



Health Savings Accounts: Combining HSAs and Technology to Drive Greater Value to Your HDHP



Health Savings Accounts: Combining HSAs and Technology to Drive Greater Value to Your HDHP

INTRODUCTION

Human Resource leaders are continuously challenged to minimize the impact of increasing benefits costs while delivering competitive packages that attract and retain top talent. This balance has proven difficult to achieve: Today, two-thirds of employers say they could afford to increase their benefits spending by around only \$25 or less per employee.¹

In response to rising pressures, many employers are turning to high deductible health plans (HDHPs) to meet the needs of both their businesses and employees. While HDHPs often offer lower premiums than traditional forms of coverage, another core advantage of these plans is the access they allow to open and contribute to a health savings account (HSA) – a unique savings option that is exclusively available to HDHP participants.

HSAs enable participants to save pre-tax dollars to use towards eligible medical expenses. Unlike older health-related accounts (such as flexible spending accounts (FSAs) or health reimbursement accounts (HRAs)), HSA funds remain the property of an employee and are not subject to “use-it-or-lose-it” rules. Plus, HSA funds can still be used even if an employee later changes their coverage or employer.

At-A-Glance Guide from Empyrean Benefit Solutions

This At-A-Glance explores the challenges facing HSA utilization, and how benefits administration technology can help alleviate these stressful burdens and position your coverage and savings options for long-term success.



Introduction, *cont'd.*

HSAs are important tools that can help you build and maintain success around your HDHP offering. When used effectively, these accounts enable employees to develop the financial confidence and peace-of-mind to manage their high deductibles. Not all employees, however, fully understand how their HDHP works—and therefore may not realize their plan allows them to utilize an HSA. Without this knowledge, employees will miss out on the full protective potential and value of this health plan and savings account combination.

Employees must be engaged to learn how their HDHPs and HSAs work together. If not, participants may not realize the true value of their plans, and may not be prepared to meet their high deductibles. This can lead to frustration and dissatisfaction with their coverage, their benefits package, and ultimately with their employer.

Combined with an HSA, an HDHP can prove to be a mutually beneficial option for both businesses and workers, but success is dependent on how they are strategically approached and supported. Your benefits administration technology is an instrumental factor in delivering a smart, consumer-centric HSA experience to your employees – one that effectively streamlines and highlights the benefits of utilizing this type of account.

Your partner should offer the tools and open integration capabilities necessary to not only convey the benefits of your combined HDHP and HSA options, but also ensure your offering and strategy are supported over time.



HDHPs on the Rise

The majority of employers have embraced HDHPs: 80% now offer an HDHP option to their employees.² As these plans make their way into more benefit packages, some employers are even moving to execute a *total replacement strategy*: where HDHPs are the sole major health coverage option offered to employees. 22% of workers report that their health care coverage options consist only of HDHPs.²

To support the move to more cost-effective HDHPs, nearly three-quarters of employers pair their high deductible plans with an HSA.² By providing an employer-sponsored HSA option, benefit teams can better steer efforts to promote this health coverage and savings option as a bundle, as opposed to if HDHP participants were tasked with setting up an HSA on their own. In 2017, these pairings are expected to be available through as many as 91% of companies that offer HDHPs.³

Despite the steady increase in HDHP and HSA offerings, however, there remains a wide disparity between employer perceptions and employee experiences when it comes to these benefits.

Despite the steady increase in HDHP and HSA offerings, there remains a wide disparity between employer perceptions and employee experiences when it comes to these benefits.



HDHPs on the Rise, *Cont'd.*

92% of employers believe their employees grasp the costs associated with electing an HDHP, but 43% of employees say they did not fully understand how their HDHP worked before enrolling in it.¹

Additionally, 73% of employers say their workforce has the necessary options to meet costs associated with their coverage, but 46% of employees admit that they are not prepared to pay the out-of-pocket costs for which they are responsible under their selected plan.¹

And though the minimum deductible of an HDHP is \$1,350,* 65% of employees say they would be unable to pay more than \$1,000 if suddenly impacted by an unexpected illness or accident.⁴ This striking figure illustrates the imperative need for better tools, education, and engagement to help bridge the gaps that can limit your employees' satisfaction and wellbeing.

