


**EVA** 2008  
Annual Meeting and Expo

Electronic Transactions Association Annual Meeting and Expo  
April 15-17, 2008 • Mandalay Bay Resort & Casino • Las Vegas, Nevada

## Healthcare Pre-Tax Benefit Cards



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## Quick Comparison: HSA, FSA, HRA

	FSA	HRA	HSA
<b>Enrollment</b>	Through Employer	Through Employer	Individually or through Employer
<b>Funding</b>	Individual pre-tax contributions from Employee	Employer-funded	Individual pre-tax contributions from Employee; the Employer may also contribute
<b>Health Plan Required</b>	Any	Any	HDHP
<b>Funds Roll-Over</b>	No	Employer-determined	Yes
<b>Funds Portability</b>	No	Employer-determined	Yes
<b>Proof that funds were used for eligible medical services</b>	Employer/Plan Administrator is responsible	Employer/Plan Administrator is responsible	Individual is responsible

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## Cards Bring Real Value to Consumers

- Consumers avoid the “double out-of pocket penalty”
  1. A payroll deduction
  2. A cash outlay while waiting for a claim reimbursement
- Consumers do not have to file paper claims
- Consumers can worry less about making mistakes when spending their funds
  - MCC restrictions prevent purchases at non-medical merchants
  - IAS prevents purchases of ineligible merchandise

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## Cards Bring Real Value to Merchants

- Cards can drive more OTC purchases at Retail medical merchants
  - Builds upon pharmacy counter traffic
  - A target a population has funds that must be spent
- IIAS promotes a standard customer experience among all types of FSA and HRA cards
- The implementation of IIAS will reduce card declines
  - Fewer TPAs will block retail MCCs
  - Eliminates the need to decline purchases which do not match PBM data

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## Cards and Spending: 2007

	Total # of Accounts	% Card Enabled	Total # of Cards	Total Annual Spend
FSA	19 M	30%	5.7M	\$4.9B
HSA	2.5M	95%	2.3M	\$2.5B
HRA	3K	10%	300	\$255M

Source: Celent The Healthcare Payment Card Ecosystem: Version 2.0, October 2007

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## Key FSA/HRA Usage Statistics

- Average Load on FSA card is \$1200/year (industry average)
- Average Transaction Value is approximately \$58
- Consumers spend the majority of their FSA funds at retail stores:
  - Drug Store/Pharmacy
  - Grocery/Supermarket
- March is the highest volume month for FSA/HRA transaction with a steady decline over the remainder of the year

Source: The data set forth above is derived from information provided by MasterCard and validated on a yearly basis and is subject to certain limited verification by MasterCard. Certain information indicated on the report may not have been independently verified by MasterCard. All data is subject to revision and amendment by MasterCard subsequent to the date of the release of this presentation report.

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## Multi-Purse Cards

- Consumers may participate in more than one pre-tax benefit program
- HSA, Limited Use FSA and HRA accounts may reside on one card
- Other purses may include: credit or general purpose spending
- Processor rules govern from which account to draw funds based upon the Employer's program design



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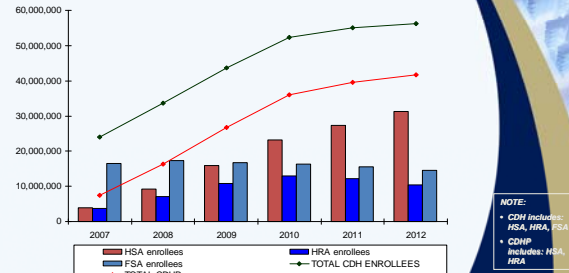
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## Bearing Point Forecast: By 2012-- nearly 60M CDH accounts



**NOTE:**  
 • CDH includes: FSA, HRA, HSA  
 • CDHP includes: HSA, HRA

Sources: Leading Research Firm, US Census Bureau, Kaiser Family Foundation, Aetna, HealthInsurance, Employees Council on Flexible Compensation, Mercer, Thomson  
 Benefitnews.com, 100 Best MarketsAccounts.com, Federal Reserve, ISI, Forrester, BearingPoint, SME  
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 (2007 estimates, based on YE 06 actuals)

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