

# HSA Bank's Program Design Tips



## Designing Your HSA Program

A successful HSA program design is the key to saving money and providing quality, affordable healthcare coverage to your employees. The goal is to design a program that is attractive to employees and will increase adoption rates. Whether you offer one health plan or a variety, you'll save money by encouraging employees to opt for an HSA-compatible option. HSAs are part of consumer-driven healthcare, which motivates and empowers employees to take control of their healthcare. By encouraging employees to sign up for the HSA option, you'll save money on premiums, taxes and claims— and so will they. Plus, by putting employees in control of their healthcare, you will likely realize a reduction in overall claims and employee absenteeism.

Design a great HSA program by incorporating one or all of the following:

- Structure Your Health Plan
- Educate Your Employees
- Make Contributions
- Encourage Employees to Contribute
- Implement a Wellness Program

## Program Design Assistance

HSA Bank's Regional Vice Presidents, Assistant Vice Presidents, Account Managers and Business Relations Coordinators are exclusively dedicated to assisting our business partners. They can guide you in developing your HSA program design and communication strategy.

If you are interested in receiving expert assistance with your HSA program design, please contact HSA Bank's Business Relations Coordinators Monday through Friday from 7 a.m. to 9 p.m., CT, at (866) 357-5232 or [businessrelation@hsabank.com](mailto:businessrelation@hsabank.com).

Let us help you design a program that will save you and your employees even more money!

# Structure Your Program

It is important to structure your HSA-compatible plan in a way that is attractive to your employees, especially if you are offering more than one health plan option. Generally, employee concerns are going to deal with premium, deductibles and monthly fees.

Program Design Examples		
<p><b>Premium Concerns</b> Addresses employees that place a high value on having low premium costs.</p>	<p><b>Deductible Concerns</b> Addresses employees that are concerned about high deductibles.</p>	<p><b>Combination</b> Addresses employees that place a high value on having low premium costs.</p>
<ul style="list-style-type: none"> <li>× Pay 80-100% of employee premiums towards a CDHP.</li> <li>× Offer several deductible levels to ease the transition to an HSA plan (Ex: \$1,200 &amp; \$2,500 individual deductible levels).</li> </ul>	<ul style="list-style-type: none"> <li>× Contribute 50-100% of the CDHP deductible to the HSA.</li> <li>× Pay the applicable monthly fee associated with the HSA.</li> </ul>	<ul style="list-style-type: none"> <li>× Pay 75-100% of employee premiums towards a CDHP.</li> <li>× Contribute 30-60% of the CDHP deductible of the HSA.</li> <li>× Pay the applicable monthly fee associated with the HSA.</li> </ul>

## Premiums & Deductibles

If you are offering a traditional plan and an HSA-compatible plan, make sure that the premium difference is large enough to encourage employees to select the HSA-compatible option.

Consider offering several deductible levels, such as \$1,500 and \$3,000, to ease the transition to an HSA-compatible health plan and give employees a choice in the amount they pay. Two HSA-compatible options can encourage greater employee acceptance and satisfaction in your HSA program because even those uneasy with the idea may opt for the lower deductible option.

To alleviate additional deductible concerns consider contributing 50 percent or more of the deductible to the employees' HSAs. Giving employees a initial starting point to build their funds eases the concern of a large medical expense in the beginning of the year, as well.

## Pay for Fees Associated with the Account

Paying the fees associated with the HSA reduces the overall healthcare cost for your employees, which helps to create a positive experience for your employees. Additionally, the organization's cost for the fees is quickly recovered through your employees' pre-tax contributions through a Section 125 plan. Based on a monthly maintenance fee of \$2.25, once an employee contributes \$16.73 on a pre-tax payroll basis, your organization will have fully recovered the cost of the fee with the savings on FICA contributions, federal unemployment contributions, state unemployment contributions and Workers Compensation insurance.<sup>1</sup> Not only does paying the monthly fees encourage employees to join, it also encourages employees to open their account and begin funding.

**TIP:** The term "high deductible" tends to have a negative impact on employees' perceptions. Consider using the term "HSA-compatible" health plan instead of "high deductible."

## Educate Your Employees

The most cost-effective way to increase adoption is to educate yourself and your employees. A study conducted by HSA Bank found that just 90 minutes spent educating employees can lead to a 21 percent increase in acceptance rates. Start by downloading HSA Bank's Employer Communication Kit from our Employer Administration Area.

