



# 7 Ways to Optimize Your Health Benefits Program

As an employer, one of the most valuable things you can do for your employees is offer great health benefits. A strong benefits program helps employees confidently engage in their health decisions, which can lead to better health outcomes and retirement readiness. Your company benefits, too, like with cost reduction and employee retention.

On the other hand, a subpar program could cost your employees and your company. Employees who aren't well supported are more prone to confusion and misguided benefits elections. Most employees choose the wrong health plan for their needs — a mistake that costs them over \$1,000 per year on average.<sup>1</sup> And the same health plans that are more expensive for employees are often more expensive for employers, too.

So, how can you make your program as effective as possible? Here are seven simple but powerful ways:

1

### **Define your goals.**

Before thinking about your health plan deductibles and out-of-pocket maximums, know what you want your program to deliver. What do you most want to get out of it? Your end goal could be increased employee engagement or retirement readiness, or it could be cost savings for your company.

2

### **Require active enrollment each year.**

Employees often keep their current health plan year after year because it's easier and it can feel intimidating to weigh the different options. Require active enrollment, instead of letting elections roll over, so employees can reconsider their options and make sure they're still choosing the best plan for their needs.

3

### **Help employees do the math.**

Give them confidence. Share easy-to-use tools (like those found at [hsabank.com/calculators](https://hsabank.com/calculators)) to help employees understand the numbers. They'll be able to not only choose the right health plan but also set goals and know how much money to save.



4

### **Offer decision support.**

Decision support can make health plan selection even simpler. It guides employees through the factors they should consider and helps them make choices with confidence. A strong decision support tool can lead many employees to switch health plans and ultimately save money and feel more satisfied. It can also help lower premium costs and other healthcare costs for your company.

*These last few strategies may be useful if you offer an HSA-eligible health plan option:*

5

### **Price your HSA plan attractively.**

Set up your program so most of your employees could save money by switching to the HSA plan (and so your company could also save). If you pay 80-100% of your employee premiums, you're likely to get a rewarding return on your investment.

6

### **Show employees you're invested.**

Plan to have HSA seed contributions and matching contributions for employees. Matching contributions motivate employees to make their own salary contributions. It's one of the most powerful tools you can use to encourage HSA savings.

**59%** *of employees would contribute more to their HSA each year if their employer provided a matching contribution.<sup>2</sup>*

7

### **Have automatic enrollment for HSA contributions.**

Set a default percentage that HSA participants will contribute from their salary each paycheck. This strategy is highly effective for getting employees to save more in their 401(k)s, and it works just as well for HSAs. Just make sure to notify your employees, provide the ability to modify and opt out of elections, and have a properly structured Cafeteria plan and plan documents.

## **Better plan selection with decision support**

A company with 1,500 benefit-eligible employees offered a decision support tool during open enrollment, and 26% used the tool. Among employees where the HSA-eligible high-deductible health plan (HDHP) was determined as the best option, 81% were not previously enrolled in that plan. This led to 65% more HSAs and ultimately, more savings for employees. Those who used the tool also reported that they felt more confident and better understood their options.

These seven strategies are effective for many employers and may lead to significant rewards for your employees and your company, too. They also let your employees know you're looking out for their best interests.

As you plan, don't feel like you have to revolutionize your program in one year to see results. Choose a few areas where you can improve to help reach your goals, and focus on those. And communicate with employees year-round, not only during important times like open enrollment. This will keep employees engaged and show them they're supported.

Simple changes to your plan design this year can make a big difference for your employees and your company.

## About HSA Bank

At HSA Bank, we're working toward a world where everyone is empowered to save for a healthy future. By providing the right tools and resources, we make it simple for our 3 million members nationwide to maximize their savings for healthcare and long-term goals. As a leader in health accounts for over two decades, we continue to innovate. Our offerings in the healthcare savings space drive down healthcare costs, increase access, and assist with decision-making for consumers, health plans, partners and advisors. HSA Bank is a division of Webster Bank, N.A., Member FDIC. To learn more, visit [hsabank.com](https://hsabank.com).

<sup>1</sup>Handel, B. R. "Adverse Selection and Inertia in Health Insurance Markets: When Nudging Hurts." American Economic Review. December 2013. [https://eml.berkeley.edu/~bhandel/wp/Handel\\_ASIN\\_2013.pdf](https://eml.berkeley.edu/~bhandel/wp/Handel_ASIN_2013.pdf).

<sup>2</sup>"Understanding Employee Engagement with Health Accounts: Results of Willis Towers Watson 2018 Health Accounts Employee Attitudes Survey." Willis Towers Watson. January 2019. <https://www.willistowerswatson.com/en-US/Insights/2019/01/how-well-do-employees-understand-and-engage-with-their-health-accounts>. Oct. 18, 2019.