Alongside their health protection options, benefit leaders must be cognizant of and sufficiently address the financial concerns of their employees—especially as the trend towards more consumer-driven coverage continues. With the right approach—empowered by the right tools and technology—employees can learn how to appropriately manage the cost of their care.

Alongside their health protection options, benefit leaders must be cognizant of and sufficiently address the financial concerns of their employees—especially as the trend towards more consumer-driven coverage continues.

** The 2018 minimum deductible for an HDHP is \$1,350 for individual coverage and \$2,700 for family coverage. Minimum deductible amounts are set by the Internal Revenue Service (IRS).*



HSAs: Helping High Deductibles Work for a Diverse Workforce

Oftentimes, HDHP education strongly focuses on the benefits the plans offer Millennials and other younger employees. These participants are typically encouraged to take advantage of lower premium savings in exchange for higher deductibles – ones they may not meet during a given plan year if they remain relatively healthy.

Today's employers must meet the benefit needs of at least three different generations of workers.⁴ To promote widespread adoption and success, it is important for HDHP participants across all generations to learn how to utilize their health plan and HSA concurrently to get the most out of their coverage choice.

HSAs are incredibly versatile savings tools because of the flexibility and freedom they allow when compared to older savings options like FSAs and HRAs. Participants may use their HSA savings to cover immediate eligible health expenses, or choose to save their funds indefinitely. Benefit teams are recognizing the important impacts of this approach: 50% of employers will educate on the use of an HSA as a retirement savings tool³ in order to help broaden employee awareness of this type of account and its applications.

Today's employers must meet the benefit needs of at least three different generations of workers.⁴

To promote widespread adoption and success, it is important for HDHP participants across all generations to learn how to utilize their health plan and HSA concurrently to get the most out of their coverage choice.



HSAs: Helping High Deductibles Work for a Diverse Workforce, *Cont'd.*

Together, HDHPs and HSAs provide a comprehensive coverage solution that can appeal to participants across many generations – but it is critical that employees understand just how these solutions may meet the needs of them and their families.

Without the right support, employees can easily overlook or dismiss a cost-efficient option – which can lead to unnecessary dissatisfaction due to misunderstandings or erroneous assumptions.

Without the right support, employees can easily overlook or dismiss a cost-efficient option – which can lead to unnecessary dissatisfaction due to misunderstandings or erroneous assumptions.



Challenges Impacting Employees' Perceptions

Unfortunately many employees lack the understanding required to fully leverage the powerful combination of an HDHP and HSA. Unfamiliarity with their health plan, how HSAs compare to more traditional savings accounts, and typical employee frustration with the benefits enrollment process, can all present tough challenges that HR teams will need to resolve in order for their strategy to succeed.

It is critical that your workforce learns to consider how their health and wealth benefits coordinate to help improve their overall outcomes of financial security and health wellbeing. When offering an HDHP, **an integrated HSA enrollment experience** will help drive comprehension, utilization, value, and ultimately impact appreciation of both your HDHP and HSA savings option.

Employees typically consider their benefits enrollment experience to be highly confusing and unpleasant,⁴ and without improving these experiences, this is likely to remain the case. Stressed employees seek to minimize the discomfort of benefits selection by rushing through enrollment as quickly as possible: 63% of employees spend less than an hour completing the process.⁴

After making such hurried choices, it is not surprising that 75% of employees say they do not completely understand their plans.⁴

When offering an HDHP, an integrated HSA enrollment experience will help drive comprehension, utilization, value, and ultimately impact appreciation of both your HDHP and HSA savings option.

Challenges Impacting Employees' Perceptions, *Cont'd.*

These figures have a significant bearing on the success of HDHP and HSA utilization in particular, as these may be relatively new options for employees that are more accustomed to selecting from plans such as PPOs or HMOs.

HDHPs are required to meet the IRS's \$1,350 deductible threshold (among other requirements) but employees may not realize that more traditional coverage options may also come with high deductibles, *but without the added benefit of an HSA*. Now, most traditional health care plans have a deductible of \$1,000 or higher,¹ though not all are considered an HDHP.

HDHPs are required to meet the IRS's \$1,350 deductible threshold (among other requirements) but employees may not realize that more traditional coverage options may also come with high deductibles, but without the added benefit of an HSA.



