

With UnitedHealth Group backing, Exante Bank emerges as ideal custodian of HSAs

Serving as a growth engine for the nation's health care consumerism movement, Health Savings Accounts (HSAs) offer employee benefit brokers and advisers an exciting sales opportunity. But success will hinge on guiding corporate customers through a cluttered market and aligning them with trustworthy vendors that offer comprehensive services.

Mindful that financial and medical transactions were about to converge, UnitedHealth Group was poised to help usher in the era of consumer-driven health care by chartering its own bank in 2003 to help employers manage their HSAs and other savings vehicles.

The thinking was that maintaining complete control over the process and offering a fully integrated system would enable one of the nation's leading managed care companies to empower consumers so that they make better decisions about allocating their health care dollars, as well as simplify their experience.

Growth opportunity

Philip J. Philliou, chief product and strategy officer for Exante Financial Services, says that as a division of UnitedHealth Group his company can harness the carrier's financial firepower and health care expertise. After forging partnerships with 16 industry players, Exante Bank is in an ideal position as custodian of HSAs, Health Reimbursement Arrangements (HRAs) and Flexible Savings Accounts (FSAs).

Despite the market's embryonic stage, Exante has seen dramatic growth. The number of HSAs the FDIC-insured bank now manages has soared to more than 120,000 as of February 1, 2006 from 60,000 in November 2005 with north of \$50 million in deposits.

Acknowledging that different markets have different needs, Philliou says HRAs or FSAs may be more the appropriate vehicle than HSAs for some plan sponsors. "It depends on the customer's needs, but from our perspective we provide one-stop shopping for health care financing," he says, adding that Exante's involvement in this market space dates back to the days of Medical Savings Accounts for small businesses.

Eyeing participant behavior

Perhaps not surprisingly, employee decisions on how to finance their health care needs largely mirror actions taken in preparing for retirement. Philliou points to the emergence of two distinctly different classes of depositors: Die-hard savers who are intent on never touching the money they salt away and spenders who pay for their daily HSA-eligible needs. The long-term view is that health care savings vehicles may help future retirees

finance their growing health care needs as more employers continue to cut post-retirement medical benefits.

"We're trying to observe and understand employee behavior to determine if there are any trends, the market is developing and we are gathering data points to know one way or another," he says.

The Exante Bank-issued HSA MasterCard® Debit Card works just like any other debit card, with cardholders having access to their account funds for direct payment at a doctor's office, pharmacy or health care facility that accepts these cards. The Health Savings Account CardSM also can be used at any ATM displaying the MasterCard logo, while online bill payment is available at ExanteBankHSA.com. Exante's bill pay feature is easy to use and free.

"What brokers should know is that the card is ubiquitous anywhere MasterCard is accepted," according to Philliou. "It also has all the security and trust features associated with MasterCard."

He reports that increasingly cardholders swipe their cards at the point of service for approved services and items, which is the most convenient method of payment versus paying out of pocket and seeking reimbursement through an ATM cash withdrawal.

Transparent investment options

In terms of investment options, Exante Bank offers a range of mutual fund choices and competitive rate of interest earned on account balances. Philliou says benefit brokers and advisers will be interested in knowing that these choices transcend the proprietary slate of funds that large banks tend to offer.

"We care about empowering people to make the best health care decisions, and are not limited like many money-center banks to pushing their own fund products," he explains. Exante provides the best user experience with the only HSA investments "auto-sweep" capability; meaning that users can schedule funds to move from savings to investment funds on scheduled dates or when balances are reached.

Another equally compelling point to consider is that this open-architecture approach to investing comes at a time when employers are under increasing fiduciary pressure to operate and finance all of their benefit plans in a transparent manner. The result surely will be a higher comfort level for brokers and plan sponsors alike.