

Case Study

How the Blue Cross Blue Shield of Massachusetts' BlueFit digital product rewards HSA contributions and reduces costs



**HSA + Digital First
Health Plan**
Benefit



Healthcare
Industry



51+ market
Population





Challenge



Solution



Success

Customers want a wide range of digital functionality in their healthcare plans

Blue Cross Blue Shield of Massachusetts (Blue Cross) understood they had an opportunity to create a medical plan to match the rapid digital growth. Customers now expect a wide range of smartphone and tablet functionality in their healthcare plans and benefits. And, at the time of product development, healthcare costs were on the rise along with inflation¹—squeezing both employers and consumers.

Blue Cross created BlueFit, a consumer-directed health (CDH) plan to provide comprehensive coverage through a digital experience where 95% of subscribers have earned an incentive. BlueFit is designed around a Health Savings Account (HSA) and rewards members for making progress on health, wellness, and financial literacy goals.

“ Our team talked to nearly 1,200 employers, brokers, and members and conducted over 432 hours of research and testing during the ideation phase to ensure there was a fit for this product in the marketplace, and that it would be compelling to our customers. ”

Colleen Manna, Director,
Consumer Directed Healthcare
Product Strategy for Blue Cross

¹<https://www.stlouisfed.org/on-the-economy/2022/apr/2021-year-high-inflation>



BlueFit in Brief

BlueFit is a consumer-directed health plan with additional value of a digital first environment, built-in HSA, and incentives for practicing healthy habits.



Challenge



Solution



Success

Comprehensive medical and mental health coverage in a convenient digital format

Blue Cross discovered they needed a technologically advanced solution to help employers reduce costs while elevating benefits for employees.

The Blue Cross team worked with HealthEquity to create a new incentive-based product design. By the end of 2021, BlueFit, a next-generation health plan, was created and ready to be released.

Launched in 2022, BlueFit bundles benefits with an HSA from HealthEquity and incentives to spur real-time engagement.

Blue Cross emphasizes the importance of the automatic contribution feature. Dollars earned from completing tasks in BlueFit are funded by Blue Cross and automatically contributed into the subscribers' HSA. Because subscribers don't get a check or debit card² to spend that incentive, it creates automatic savings into their HSA.

"Getting the auto deposit feature in place was critical and fundamental to this offering. There was a tremendous level of cooperation and partnership between the Blue Cross and HealthEquity teams to accomplish this," said Kerry Salvi, Senior Product Manager for Blue Cross.

²This card is issued by The Bancorp Bank; Member FDIC, pursuant to a license from Visa U.S.A. Inc. Your card can be used everywhere Visa debit cards are accepted for qualified expenses. This card cannot be used at ATMs and you cannot get cash back, and cannot be used at gas stations, restaurants, or other establishments not health related. See Cardholder Agreement for complete usage restrictions.

³HSAs are never taxed at a federal income tax level when used appropriately for qualified medical expenses. Also, most states recognize HSA funds as tax-deductible with very few exceptions. Please consult a tax advisor regarding your state's specific rules.



The product includes:

- ✓ **HSA-centricity**
Members receive an HSA with HealthEquity to set aside money for eligible medical expenses now and in the future, while generating tax³ savings on multiple fronts.
- ✓ **Employer commitments**
Employers fund each employee's HSA with at least 30% of their annual deductible, not to exceed established limits set by the Internal Revenue Service (IRS).
- ✓ **Compelling digital features**
Users see claims, balances, and incentives all in one place. Plus they get access to virtual consults, like online dental health appointments.
- ✓ **Valuable incentives**
Starting on day one, members can earn up to \$600 in cash incentives—automatically contributed to their HSA. (Note: as with any contribution, HSA incentives are counted toward the individual's maximum HSA contribution limit.)

“ I can't underscore enough how critical it is to have a leader like HealthEquity on our side who can think creatively with us to solve problems. That critical thinking will help us continue to develop new APIs and features as we move forward with BlueFit and other products. ”

Colleen Manna, Director,
Consumer Directed Healthcare
Product Strategy for Blue Cross



Challenge



Solution



Success

BlueFit helps members develop savings and understand their benefits

While complete results won't be available until the beginning of 2023, initial results are promising. To date, 100% of employers contribute to subscribers' HSAs and the average cash balance of the new, first-year HSA is \$1,105, about 20% higher than average first-year cash balances of HealthEquity members. Blue Cross views the significant interest in earning the incentives as a positive. Likewise, among the eligible population, there is significant adoption across the board for the full suite of available tools and resources.

"We see relatively quickly that employees go online to add their contact information to their profile in the MyBlue member portal to earn \$100," said Salvi. "That's an important milestone because it's a digital product and the goal is to use text and email messaging to communicate with those individuals."

In addition to promising results for members, employers are realizing savings. Compared to a preferred provider organization (PPO), employers are seeing a range of 13 to 18% cost savings. And compared to a health maintenance organization (HMO), employers are saving 25 to 30%.

100%

of employers contribute

\$1,105

average cash balance

13-18%

Employer cost savings
compared to PPO

25-30%

Employer cost savings
compared to HMO

"BlueFit checks every box by educating and incentivizing healthcare consumers to make good choices with both their health and finances. I applaud how Blue Cross Blue Shield developed a product that will ultimately help their members grow tax advantaged savings to use now and into retirement."

Dr. Steve Neeleman,
Founder, Vice Chairman
HealthEquity



What's next for BlueFit?

In the new year, the Blue Cross team will see the full picture of results to understand the level of success and determine if any BlueFit components, like the automatic HSA contributions, would make sense to align with other plans in their offering. They'll gather feedback from employers, including assessment on whether employers kept their commitment to deposit 30% of the deductible into each subscriber's HSA.

**For employers and health plans interested in creating
a digital HSA solution, contact HealthEquity.**

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HSA



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