HSA Comprehension is Critical for HDHP Satisfaction

With the right strategy and execution in place, it is possible for employees to see the benefits HDHPs deliver, and appreciate the protection you provide through them. In fact, **nearly three-fourths of employees agree that HDHPs are a sensible cost-saving coverage solution that fairly balances cost responsibilities between employee and employer.**¹

Actively offering an HSA can serve as a keystone for your HDHP offering, ensuring participants have a total major medical coverage solution from both a health and wealth perspective.

To gain the most from their HDHP's lower premium, employees should be encouraged to utilize their HSA according to a key best practice: Employees should automatically deposit their premium cost-savings directly into their HSA.

By doing so, employees can “set it and forget it,” and steadily contribute funds into their HSA for use whenever necessary—either during the plan year or farther down the road.

Having an integrated HSA experience available within your benefits administration platform will help drive HSA participation and utilization, and make it significantly

To gain the most from their HDHP's lower premium, employees should be encouraged to automatically deposit their premium cost-savings directly into their HSA.



HSA Comprehension is Critical for HDHP Satisfaction, *Cont'd.*

easier for employees to set up and adjust recurring contributions - both during benefits enrollment as well as year-round.

A modern solution will partner with leading HSA providers to offer real-time HSA contribution management and single sign-on capabilities from directly within your benefits portal. This will not only make administering this benefit simpler for employers, but also enhance employees' perception of your portal as a one-stop destination to engage with your offering.

Many employees simply do not understand how their HSA works, which can easily devalue the important benefits of both this savings opportunity and the health coverage associated with it. In turn, this lack of understanding can not only negatively affect employee appreciation of these benefits, but can also devalue your HSA contribution if offered.

Through HSA contributions, employers can further demonstrate the commitment to their employees' wellbeing. In addition, HSA contributions bring attention and awareness to HSA options, since employees must often open an account in order to receive funds.

A modern solution will partner with leading HSA providers to offer real-time HSA contribution management and single sign-on capabilities from directly within your benefits portal.

This will not only make administering this benefit simpler, but also enhance employees' perception of your portal as a one-stop destination to engage with your offering.



HSA Comprehension is Critical for HDHP Satisfaction, *Cont'd.*

Employers can also use their benefits administration platform to increase the impact of their HSA contributions.

Leveraging pre-established connections to HSA partners will enable you to readily display employees' **real-time account balances** in your benefits portal, while requiring minimal setup time and fewer hassles.

With account balances front and center, eligible participants can immediately see and recognize the value of your contribution to their health and financial wellbeing.

Additionally, information provided during enrollment can help make opening an HSA account significantly easier and faster for employees when utilizing a pre-established HSA partner through your platform.

Once employees set up their HSA and begin to engage with this aspect of their benefits, they will be primed to further explore how to use this tool year-round.

83% of employers now provide their employees with an HSA contribution,³ averaging around \$700 for per single employee and \$1,300 per family.² However, if employees do not understand the role their HSA plays in improving their coverage experience, employers will not only miss opportunities to drive their strategy, but may also see the value of these contributions go to waste.

Leveraging pre-established connections to HSA partners will enable you to readily display employees' **real-time account balances** in your benefits portal, while requiring minimal setup time and fewer hassles.

With account balances front and center, eligible participants can immediately see and recognize the value of contributions to their health and financial wellbeing.



Using Smart, Flexible Technology to Improve HSA Experiences

In addition to overseeing daily administrative tasks and strategic goals, HR teams can easily become overwhelmed by the challenges of actively promoting HDHP and HSA utilization. To facilitate consumerism among your employees, it is imperative that your benefits administration technology partner have proven success incorporating these products into enrollment experiences, and can help guide participants towards the insights needed to take full advantage of them.

Modern, flexible benefits administration technology will enable you to ease administrative burdens while helping to deliver on your strategic efforts. To help employees understand how their HDHP and HSA products work hand-in-hand, it is important that they interact with these two benefits at the same time.

Enrollment serves as the foundation for benefits interaction, and paves the way for employees' experiences throughout the plan year. As employees engage with increasingly consumer-centric options, they require intuitive technology that echoes the informative and easy-to-use online storefronts they are familiar with (think Amazon.com).