The communication kit is divided into two main sections; one dedicated to educating you and the other to educating your employees. We suggest that you start by reviewing the pieces in the employer section. The kit provides everything you need to know about managing an HSA program with HSA Bank. If you have questions along the way, just give us a call. We are happy to guide you through the process.

Take a look at the Communication Calendar and you'll see that we've outlined best practices to determine timelines for what type of messages should be sent during each portion of the program. All you have to do is choose which piece of collateral best suits your employee base.

The employee section combines informational pieces in various formats (print, electronic, online) that begin with pre-enrollment and flow all the way to post-enrollment with ongoing information to reinforce the HSA message. Plus, many are in editable formats to allow you to tailor them to your program.

- Pre-enrollment pieces are developed to help employees understand the HSA concept and educate them on the benefits of an HSA.
- Enrollment items introduce the HSA program and help them understand what they can expect next in the process.
- Post-enrollment and ongoing educational pieces are meant to keep employees informed and to provide tips for maximizing their account now and in the future.

**TIP:** Encourage employee research even before enrollment.

### ***Client Assistance Center***

HSA Bank's expert client assistance center is available to your employees even before they enroll. Encourage them to call with any questions they may have pertaining to an HSA. The Client Assistance Center is available Monday through Friday from 7 a.m. to 9 p.m., CT at (800) 357-6246.

### ***Online Tools***

Even before your employees make a plan selection or enroll, encourage them to utilize HSA Bank's website and online tools. They are a great way for employees to see the true value of an HSA and get tips for maximizing the account.

## Make Contributions

Research shows that employers who contribute to their employees' HSAs have a higher acceptance rate. Employees are more apt to select an HSA-compatible plan if they feel like they are receiving a financial benefit or supplement from their employer. And, an employer contribution creates good will by showing employees you have a vested interest in their healthcare.

☑ **TIP:** Consider accelerating contributions in the beginning of the year (January - March) and dividing the rest of your contribution evenly throughout the year. This will ease the fear employees may have about incurring a large expense at the beginning of the year before they have had a chance to grow their account.

☑ **TIP:** Consider using a portion of what you save on premiums and taxes to fund or increase employee HSA contributions. Or, use your premium savings to pay a larger portion of your employees' premiums.

## Encourage Employee to Contribute

HSAs allow employers to match employee contributions through a Section 125 Cafeteria Plan. This allows you to feel secure that the employee is taking a vested interest in their healthcare

Set up a Section 125 Cafeteria plan to allow your employees to make regular HSA contributions on a pre-tax basis. When your employees make pre-tax HSA contributions it lowers your FICA contribution, state and federal unemployment contribution, and payroll figures for Workers Compensation insurance. Plus, it is an added convenience to your employees that will help them build their funds through a payroll deduction-type contribution.

Below is an example of the cost savings you could realize when an employee contributes to his/her HSA on a bi-weekly pay schedule<sup>1</sup> through an employer facilitated Section 125 Cafeteria Plan.

### **Background:**

Jane makes a \$100 bi-weekly, pre-tax contribution to her HSA 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>
<b>Total Saving per Pay Period</b>	<b>\$13.45</b>

**Total annual savings to employer in this example (\$13.45 x 26) = \$349.70**  
**Multiply \$349.70 times the number of employees making similar contributions!**

# Implement a Wellness Program

The best way to keep your employees healthy is to implement a wellness program. Studies show that within three years, wellness programs have a direct, positive impact on a company's bottom-line when structured efficiently and maintained. Wellness programs focus on preventative care, which keeps employees healthier and reduces claims and absenteeism over time.

Encourage your employees to participate in preventative healthcare by offering HSA contributions as an incentive for participation. Examples of activities you could incentivize include:

- Health risk assessments
- General exercise
- Gym memberships
- Smoking cessation programs
- Weight management programs
- Or, ask employees for input

If you are interested in consulting a wellness vendor, HSA Bank can guide you and help seamlessly implement a program through our vendor relationships.

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

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

*3 Federal unemployment contributions are 0.8% for the first \$7,000 of employee payroll.*

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

**For more information on our services,  
contact us at:**

**(866) 357-5232**

**Monday through Friday, 7 a.m. - 7 p.m., CST**

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