

# HSAs Could Cut Into Health Care Utilization

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Health savings accounts and other consumer-directed insurance products can help lower health care utilization and encourage better health behaviors, according to an industry expert.

Consumers "begin to recognize that the behaviors that they have can lead to a health outcome that can actually cost them money in the long run," said Doug

Kronenberg, chief strategy officer for Lumenos, an Alexandria, Va.-based company that sells health savings accounts.

"And therefore they begin to think about changes in their behavior that can impact that health care," he said.

When an employer or insurer combines that with a program that shows consumers the financial benefits of changing their behavior and offers support tools, consumers really become engaged in their health care, Mr. Kronenberg said

in a teleconference sponsored by the Kaiser Family Foundation. For example, employers can create financial incentives for consumers to complete a health risk assessment.

Health savings accounts (HSAs) were authorized under the Medicare Modernization Act of 2003 and are portable accounts consumers can use to pay certain medical expenses. The accounts generally are offered in conjunction with a high-deductible insurance plan, and consumers and em-

ployers can contribute to the accounts.

HSAs and accounts such as health reimbursement accounts can also create big savings for employers, Mr. Kronenberg said. With these types of plans, consumers tend to see the money as their own, and use health care services less.

"That's not a bad thing, when you take a look at the environment we're in today, as long as you're getting the right kind of utilization reduction," Mr. Kronenberg said.

But Mila Kofman, J.D., assistant research professor at the Health Policy Institute at Georgetown University, Washington, said HSAs coupled with high-deductible plans just shift the cost burden from the insurer and employer to the consumer.

And one of the possible pitfalls is that consumers who are facing deductibles of \$1,000 or more each year may forego needed care because they can't afford it. That could raise health care costs in general if consumers skip or delay preventive care that can identify problems early. ■

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