

Choosing the Right HSA Partner:



High-Quality Administration Makes all the Difference

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We continue to see the health insurance market in a state of constant change and ever-rising costs. It seems as though laws, regulations and expectations have become a moving target that continue to shift and evolve before our very eyes. The high-deductible health plan is looked upon as a great lower-cost option for employers and individuals but, unfortunately, many times the selection of the accompanying Health Savings Account administrator can be overlooked. It's in this environment that your clients need you, their broker, more than ever. That means you need the right HSA partner to support your efforts to serve your clients. But what should you look for when choosing an HSA partner?

Clients look to you for education, advice and help as they sift through the industry rules and regulations. Aligning yourself with an HSA expert can make the difference in not only winning that long-sought-after new business, but also maintaining client relationships for the long term. True success is not only about how you perform—how your business partner performs also shapes how clients define your value. The increased popularity of HDHPs has created a flood of financial institutions offering HSAs.



HSA Advantages to Employers

- Employer contributions are not taxable to employees; employer claims the tax deduction
- Reduces the actual spend and rate of growth for health care costs, now and in the future
- Reduces FICA, FUTA match and Workers' Compensation, if employee contribution runs through payroll (reduces gross payroll)
- Helps employees fund retiree medical benefits without recording a liability on the employer's books
- Supports employee involvement to abate escalating cost of healthcare

Source: Sterling HSA



HSA administrators come in all sizes, from small community banks to nationally known mega-banks. Some insurance companies have started their own HSA bank option and embedded HSA payouts into their claims process.

This is conceivably for convenience but often can make it more difficult for a customer to change carriers. The key is to find well-educated HSA consultants that are easily accessible to you, your clients and their employ-

A quality administrator offers a feature-rich and cost-effective product, provides comprehensive education and follows up with administrative expertise.

- Feature-Rich Product: The account should have multiple access points such as debit card and check access, ATM capabilities, online banking options and telephone banking. The account holder should be able to choose between paper and online statements. Keep in mind HSAs can earn interest and many employers insist on an investment option as well.
- Education: Resources provided should be comprehensive and customized to the specific needs of the account holder and employer. They should be available in multiple formats such as in person, live webinars, and recorded presentations for employer intranet sites as well as links to service items and forms available as a self-serve option. Education topics must include HSA eligibility, contribution limits, proper funds usage, tax concerns and how HSAs interact with other insurance coverage, retirement and Medicare. The education should not stop at the end of the open-enrollment period. Employees are hired year-round and good HSA administrators will accommodate year-round educational needs.
- Administration Support: Ongoing support is probably the most overlooked need. Both account holders and employees will require various types of customer care after the accounts are opened. An absolute must is access to a live call center to address specific needs on a one-on-one basis with account holders. Payroll employees will appreciate a simple and free contribution process. Employers should have access to various reports for reviewing aggregate balance trends and contribution totals. Assistance with monitoring specific employee contribution amounts and HSA eligibility should also be available.

Without proper education, a client may not understand the importance of the HSA administrative support component. Informal research has shown that in a number of cases, employers may tell their employees, "Just go to your local bank or open an account wher-

HSA Advantages to Employees

- Contributions and earnings grow tax free* and are portable
- Tax-advantaged vehicle for asset accumulation
- Source of funding medical/dental/vision/long-term care services for self and family tax-free
- Financial incentive to practice healthy lifestyles
- Accounts can accumulate over time in tax sheltered investments (Currently, state tax applies in CA, AL and NJ)

Source: Sterling HSA



ever you prefer." On the surface, this may seem like an effective way to handle a need. In actuality, it is a missed opportunity for you to reinforce the value of your business partnership.

Leaving the HSA administration to chance raises many perils. Employees with accounts at multiple institutions can result in extra payroll contribution headaches for human resource professionals as well as possible conflicting answers to important HSA administration questions. A bank with poor education support can result in confused employees, frustrated human resource professionals and potentially put the business owner at risk of legal and tax penalties.

When choosing an HSA partner, do your homework. Invest time in researching their depth of experience, tenure and dedication to the market. How long have they offered an HSA program? How many employer groups have they implemented? You want a group that is experienced and can anticipate your clients' needs. HSAs are not just another checking account. They are a true employee benefit if they are presented properly and supported by a dedicated HSA administrator.

Over the last few years, several banks have sold their HSA portfolios, often resulting in a new product that can be considerably disadvantaged from the original product offering. Do not hesitate to ask for references from your potential HSA partner. Be aware of their fee



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structure. You do not want your employer groups or their employees to be surprised with excessive and unnecessary fees. There are several HSA institutions that do not charge any setup, monthly or annual fees, yet still provide top-notch care for your clients. Armed with answers to the previous questions and any related cost, you will be able to find the partners you want on your team.

When presenting a HDHP option to your clients, you have the opportunity to guide the HSA administration relationship. Helping your client select a quality HSA administration partner will help you solidify the relationship you have worked so hard to build. This is accomplished by providing expertise in an area many of your competitors ignore. If you do not help guide the selection process, your client may have a less-than-desirable HSA experience. This negative experience may damage your relationship because employers will associate it with the HDHP you initially presented and could hold you responsible for their poor service experience. Providing a quality administration option also helps round out a complete health benefit offering. The easier the HSA transition and the greater the HSA support you provide, will directly relate to the value your clients put on your relationship. A win for you and your client!