

Stemming Continual Increases Using an HSA

A Westchester, New York based appliance company with 28 employees.

Key Challenges

The owner of this company agreed to meet with us due to a succession of significant cost increases in the company's medical insurance program. The incumbent health insurance broker had not been successful at stemming the continual annual increases and the owner was looking for a firm with a more effective strategy.

MBA Solution Presented

During our meeting with this prospect, we were surprised to learn that they had never considered implementation of a high deductible health plan (HDHP). We explained that many employers had turned to HDHPs and by pairing the plan with an HSA (health savings account), they were able to gain some powerful tax advantages that this combination provides. By using an HDHP, the employer can lower the premiums for the group health plan and shift a part of the cost for providing healthcare to the employee. By adding an HSA, pre-tax dollars can be used for reimbursement of qualified out-of-pocket expenses.

Measureable Results

After selecting us as the new benefit consultant, the employer chose one of the HDHP plans we outlined and linked it to an HSA plan. The owner agreed with our suggestion to fund a contribution of \$500 from the premium savings into each employee's HSA plan.



This strategy produced an annualized savings of just over 11%, which equated to approximately \$33,000 on the group health costs of \$300,000. After using some of the savings to seed each employee with \$500 toward their HSA plan, the company still realized a net savings of just over \$15,000 the first year.