The Myths Preventing Employees From Embracing HSA-Qualified Plans

by Rachel Walkuski, Director of Account Management

You've decided to offer a high deductible health plan (HDHP) with a health savings account (HSA). You encourage your employees to take part in it, and they want to take advantage. Yet you still experience employee hesitancy with adopting or switching to your HSA-qualified plan. Why?

The most likely reason: Your employees are comfortable with their current plans and don't understand how an HSA- qualified plan can give them the best options and the most savings. So how do you get your staff to buy in?

The biggest barrier to HDHP and HSA adoption is education. Full stop. By communicating the value of your benefits offering and educating your staff on how your HSA-qualified plan can benefit them long-term, you can boost

engagement during open enrollment and motivate your employees to explore and take advantage of their options. Here are some actionable steps you can take.

Dismantle the Myths

An HSA benefits employees and results in overall cost savings for employers. In other words, it's a win-win. As HR and benefits professionals, we understand these details, but for many participants encountering HDHPs, HSAs and all the assorted terminology and acronyms, it's likely unclear and confusing

When education is done correctly, I have seen as high as 20% migration in that first year. Here are common myths I've encountered when introducing HSA-qualified plans and how I've explained them.

Myth #1: HSA money disappears after employment ends.

The critical concept to communicate to employees: An HSA is an individual bank account owned by them. An HSA is not a flexible spending account (FSA) where you either use or lose your savings. Employees keep their funds year after year and employer to employer. It allows employees to set aside pre-taxed dollars for qualified medical expenses such as copays or coinsurance, and they can use it no matter where they work next. Translation for employees: your employer is helping you save for future expenses or even retirement.

Myth #2: An HSA-qualified plan is a reduction in benefits.

Actually, having an HSA-qualified plan is a strategy for long-term savings. An HSA has many tax and post-retirement advantages and can earn non-taxable interest over time. This means employees can save money slowly over the course of their lives and see even bigger savings in retirement. Employees can also pull funds out of their accounts for any other medical, dental or vision expenses without being taxed. Rather than a reduction, an HSA-qualified plan is a boost in benefits.

Myth #3: HSA-qualified plans are more expensive.

This is a common misunderstanding because HSAs can only be paired with HDHPs, which generally have higher deductibles than many other plans. This higher upfront cost can make the HSA-qualified plan seem more costly. However, once the deductible is reached, HDHPs tend to provide better coverage than other plans. Plus, the pre-tax contributions of the HSA provide additional short- and long-term advantages. HSA-qualified HDHPs are legally required to have annual out-of-pocket maximums, so in the case of catastrophic medical bills, participant liability is capped. It's important to clearly convey details of how these parts work together.

Use Real-Life Examples

Using real-life examples for several age groups and life situations is the best way to paint a picture for your employees and fully convey the impact of these long-term cost savings. Your employees want to see their own situation reflected in this choice, so you need to understand your audience and explain how an HSA-qualified plan can benefit anyone, including a young person, a single person, a new parent, someone with a big family or someone nearing retirement.

Ask your benefits consultant to share stories they've seen with their other clients to make it relatable for your participants and encourage them to have private follow-up conversations to clarify any questions they may have that are personal to their situation.

Show Your Employees the Cost Savings

Choosing a health plan is an annual decision. Communicate premiums as an annual expense instead of a per pay period. This can help put premium differences in perspective.

Of course, it's not just about the premiums. Help your employees understand their coverage by working with your benefits consultant to compare plan coverage. Your consultant can provide plan comparisons using claims and

enrollment data from a national database to provide information on utilization and cost-sharing. This information can help participants determine which plan has the right benefits for them. Often, HSA-qualified plans rank in the top percentile, reflecting more value and lower cost.

If you offer an HSA-qualified plan and want to increase adoption, put more energy behind the way you communicate your benefits and educate your employees during open enrollment. Benefits literacy is key, but the message to your employees should be simple: HSAs are an investment in your retirement and your future.

Follow the conversation with us on **LinkedIn.**

For more information, please call: **877.426.7779**