

## Incentive-Based Plan Design Drives Unanticipated HSA Enrollment

### Client Issue

Concerned that its health care costs were on the rise, a FORTUNE 500® company was looking for ways to reduce its overall benefits costs while continuing to provide employees, retirees, and their dependents with the same quality benefits they'd come to appreciate. At the same time, the company was hoping to educate its benefits-eligible population to make fiscally responsible health care decisions and to increase their overall health with the hopes of avoiding costly medical issues that could have been reduced or avoided altogether by regular preventative care visits.

### Solution

The company started by assessing its current health care plan — a Preferred Provider Organization (PPO) with a Health Reimbursement Account (HRA), an Exclusive Provider Organization (EPO), and several Health Maintenance Organizations (HMOs). After extensive research, the company believed that replacing its plans with two new High-Deductible Health Plans (HDHPs) with a Health Savings Account (HSA) as well as a PPO without an HRA would help it meet its goals. The company selected the ACS|BNY Mellon HSA Solution, known as the leader in the marketplace, as its HSA administrator.

The most attractive feature of the company's new health plan program — yet at the same time, the one that would require the most education to get participants comfortable with this new benefit — was the introduction of an HSA: in exchange for an increased deductible, HSA-qualified HDHPs typically have lower premiums for employees than more traditional plans, and can reduce employer health care costs almost immediately. Knowing that this complete health plan overhaul would raise many questions for the company's eligible plan participants, the HSA team recommended that the company develop a series of upfront communications that detailed the new plan options and highlighted the benefits of enrolling in an HSA:

- HSA contributions are tax-free, account interest accumulates tax-free, and dollars spent on qualified medical expenses are tax-free
- HSA dollars can be used for current qualified health care expenses, including co-pays, deductibles, and doctor and hospital visits, and can also be saved for future expenses, such as Medicare premiums, on a tax-free basis
- HSAs can provide account holders with a valuable source of retirement income alongside a 401(k) and Individual Retirement Account (IRA) if the account holders allow their funds to grow

# THE hsa SOLUTION

To make an HDHP/HSA more attractive, the company deposited “seed” money directly into HSAs for all employees electing an HDHP and opening an HSA. In addition, employees enrolled in a HSA in the initial plan year were eligible for a one-time transfer of assets from an existing HRA into a newly created HSA. As an added incentive, each HSA participant was eligible to receive up to \$300 in incentives in the first year, deposited directly into their HSA. Participants were awarded \$100 for each of the following activities:

- A wellness assessment
- An annual physical
- Non-smoker enrollment status or completion of a smoking cessation program

## Results

The HSA solution implemented by the team exceeded company expectations, and the company hopes that sharing highlights of the initial success companywide will encourage additional plan participants to adopt an HDHP/HSA in future years. In the first year alone:

- Eighty percent of eligible participants enrolled in an HDHP/HSA
- Ninety-nine percent of the HSAs opened were opened online (compared with an average HSA opening rate of about 75 percent when paper-based enrollment is the only option offered)
- Three hundred forty-five HSA account holders (a total of \$325,000 in assets) have transferred funds into one of many investment account options, demonstrating that these participants understood and took advantage of using an HSA as an additional savings tool

## Contact Us

For more information about this project, or to learn more about the ACS|BNY Mellon HSA Solution, contact Tom Hricik (412.394.3278 or [thomas.hricik@acs-inc.com](mailto:thomas.hricik@acs-inc.com)) or Lee Barson (610.651.8527 or [lee.barson@acs-inc.com](mailto:lee.barson@acs-inc.com)), or visit us at [www.hsamember.com](http://www.hsamember.com).