More than 80% of employers say that the use of technology has improved their employees' enrollment experience.¹

As employees engage with increasingly consumer-centric options, they require intuitive technology that echoes the informative and easy-to-use online storefronts they are familiar with (such as Amazon.com).

More than 80% of employers say that the use of technology has improved their employees' enrollment experience.¹



Using Smart, Flexible Technology to Improve HSA Experiences, *Cont'd.*

On a robust benefits administration platform, HDHP and HSA availability should be linked to ensure only eligible HDHP participants can access HSA options and tools. Automated, rules-based gatekeeping concretely displays the relationship between your HDHP and HSA, to help strengthen employees' conceptual understanding of these two products as one complete package.

In addition, your technology partner should enable your communications strategy to better boost awareness of these offerings, delivering targeted messages to reach your various employee populations. Providing relevant HSA information within the enrollment experience itself can help ensure employees have the information they need *when and where they need it most*. In fact, 87% of employers report that technology has improved employee benefit comprehension.¹

On a robust benefits administration platform, HDHP and HSA availability should be linked to help strengthen employees' conceptual understanding of these two products as one complete package.

Providing relevant HSA information within the enrollment experience itself can help ensure employees have the information they need when and where they need it most.



Enhancing HSA Experiences with Supportive Guidance

In the face of difficult benefit choices, your employees may require more personalized assistance to understand and select the health plan and financial savings option that best meets their needs. An expertly designed recommendation engine can allow employees to easily determine if an HDHP is right for them and their family.

On the Empyrean Platform, employees can utilize a uniquely adaptive recommendation engine to help match their needs with their benefit choices. Participants walk through a quick yet comprehensive questionnaire that is phrased in simple language, without relying on confusing insurance jargon.

Once completed, the recommendation engine accurately determines and presents the plans that match with the employee's responses. From there, employees are free to learn more about their options and see why certain plans may fit their needs better than others. In addition, participants that match with an HDHP can also see the HSA options that correspond to suggested plans for increased visibility.

Enhanced visibility within your benefits portal brings a **holistic perspective** to your offering, helping employees to understand how these options together can positively impact their health, wealth, and wellness.

An expertly designed recommendation engine can allow employees to easily determine if an HDHP is right for them and their family.



Enhancing HSA Experiences with Supportive Guidance, *Cont'd.*

Going further, an HSA and benefits administration partnership empowers employers to bring this heightened understanding to their workforce with several key advantages over other approaches.

These connections enable companies to establish an HSA offering through their technology partner with exceptionally fast speed-to-implement. In addition, administrators can avoid the headaches of vetting and establishing HSA services alone, plus take advantage of integrated reporting and management tools. An HSA and benefits administration partnership will not only decrease the typical administrative burdens of offering this type of account, but also ensures a smoother, more functional, and more confident experience for your participants.

To further ease your burden when answering employee questions and providing assistance, your technology provider should offer U.S.-based, in-house, and dedicated Service Center capabilities.

Representatives should be experts in your benefits offering and strategy, providing employees with the information, answers, and support they need to confidently complete enrollment and engage with their benefits *after* enrollment.

Enhanced visibility within your benefits portal brings a **holistic perspective** to your offering, helping employees to understand how these options together can positively impact their health, wealth, and wellness.



Enhancing HSA Experiences with Supportive Guidance, *Cont'd.*

With Empyrean, employees may also speak to a licensed benefit advisor, who can provide one-on-one plan recommendations and can even complete enrollment on behalf of an employee.

This individualized assistance can provide participants with the dialogue, direction, and confirmation they need to select a cost-effective plan. When considering an HDHP option, licensed advisors can also help ensure employees thoroughly understand how their potential coverage and HSA option will work together, to clearly articulate and encourage effective utilization.

Individualized assistance can provide participants with the dialogue, direction, and confirmation they need to select a cost-effective plan.



Integrating HSAs on a Modern Platform to Ensure Strategic Flexibility

As the main hub for your employee benefits, your technology platform should go beyond simplifying plan selection and everyday administration, integrating with your HSA provider and enabling automatic paycheck deductions. The impact of these deductions on an employee's take-home pay—alongside their other benefit elections—should be clearly visible as they progress through their enrollment.

