

Increase HSA enrollment by sweetening the plan

Enrollment in health savings accounts (HSAs) is flat, and employee satisfaction with the pretax, consumer-directed plans is low, reports the Kaiser Family Foundation. Yet more organizations are offering them because employees who do participate have been found to spend less on health care than others.

About 25% of U.S. employers offer HSAs, yet only 8% of employees choose them to pay for health care, according to a Watson Wyatt study.

Here are five ways your organization can boost employee enrollment and satisfaction in HSAs:

1. Launch an intense, months-long campaign to educate employees about the benefits of HSAs. Show how they differ from traditional health plans. Employees say they feel intimidated by the prospect of having to decide where and on what to spend their health savings.

2. Provide employees with the information they need to comparison-shop for doctors, hospitals and testing labs. A common employee complaint is that they don't have specifics on which to base their choices.

3. Offer financial incentives for participation beyond premiums that are cheaper than your traditional health plan. Make a generous contribution to each participant's HSA.

4. Add value to the HSA by linking it to preventive care services and treatments that are at least as comprehensive as those offered by your traditional health plan.

5. Slash premiums as low as you possibly can. At some organizations, HSA premiums are 30% lower than in traditional plans.

IRS sets higher HSA levels for 2008

The maximum contribution to health savings accounts for employees with single coverage will rise to \$2,900 for calendar year 2008, up from \$2,850 this year, the IRS recently announced.

The maximum contribution for those with family coverage will increase to \$5,800 next year, up from \$5,650. Also, for 2008, a qualifying high-deductible health plan will be defined as one with a minimum annual deductible of \$1,100 for individual coverage or \$2,200 for family coverage.

Source: IRS Revenue Procedure 2007-36