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## Program Design That Saves Money

When your employees select an HSA-compatible health plan you save money on taxes and premiums—and so do they. But did you know that the way you design your plan can affect your acceptance rates, and essentially, determine how much you save?

This enrollment season, make sure your HSA program is designed to save you money. Consider implementing one or all of the following:

- **Structure your plan**  
To encourage employees to enroll offer two deductible options and pay monthly fees. If you offer traditional plans, make sure the premium difference favors the HSA option.
- **Educate employees**  
The most cost effective way to increase your adoption rates is to educate employees. An HSA Bank study found that just 90 minutes of education increases rates by 21 percent.
- **Provide an employer contribution**  
A contribution to employee accounts increases adoption rates and creates good will. It lets employees know you have a vested interest in their healthcare.
- **Pre-tax Employee Contributions**  
Remind your clients that when employees make pre-tax contributions, your client saves money. Encourage employers to make it easy for their employees by setting up a Section 125 Cafeteria Plan.
- **Set up a Section 125 Cafeteria Plan**  
When employees make pre-tax contributions to their accounts, you save money on taxes. Make it easy by offering this payroll deduction-type contribution option. See article three of this newsletter for more information.
- **Implement a wellness program**  
Wellness programs have a positive impact on your bottom line because they focus on preventive care which reduces claims and absenteeism.

[Click here](#) for a refresher on other ways to design a successful HSA program.

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# New Communication Kit - Coming Soon!

We have revamped our Employer Communication Kit. By taking previous favorites and combining them with new ideas and delivery methods we've made it easier for you to use and distribute the information to your employees. Keep in mind that the more quality information you distribute, the higher your acceptance rates will likely be, which increases your savings potential.

New items to look for include:

- Communication Calendar - we provide the key messages and timelines; you simply pick the collateral that best suits your employees.
- HSA Informational Poster – pique employees' interest and get them thinking about the financial benefits of an HSA. Plus, the poster includes your custom enrollment link and steps for signing up with HSA Bank.
- Program Design Tips - learn how to efficiently design your HSA program to save money and boost acceptance rates.

Increase employee education and start saving more money. Get your new communication kit today! Log in to the Employer Administration Area or call us at (866) 357-5232 and request a complimentary CD.

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## Benefits of a Section 125 Cafeteria Plan

Pre-tax contributions lower your FICA contribution, state and federal unemployment contributions and payroll figures for Workers Compensation insurance. Consider this tax savings example.

### Background:

Jane contributes \$100 bi-weekly<sup>1</sup> through her employer's Section 125 Cafeteria Plan.

### Savings:

FICA Savings (7.65% employer FICA contribution)	\$7.65
Unemployment Contribution (State)	\$3.00 <sup>2</sup>
Unemployment Contribution (Federal)	\$0.80 <sup>3</sup>
Workers Compensation Savings	\$2.00 <sup>4</sup>
Total Saving per Pay Period	\$13.45 (13.45% of contribution)

**Jane's employer saves \$349.70 annually (26 x \$13.45) on her contribution. Now multiply that by the number of employees making a similar contribution!**

Through HSA Bank's Direct ACH option, you are able to utilize your current payroll service to make contributions to your employees' HSAs. [Click here](#) for ACH Instructions, or contact Business Relations for more information.

<sup>1</sup> The cost savings value example is not tax advice and meant for illustrative purposes only. Actual savings may vary.

<sup>2</sup> State unemployment contributions vary by state and employer claim experience. 3% is the approximate average starting rate for unemployment contributions.

<sup>3</sup> Federal unemployment contributions are 0.8% for the first \$7,000 of employee payroll.

<sup>4</sup> Workers Compensation insurance rates vary by state and region, and are affected by employee class, job type and employer claim experience. 2% was assumed as the approximate average insurance rate for Workers Compensation.

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## Legislative Update

Yesterday, the Senate Finance Committee passed its version of the healthcare reform bill (14-9). While this is significant, there is still much to be done because the Finance Committee's version still contains language that is potentially harmful to HSAs.

In the coming weeks, the Senate will merge the Senate Finance Committee and the Senate Health, Education, Labor and Pensions (HELP) Committee's versions of the bill. This will not be an easy task since they contain conflicting ideas on:

- Public option
- Employer mandated coverage
- Expansion of Medicare

However, the process of merging the proposals creates opportunities for modifying the final bill, which may help remove the negative HSA language. A final version will be presented to the Senate Floor for debate in late October.

HSA Bank continues to work to ensure that HSAs remain affordable, convenient and available to all Americans, allowing them to save for the future, and hold down the costs of healthcare.

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HSA Bank's Business Relations Coordinators can be reached at (866) 357-5232, Monday through Friday, 7 a.m. - 7 p.m., CT.