



Selling the HDHP/HSA to Employer Groups

The Benefits of Employer's Funding the HSA

1. Save On Expenses:

- Using the Cost Comparison Calculator, the premium savings with the HDHP over current policy can be shown in actual dollars and percentages.
- The employer can transfer these savings (or a percentage thereof) into funding the HSA for their employees.
- In essence, you have identified the dollar amount available that can be used to fund the HSA without increased expense (or in some cases - a savings).
- Also, contributions to employees HSA are tax deductible by the employer.

2. Reduce Administrative Time & Cost:

- HSAs have no ERISA requirements.
- No requirements for plan or summary documents.
- They do not require claims management.
- Federal reporting requirements are provided for both employer and employee as part of the complete package with no additional cost incurred.

3. Long Term Benefits:

- The more involved an employee is with their own (HSA) healthcare dollars, the more they become price shoppers and wise consumers.
- This discourages over-utilization because what they don't spend they keep, rolling over year after year earning tax deferred interest.
- This results in better claims experience which provides even lower renewal rates.

4. Attract, Retain, & Motivate Quality Employees:

- With a HDHP/HSA a small business can compete offering an affordable, attractive, and functional benefit plan. Funded HSAs are the 'bells & whistles' to the plan.
- An employer is providing a quality medical plan and the employer funded HSA provides the employee the ability to pay for qualified current or future medical expenses tax free.
- In addition, because what the employee doesn't spend they keep, they are able to save for retirement. Just think of it as a medical IRA.
- Attractive HSA features include paying their deductible with pre-tax dollars including expenses for dental, vision, preventive, chiropractic, over-the-counter medications, etc. The HSA funds can be used for any family member whether on the policy or not.
- Employer's contributions are non-taxable to the employee. The employee HSA contributions are deducted from their gross income on Federal tax returns, even if they don't itemize deductions.
- In essence, an employer is providing a tax free bonus with money they used to pay in higher premiums without the employer cost of FICA, Medicare, etc.