



Understanding employee engagement with health accounts

Results of Willis Towers Watson 2018 Health Accounts Employee Attitudes Survey

January 2019

How are employees using their health accounts? Do they understand all of the benefits?

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About our study

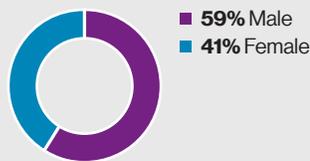
From March to April 2018, Willis Towers Watson conducted a survey to gauge employees' attitudes toward Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs). We set out to learn their views on saving and spending, and how well they understand the uses and benefits of the health accounts offered by their employers.

The survey targeted 2,155 employees from private sector companies in the United States.

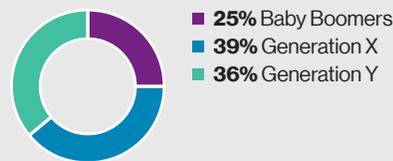
Survey respondents at a glance

Employee demographics

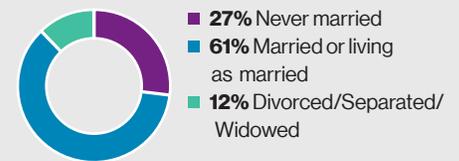
Gender



Generation

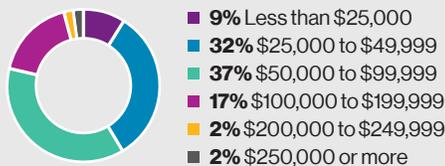


Marital Status

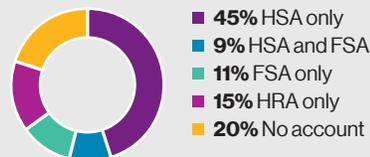


Job classifications

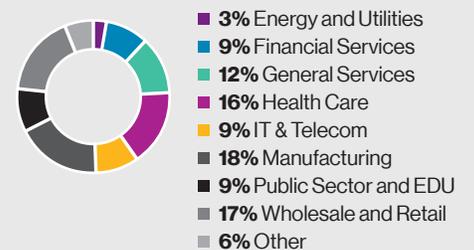
Salary



Percentage of employees who enrolled in each type of health account



Industry

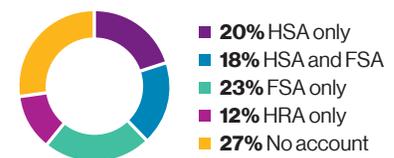


1,155
respondents
with an HSA



438
respondents
with an FSA

Percentage
of survey
respondents who
did/did not enroll
in health accounts



Overall findings



Lack of understanding

Even the most financially literate employees struggle to understand the value of and differences between health accounts.



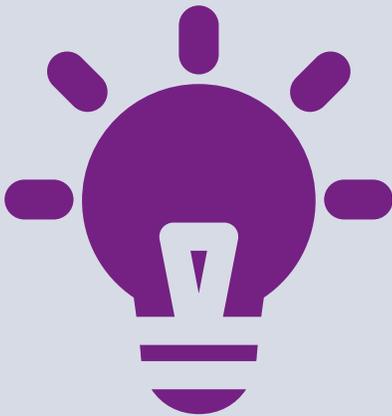
Savings/Spending

While encouraging long-term saving to HSAs is important, employers cannot lose sight of the fact that HSAs are largely used as a spending account by most employees.



Customer service

Employees look to account providers for excellent customer service, enhanced decision support, personalized online tools and other services to help them better understand and use their health accounts.



The data provides powerful insights into how employees are using and managing their health accounts, including:



1. Lack of understanding

While 71% of employees review their accounts at least quarterly, many struggle to fully understand their HSA's value and how to get the most from it.



2. Spending over saving

Only 8% of employees opt to save all of their HSA funds for the future; 92% instead use the money for current health care expenses or only when necessary.



3. Customer service and tools

When it comes to helping employees better manage health savings, 57% rank tools that will help them decide when to spend or save money in health accounts as important.

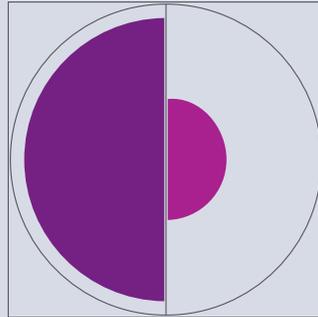
Employees struggle with knowing when to spend or save money in their health accounts and there is much employers can do to alleviate their burden.

Employees see medical costs as the biggest challenge in retirement, but struggle to prioritize health savings for the future.

When it comes to **retirement expenses,**

82%

of employees consider medical costs as their biggest challenge.



When it comes to **current financial priorities,**

25%

of employees consider medical costs and saving into a health savings account as a top priority.

