



# Health Savings Accounts (HSAs) -

A Growth Opportunity for TPAs



Since 2004, HSAs have skyrocketed in popularity. They are now the second most popular tax-advantaged account next to Flexible Spending Accounts. As HSA-qualified high deductible health plans continue to grow, third party administrators have plenty of opportunity to jump into the market.

## HDHP Enrollment

In 2020,

**52%**

of large firms (200 or more workers) offered an HSA-qualified HDHP,

while **19%**

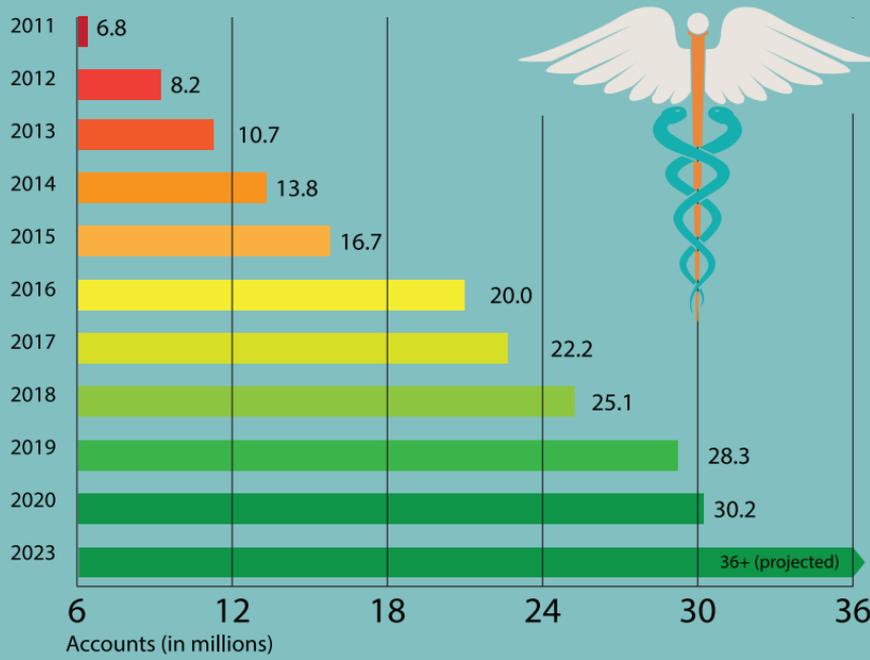
of small firms (199 or fewer workers) offered one.



Only **24%** of covered workers were enrolled in an HSA-qualified HDHP in 2020. This leaves plenty of room for growth.

## HSA Growth from 2011-2020

Since 2011, the number of HSAs has grown from 6.8 million accounts to 30.2 million in 2020. That's a growth rate of almost 400 percent in a single decade.



## Reasons Why TPAs Should Enter the Market

- Financial safety net:**  
HSA administration can provide TPAs with an added layer of financial security.
- Higher client satisfaction:**  
Banks may offer HSA services for free, but what does the account owner get with the free service? In most cases, they get an HSA-coded savings account and not much else.
- Easy administration:**  
HSAs can be much easier to administer than FSAs, HRAs, or other tax-advantaged plans. With that in mind, you can offer your expertise and a higher level of service without changing much, if anything, about how you do business.

## How TPAs Are Poised To Take Advantage



### Knowledge

69% of employees don't understand their benefits. As a benefits expert, TPAs have a prime opportunity to educate employees, grow their value to employers, strengthen their reputation with brokers, and increase account adoption.



### A Better User Experience

A TPA can provide a top-notch user experience to their employer clients and participants with online enrollment, online contributions, electronic claims storage, mobile app, and options to self-certify (or administer yourself).



### Investing Options

Many banks that offer HSAs do not offer an investment option. An HSA solution should feature investing services, including educational materials, pre-selected portfolios, and more.



### Inherent Business Acumen

Think about how you currently charge your employer groups for FSAs, HRAs, and other accounts. You can use the same pricing model for HSAs. A per employee/per month (PEPM) pricing model is common.