



*Canopy Financial*  
**Vik Kashyap, CEO**

By Mark A. Browne



Canopy Financial is on a roll. Two years after introducing its Web-based financial processing service HealthDirect, 12 of the 25 top banks and healthcare plans in the US use it to administer more than a million in health savings and flexible savings accounts.

Gross revenues have increased by more than 500 percent year-over-year, and earnings more than tripled.

In October, privately held Canopy acquired **CareGain Inc.**, a business unit of **Fiserv Health**, making Canopy “the dominant force” in the healthcare banking and related products industry, according to Canopy’s CEO Vik Kashyap.

The road ahead looks just as promising as more employers, responding to ever-increasing health premiums, steer employees to high-deductible insurance plans attached to consumer-directed HAS investment vehicles.

Flush with \$23 million in venture capital, Canopy boosted its technology spend nearly a third to \$3.5 million to support more volume in its processing infrastructure and enable health plans to offer enrollees greater flexibility in choosing which bank to open an HSA.

“There are not many players that are doing what Canopy is doing right now,” says Red Gillen, a senior analyst at Celent. “They seem to have the most innovative features and offer full support for HSAs. They are like HSA in a box.”

While Canopy’s initial challenge was to convince banks and health plans that a Web-based processing service specific to healthcare is better than “re-purposing an existing platform,” Kashyap says the future is about providing health savings account holders with more choice and flexibility. The that end, Canopy this year filed for patents on new online technology, such as enhancing HealthDirect’s processing capability for paying medical bills online.

Linking health plans’ consumers to multiple bank HSA offerings is “the smart strategy,” Gillen says. “Choice will be increasingly in demand. It will give health insurers a competitive advantage.”

This year, Canopy released HealthDirect Investment, an online investment planning tool using a set of asset allocation models specific to healthcare that Kashyap says help HSA holders plan savings investing for future out-of-pocket healthcare expenditures.

Gillen says it’s another example of Canopy being “out ahead of the market.”

Besides blue chip clients such as **Wachovia**, **Fifth Third** and **CareMark**, Canopy’s HealthDirect was integrated this year with **Wolters Kluwer’s HSA Director** platform, exposing it to potentially thousands of more institutions.