A health care system's solution for employee retention, retirement savings and managing health costs.

A premier integrated health care delivery system was concerned that its employee benefits program might not be meeting the needs and expectations of its employees. Company leadership believed that changes to its existing program were necessary to attract and retain qualified employees, while also continuing to decrease its trend in health care costs. The company's first step was to evaluate the advantages and disadvantages of its current offerings.

The company's existing health care program offered employees the choice between three traditional preferred provider organization (PPO) plan designs, one of which was paired with a Health Reimbursement Arrangement (HRA). Only 11% of their eligible population had elected the PPO/HRA combination — typically, their healthier employees. The other employees remained in the two low-deductible PPO options that were offered. The company was concerned that its current plan designs were not providing proper incentives for employees to take greater responsibility for their benefits and overall health.

Employees in the HRA plan liked that they were able to roll over their HRA balance from year to year, but over a four year span, employees were increasingly unhappy that their HRA balances were not portable. In addition, the company had previously eliminated its retiree medical program and dissatisfaction with overall benefits among employees nearing retirement was mounting.

After this initial evaluation, the leadership team concluded that changes were needed to:

- Manage health care costs and align employee incentives
- Retain employees nearing retirement
- Attract new employees in a highly competitive environment
- Provide a more meaningful retirement savings vehicle for employees
- Increase employee responsibility for personal wellness

An Insightful Solution

The company elected to modify its benefit plan design. To meet the goals it had outlined as a result of the initial evaluation, all plans included a revamped incentive management program with updated wellness and prevention initiatives, as well as programs for dealing with disease management and related costs. Traditional PPO plans were retained, though annual deductibles and cost sharing were increased. And, to specifically address the portability issue raised by employees, the PPO/HRA plan was replaced with a qualified High-Deductible Health Plan (HDHP) and Health Savings Account (HSA).

BenefitWallet® was selected on a direct basis to help the company with the banking aspects of its program. The BenefitWallet team was specifically engaged to help the company:

- Increase penetration in the account-based plan
- Provide personal financial incentives to employees to help them make better health care decisions
- Communicate the value proposition of the program to employees
- Assure accuracy, reliability, and, most importantly, security with HSA fund administration
- Offer a program that is simple to understand and easy to manage

The BenefitWallet team worked closely with the company to identify a targeted participation rate in the HSA-based plan. The team consulted extensively with company leadership around plan design, employee communications, and establishing an appropriate employer contribution to the account. Using our experience with more than 25,000 HSA employer customers and 800,000 account holders, the BenefitWallet team used benchmarks and best practices to recommend a 25% participation rate. In order to make the new HDHP/HSA offering understandable and attractive, a series of communications were sent to employees leading up to open enrollment.

The communications emphasized how:

- The employer contribution to the HSA of $750 (single coverage) or $1,500 (family coverage) offsets the higher deductible and makes it a competitive choice when compared to a traditional PPO

- Infrequent users of health care can pay for most of their medical expenses with the employer contribution

- Frequent users of health care can benefit from lower premiums and 100% payment after the out-of-pocket maximum is met

- HSA funds accumulate over time and can be used to pay for retiree medical expenses (tax free) in the future

- Access to funds and account administration is easy

- Accounts are secure and held with a reputable bank

Significant support was also provided to the company through training opportunities offered to employees and ongoing direct access to the BenefitWallet team.

Real-World Results

The HDHP/HSA option proved to be attractive among the company's employee population. More than 35% of the company's new hires selected this option in the first year, exceeding enrollment expectations. For existing employees, satisfaction continues to be extremely high with very few individuals switching back to traditional plans. Many employees appear to be using their HSA as a long-term savings vehicle for future medical costs, evidenced by the fact that more than 95% of account holders rolled over an HSA balance from the first year to the second year.

"My husband and I celebrated when we looked at our HSA statement last night and realized that we now have enough of an HSA balance built up to cover our deductible should anything happen. That is a great feeling!"

– A hospital employee and HSA account holder

To continue to ease the transition from a traditional PPO plan to an HDHP/HSA plan, the BenefitWallet team implemented a proprietary online enrollment tool that enabled employees to establish their HSAs at the point of enrollment in the health plan. The addition of this streamlined HSA onboarding process, along with a proven payroll integration process, yielded a 95% online account opening rate. HSA online enrollment has resulted in greater accuracy, minimal reconciliation, and virtually no "chasing" of employees to open accounts.

Let's Talk

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