By providing an opportunity to manage their HSA contributions alongside other benefit choices, employees will be encouraged to take a closer and more complete look at their benefits. In addition, this integration delivers a more complete benefits experience, to position employees as consumers and provide them with powerfully convenient control over their HSA.

When considering a benefits administration solution, it is important to also consider the flexibility allowed by a potential provider. Some platforms run on outdated or limited technology that is incapable of adapting to include all strategies, carriers, or vendor partners. Instead of constraining your strategy, your provider should be able to integrate with any HSA partner you choose to use.

When considering a benefits administration solution, it is important to also consider the flexibility allowed by a potential provider.

Instead of constraining your strategy, your provider should be able to integrate with any HSA partner you choose to use.



Integrating HSAs on a Modern Platform to Ensure Strategic Flexibility, *Cont'd.*

To ease the burdens associated with introducing HSAs into your offering, your benefits administration partner should also have connections with a best-in-class HSA provider. In addition to simplifying and shortening account implementation and integration times, this connection will alleviate the burden, time requirements, and high costs of seeking, vetting, and integrating a new HSA provider.

The advanced integration capabilities provided by pre-established HSA and benefits administration connections will also have significantly positive effects on your employees' experience.

With information and access easily found within your benefits portal, employees will gain the confidence to engage with this important part of their coverage, while strong technology connections and processes ensure their HSA experience remains seamless, approachable, and effective.

By offering a ready-to-use HSA solution alongside open integration possibilities, a robust benefits administration partner will provide you with the freedom to deliver on your strategy and make a positive impact on the lives of your employees.

By offering a ready-to-use HSA solution alongside open integration possibilities, a robust benefits administration partner will provide you with the freedom to deliver on your strategy and make a positive impact on the lives of your employees.



Conclusion

Pairing an HSA with your HDHP coverage provides employees with a powerful tool that can add significant value to your benefits package. This important product requires the right technology and support to ensure thorough comprehension and smart utilization.

While the challenges presented by an HDHP and HSA combination may seem daunting at first glance, the right benefits administration technology partner will help ensure that you and your workforce are fully supported and poised for success in today's consumer-driven benefits landscape.

While the challenges presented by an HDHP and HSA combination may seem daunting at first glance, the right benefits administration technology partner will help ensure that you and your workforce are fully supported and poised for success in today's consumer-driven benefits landscape.



References

1. "2017 Aflac WorkForces Report: Employer Overview." Aflac, Inc. Columbus, GA. February 2017.
<https://www.aflac.com/docs/awr/pdf/2017-overview/2017-aflac-workforces-report-employer-overview.pdf>
2. "2017 Employee Benefit Trends Report." Empyrean Benefit Solutions, Inc. Houston, TX. July 2017.
<https://www.goempyrean.com/benefits-administration/benefit-trends-report/>
3. "High-Performance Insights – Best Practices in Health Care: 2016 21st Annual Willis Towers Watson Best Practices in Health Care Employer Survey." Willis Towers Watson, London, United Kingdom. January 2017.
<https://www.willistowerswatson.com/en/insights/2017/01/full-report-2016-21st-annual-willis-towers-watson-best-practices-in-health-care-employer-survey>
4. "2017 Aflac WorkForces Report: Employee Overview." Aflac, Inc. Columbus, GA. February 2017.
<https://www.aflac.com/docs/awr/pdf/2017-overview/2017-aflac-workforces-report-employee-overview.pdf>



About Empyrean

Empyrean Benefit Solutions manages employee health and welfare benefits programs, combining the industry's most modern, client-adaptive, and configurable benefits technology platform with expert, responsive service to deliver Hi-Touch Benefits Administration. Empyrean provides market-leading enrollment, eligibility management, ACA reporting, and other plan administration services that empower employers, insurance brokers, and healthcare exchanges to meet ever-evolving benefit challenges. Founded in 2006, Empyrean's integrated platform serves over three million annual participants across a wide spectrum of sizes, industries, and complexities.

Visit www.GoEmpyrean.com for more information.

**At-A-Glance Guide *from*
Empyrean Benefit Solutions**

To learn more,
visit our website at
www.GoEmpyrean.com

