

Case Study

An Indiana County government, with 1,500 eligible employees, used a proactive approach to introducing HDHP/HSA options in 2007. The benefits staff was committed to providing employees with affordable healthcare while controlling costs. The initial offering included two traditional health insurance plans and one HDHP/HSA.

The funding strategy had two objectives: to incent employees to adopt the HSA plan and to engage in healthy lifestyle changes.

The County committed to contributing 30% of the annual deductible to the HSA. It was determined that a mix of lump-sum funding and over-payroll cycles demonstrated their dedication to the program. In addition, extra lump-sum contributions were given to employees who achieved points in their wellness program.

The selection process for the HSA administrator included a broad request for the proposal process centering on experience, reputation, and the educational capabilities of each provider. When the final decision was made, the county collaborated with the administrator to design communication and

education time lines. Meetings dedicated to HSA's were conducted prior to the enrollment period in partnership with the administrator. Plan materials were physically distributed and posted on the County's intranet site. Benefit staff and administrator representatives were available to answer questions on an individual basis.

The first year's adoption rate was 23%. This success was due to several factors such as long-term commitment to sustainable solutions of rising healthcare insurance premiums; offering a viable HSA-qualified HDHP; wellness initiatives, financial incentives, and well-planned education and communication; and the involvement of an experienced HSA administrator.

By 2010, the adoption rate was 44%. In 2009, the overall claims decreased by 9% below claims in 2006; and in 2010, claims decreased 10% from 2009. To maintain enrollment, the county has migrated to one traditional plan option with two HDHP/HSA options. Since the launch of HDHP/HSA in 2007, the county has never increased the premiums and continues to participate financially.

The HSA Authority: Unique Features

- No monthly maintenance or setup fees
- Fast, simple online account opening
- No charge for customized HSA education or enrollment assistance
- Valuable cost-saving and educational online tools
- Exclusive staff dedicated to the service and support of HSA's only
- Free electronic deposit service for employers
- No minimum group size or balance requirement
- Certificate of deposit and investment options

Contact Us

To learn more or to begin experiencing The HSA Authority service difference, contact us today!

- Ruste Pontenberg:** Vice President, HSA Manager
260.427.7167 | ruste.pontenberg@theHSAauthority.com
Specializing in new business development and health insurance agent relationships.
- Jessica Clayton:** HSA Relationship Manager
260.427.7123 | jessica.clayton@theHSAauthority.com
Specializing in new business development and health insurance agent relationships.
- Kathy Goffer:** HSA Relationship Manager
260.207.7209 | kathy.goffer@theHSAauthority.com
Specializing in new business development and health insurance agent relationships.
- Beth Gremaux:** HSA Account Executive
260.427.7060 | beth.gremaux@theHSAauthority.com
Specializing in employer services, group enrollment presentations, and employee education.



Best Practices for a Successful HDHP/HSA Transition

The HSA Authority and July 2011 Case Study

Why The HSA Authority?

The HSA Authority is a leader in health savings account (HSA) administration. We offer big company services without sacrificing the personal attention that sets us apart.

Everyday, thousands of individuals trust us to provide them with first-class enrollment, education, and administrative management. We work with businesses and insurance professionals across the U.S. and we're not tied to one insurance company or third-party benefits administrator. We simply provide the HSA administration experience that makes your job easier.

The Experience

When congress created the HSA in 2004, we, as part of Tower Bank, were one of the few banks in the country to begin specializing in and offering the product. Today, The HSA Authority is the administrator for more than 500 employer groups and over 52,000 individual HSA's.

We provide services to individuals, small businesses, large corporations, and multiple government entities including universities, municipalities, and the State of Indiana.

Overview

Rapidly rising health insurance costs have strained employers in recent years. They have diligently worked to find a sustainable solution to the challenges they face. By implementing a high-deductible health plan (HDHP) with an HSA, many companies have been able to contain costs and still offer a competitive benefit to their employees.

As of January 2013, 16.5 million people were covered by a HDHP/HSA. The HSA marketplace has experienced tremendous growth and is likely to continue as employers become more aware of the cost of health care and the advantages of a HDHP/HSA program.

Following are some recommendations and best practices we have gathered throughout our years of experience with clients nationwide.