The majority of employees are not optimizing their health account contributions or savings accumulation:

Only **6%** of employees are making the **maximum contribution for family coverage**

and just **10%** of employees are making the **maximum contribution for employee-only coverage.**



48% of FSA account holders say they **“could have contributed more into the account.”**

Nearly **two-thirds** (63%) of employees say they **contribute to their HSA what they can afford** each month.

62% of employees who are not receiving matching contributions to their 401(k), still **prioritize savings to their 401(k) plan over their HSA.**

Over **one-third** of employees (36%) with single-only coverage **contribute less than \$1,000** per year to their HSA.

The **majority** of employees (56%) have **saved less than \$5,000** in their HSA.



Roughly **one-quarter** (24%) of employees said they **don’t have enough money to contribute to an HSA** at this time.

There is a 50% chance that an employee will have a health event with costs that reach the plan deductible **at least once over the next 5 years.**

Employees who contribute just



to their HSA can accumulate enough over 5 years to pay the **full amount of a deductible** at the tax-qualified threshold.

Those who can save just



over 5 years will have earned enough in their account to cover a **\$3,000 deductible.**

Source: WTW analysis of a large, multi-year proprietary database of medical and pharmacy claims.

Why aren't employees engaging more with their HSAs?



57% of employees who were offered an HSA, **did not enroll because they did not see any advantage to doing so.**

Employees often have several options for allocating their savings.

For example, of those employees who don't have a matching 401(k) contribution from their employer,

26% contribute to their HSA over their 401(k), which may be a more preferred strategy.

Even employees with high financial literacy use the money in their HSA to pay for current health care expenses and don't save;

58% choose to use their HSA money for current health care expenses **large and small.**

59% of employees with no financial worries choose to use their HSA money for current health care expenses, **rather than save for the future.**

When deciding how much to contribute to their HSAs, the majority of employees **base their decision on personal knowledge** —

31%



and/or what they have done in the past —

28%

— rather than taking advantage of tools, educational resources or an advisor.



54%

For employees with FSAs, a primary driver of their savings decisions is “what I did in previous years.”

A majority of employees use their HSA as a spending account.



Nearly two-thirds of employees (65%) use their HSA funds for **current health care needs**, large and small.

65%



27% of employees use the money **only when necessary** (i.e., for larger, more immediate health care expenses) and save the rest.

27%



Only 8% of employees **focus on saving** their HSA funds for future health care expenses.

8%

What can employers do to encourage greater participation and savings in health accounts?



Employers can provide access to online tools that offer personalization and decision support.

Online web apps can allow employees to model spending and saving scenarios in the context of their total financial picture. These apps can also integrate financial wellbeing programs (such as retirement savings calculators and health care price transparency services) and provide tips that can help even the most financially astute employees to make smarter decisions as to where and how much to contribute based on their own financial situations.

The majority

of employees (69%) who did not enroll in an HSA say they chose not to enroll because they **don't see any benefits** to an HSA, **don't understand what they are for** or just **didn't take the time to understand**.

Only 15%

of employees with high financial literacy choose to **save their HSA money for the future**.

62%

of employees **would use tools to help them decide how much to save** in their account each year, if offered by their employer.



Employers can design plans that help encourage employees to save money in their accounts.

Employees are willing to contribute more to their HSA if their employer provides matching or seed contributions.

On average, employees contribute **10% more** from their paycheck **to their HSA each year**, when the employer seeds money to the HSA.

More than half

of employees (59%) **would contribute more to their HSA each year**, if their employer provides a matching contribution.



Employers can emphasize quality customer service in the account providers they engage.

44%

of employees say **quality customer service is the most important feature** of an account provider.



Employers can use a variety of strategies to engage different age groups within their workforce.

The data show differences between older and younger employees in terms of how they prefer to receive information.

Baby Boomers

prefer personalized account activity notifications and plan reminders that help them **save time and money, and better manage their health savings**.

Generation X and Y

prefer to use tools that help them **compare prices of health services and products**.

Summary of key findings



Employees are tasked with navigating a complex set of choices when it comes to deciding where and how to allocate their savings. Even financially adept employees have trouble deciding where to save and how to spend.



Employers need to focus on creating better ways to engage employees so they will understand the benefits of their health accounts, as well as how they work, so they can get maximum value from them now and in the future.



Employers should provide employees with tools to help them make smart saving versus spending decisions.



Employees look to account providers for excellent customer service, enhanced decision support, personalized online tools and other services that make decisions and transactions easy.



Learn more

about offering health accounts to your employees through a benefit marketplace and help them understand, engage with and realize value from these vehicles.

[Contact us today.](#)



About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has over 40,000 employees serving more than 140 countries. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.



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