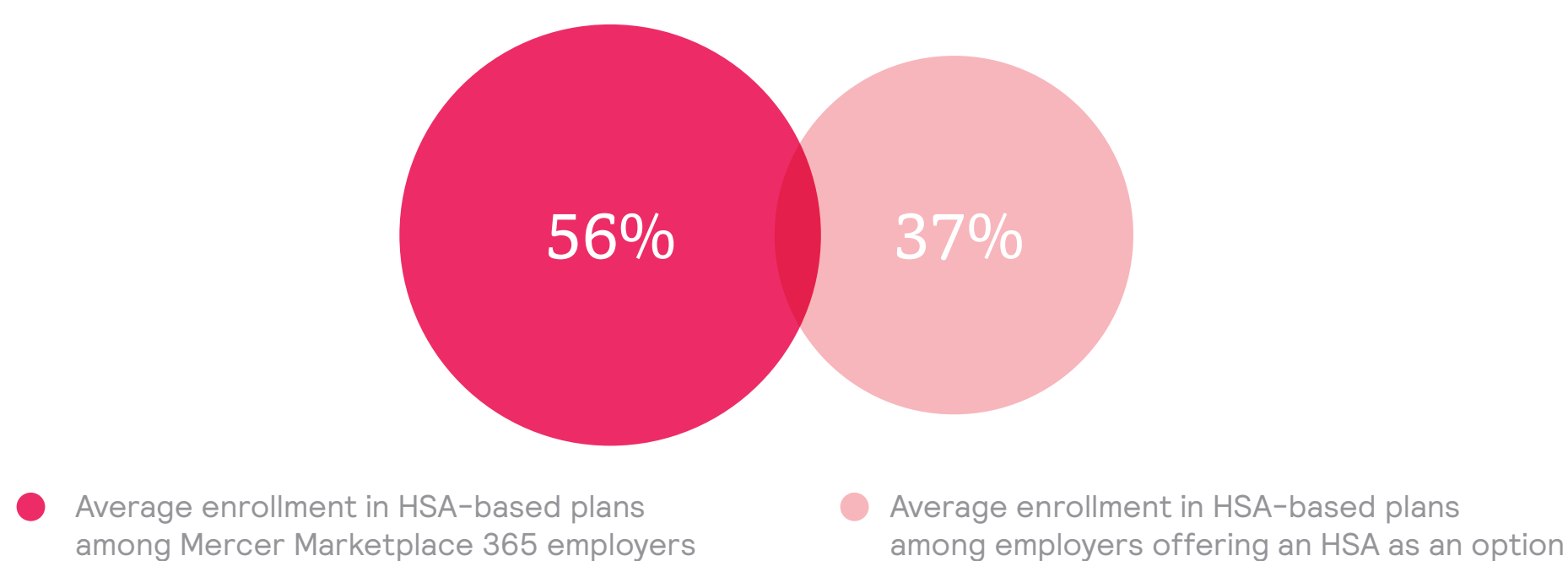


\*Among large employers offering an HSA-eligible plan for three years.  
Source: Mercer National Survey of Employer-Sponsored Health Plans 2016.

### WITH THE RIGHT SUPPORT, EMPLOYEES ARE MORE LIKELY TO CHOOSE HSAs

Some employees clearly value the opportunity to pay lower monthly premiums and take advantage of the tax savings available through the HSA, while others are reluctant to make that trade-off. Whether you want to build enrollment over time or move to a full replacement, there are tools that make the transition easier for employees.

MORE THAN HALF (56%) OF EMPLOYEES WHO USE MERCER MARKETPLACE 365<sup>SM</sup> DECISION-SUPPORT TOOLS CHOOSE HSA-ELIGIBLE PLANS WITH HIGHER DEDUCTIBLES



Source: 2016 enrollment data from Mercer Marketplace 365; Mercer National Survey of Employer-Sponsored Health Plans 2016

Learn how to effectively reduce health benefits costs while keeping your employees happy and healthy: contact your local Mercer representative