Plan Design

- Design a HDHP/HSA that is simple to understand.
- Make it different enough from other plan designs so employees can easily identify the new plan.
- Limit the overall healthcare options to avoid employee confusion.
- If multiple plans are offered, slight changes to the previous year's healthcare option may encourage employees to investigate their new HDHP/HSA option.
- Premiums should be lower than those charged for other plans to provide employees with an incentive to consider the HDHP/HSA.
- Keep deductibles and levels of coinsurance at an affordable minimum to avoid employee shutdown.
- Provide incentives that promote a healthy lifestyle such as participation in company-sponsored programs that can affect the employees' ability to stay healthy.

The average annual premium for workers in HSA-qualified HDHP's is \$4,713/single coverage and \$13,446/family coverage. The average annual employer contributions to premiums for workers in HSA-qualified HDHP's are \$4,066/single coverage and \$10,009/family coverage.

– Source: Kaiser/HRET Survey of Employer Sponsored Benefits, 2012

Communicate Early

For employees to want to shift to a HDHP/HSA, employers must promote employee education about the true costs of health care and clearly define the essentials of a HDHP/HSA. Presenting examples to employees about the ways HDHP/HSA's differ from their current fixed co-pay and deductible plan is a best practice in the education process. Communications rolled out prior to the actual enrollment period is critical to success.

An experienced HSA administrator can play an important role prior to the enrollment period by providing customized communication tools to educate the employees about HSA's and their benefits.

Participate Financially

Employer contributions play a vital part in both HSA adoption and employee satisfaction. To avoid employees from viewing the new plan as a cost-shifting tactic, many employers either front load or accelerate their HSA funding. Matching contributions may also be an effective way to encourage HSA participation.

Typically, employers match 50% to 100% of HSA contributions.

On average, workers enrolled in HSA-qualified HDHP's receive an annual employer contribution to their HSA of \$609 for single coverage and \$1,070 for family coverage.

– Source: Kaiser/HRET Survey of Employer Sponsored Benefits, 2012

Choose the Right HSA Administrator

The best financial institutions provide more than just a place to house the HSA assets. An experienced administrator that offers high-quality services can play an important role in boosting employee participation and satisfaction. Use the following questions when evaluating HSA administrators:

- Experience:
 - Does the administrator have a good reputation (should provide references)?
 - How many accounts are actually administered?
 - How many employer implementations?
 - Do they understand the complex regulatory requirements associated with HSAs?
 - Are they committed to the HSA marketplace?
- Administrative Capabilities:
 - Do they offer a simple online enrollment process?
 - Is there a free and easy employer deposit method?
 - Do they have a dedicated HSA support team?
 - Do they offer the expertise of a live call center?
 - Do they offer employer reporting capabilities?
- Educational Resources:
 - Do they offer customized enrollment and communication materials?
 - Do they offer on-site enrollment assistance?
 - Do they offer ongoing educational support throughout the year?
 - Do they offer employees access to website tools and resource materials?
 - Do they communicate the latest HSA industry news?
- Account Features:
 - Are there fees for monthly maintenance or setup of the account?
 - Do they offer debit card and/or personal check fees?
 - Are transaction fees charged?
 - Are there options for certificates of deposit?
 - Are there investment options?
 - Are there fees for monthly online or paper statements?
 - Do employees have ATM access?

Employer Benefits of a HDHP

- High-deductible health plans cost less, thus saving you money.
- Offering an HSA can help make your benefit package more competitive to attract and retain better employees.
- When run through a Section 125 Plan, employer contributions to employees' HSAs are not subject to FICA, FUTA and other withholding taxes.
- The cost of the insurance premium and any contribution to the employees' HSAs are tax-deductible.
- Employees become more responsible for their health care purchase decisions.
- An HSA enhances your benefits package because they're favored over other plans, such as HRAs and FSAs.
- An HSA provides an additional savings vehicle for employees to help meet their retiree medical costs.

Conclusion

High-deductible health plans coupled with an HSA offer a viable alternative to traditional health plans for many employers nationwide. The key to a successful transition is overwhelmingly dependent on the plan design, employer financial participation, and partnering with the right HSA administrator. Implementing these important elements will ensure a smooth transition to a HDHP/HSA and provide true value to your benefits package for years to come.