

# Benefits Insights

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## Key HSA Decision Points

Below are some key questions an employer considering a high deductible health plan (HDHP) with a health savings account (HSA) should think about:

### Employer Considerations

- Is your primary goal to save money on health costs or to move toward employee driven health care decisions?
- What is your strategic timeline for making these changes
- How much ground have you covered with employees in helping them understand the magnitude of the health premium costs' effect on your business—and ultimately on employees' financial security?
- How will your choice of health care plans affect the recruiting and retaining of talent?
- What is your corporate culture today and how well does your organization embrace change? Company characteristics that influence the ability to introduce HSAs include paternalistic culture, high turnover, communication ability and recent major changes in workforce or benefits.
- What characteristics of employees would tend to make them more interested in one approach or another? Age, gender, time at company, personal situations, number of dependents or salary? How well do you know what your employees want?

### Questions on Plan Design

- Should you replace an existing traditional plan or do a side-by-side? How would you position HDHP/HSA relative to other health coverage?
- How would you integrate an HSA into your plan?
- Where will you set the deductible?

- Will you contribute to employee savings accounts, and if so, how much?
- How much will you, the employer, be charged in administrative fees, and how much of that will you pass on to employees?

### Selecting an HSA Provider

If you choose to partner with a provider to ease the process for employees, consider the following variables.

- Fees—HSA administrators charge employees to manage their accounts, keep records and send out appropriate forms and statements.
  - How are fees established?
  - Are employee fees based on the amount in accounts or on how much is contributed monthly?
  - Is there a fixed fee that does not correlate with how much is contributed to the account?
  - Which fees can be assessed (stop payment charges, fees to close account, charges to replace lost or stolen checks, etc.)?
  - Does the employer or employee pay the fees?
  - Can employees pay fees directly or must they pay out of the HSA?



**BBP Admin**  
BENEFITS ADMINISTRATION  
COBRA, FMLA, FSA, HRA, HSA, TRANSIT

info@bbpadmin.com  
www.bbpadmin.com  
630 773 2337

- Account Earnings:
  - What is the rate of return on the account?
  - What is the minimum amount of money that the HSA must hold to make investments?
  - Is there a charge to make investments?
  - Are investment earnings forfeitable?
  - Does the HSA carry an investment risk?
  - Is the HSA insured?
- Investment Issues:
  - Can creditors seize the balance of an HSA if an employee declares personal bankruptcy?
  - Does the account trustee/custodian impose limits on the number of distributions that employees can take for a specific period of time?
  - Does the account trustee/custodian accept rollovers or trustee-to-trustee transfers from other eligible accounts?
- Value-added HSA Services:
  - Does the account trustee/custodian provide employees with a bill review and negotiation help?
  - Do employees have access to price transparency information and health care quality comparison tools?
  - Does the account trustee/custodian provide phone or Web counseling to help employees review and minimize their spending?
  - Does the provider prepare annual IRS reports for the employer?
  - Does the provider provide assistance with following comparability rules for employer contributions?
  - Does the provider offer checks or a debit card for HSA payments or withdrawals?

### Pros

- Greater individual control over health care dollars
- Increased consumer decision-making, potentially leading to healthier lifestyle
- Incentives for individuals to save for health care expenses they will encounter in retirement
- Better tools (online and through dedicated phone support) for making more informed health care choices
- Debit cards and checking accounts to speed reimbursement for employees, save paperwork for employers
- Savings for employer on HDHP premiums. Companies often save enough through the higher deductible that they are able to contribute to the savings accounts.
- For employers, HDHP design preserves distance from first-dollar coverage.

### Cons

- Communication challenges in shifting costs, risks and responsibilities to employees
- Time-consuming effort for a company to implement
- Continuing administrative hassles and some state laws to be addressed

