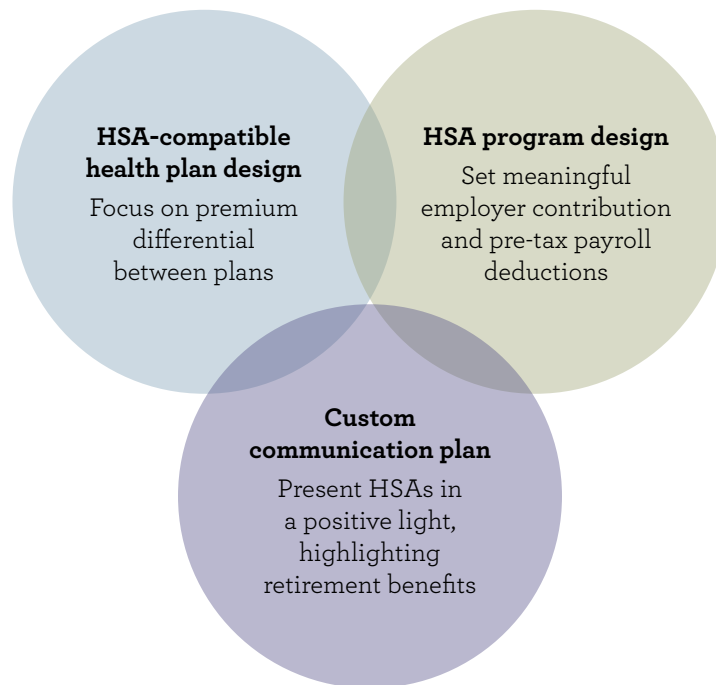


Health Savings Accounts (HSA)

Best practices for an optimal HSA program

Using what we've learned from over 10,000 employer groups, our best practice suggestions can drive HSA program enrollment that exceeds your expectations.¹ Think of a successful HSA program as a jewel with three facets, each needing to be polished to a high shine for the most attractive program.



Consider the example below illustrating two clients with first-year HSA programs in 2013, each with several thousand benefit-eligible employees. Highlighting the significant difference when the three elements are implemented in concert, Client A achieved 49% enrollment in the HSA-compatible health plan in year one — versus just 3% enrollment for Client B — for a total savings of over \$3.5 million.

Using Wells Fargo best practices could potentially save you millions	Client A		Client B
	First year enrollment in HSA-compatible health plan	49%	3%
	Average premium savings per employee	\$2,383	\$1,550 ²
	Total savings – 2013	\$3,500,000	\$302,250
That's an <i>additional \$3.2 million</i> in savings when implementing best practices for an optimal HSA program. ³			

Together we'll go far



Best practices for HSA program success

HSA-compatible health plan design	<ul style="list-style-type: none">• Eliminate a popular health plan• Offer no more than 3 plans• Transition from a PPO with an FSA strategy to a PPO with an HSA strategy• Target premium differentials of at least 20% between plans — enough for employees to fund a large portion of their deductible if possible• Set the deductible at mid-range vs. setting it so high employees won't choose the plan, or setting it too low and raising it the following year• Require all employees to re-enroll in their health plans during open enrollment• Use a friendly name for the HSA-compatible plan vs. negatively perceived “high deductible” language• Introduce a wellness program with incentives
HSA program design	<ul style="list-style-type: none">• Position the HSA as a “healthcare 401(k)”⁴ — not just another spending account — helping employees understand how the HSA can act as a complementary retirement account to prepare for the \$250,000 or more in retirement medical expenses the average couple can expect⁵• Make a meaningful employer contribution to the HSA:<ul style="list-style-type: none">▸ Exceed industry average if possible — \$900 individual, \$1,600 family⁶▸ Large first year contribution, can taper down over time▸ Seed account at beginning of year• Encourage use of premium savings to fund HSA and help offset the deductible; position as “funds in the account are yours to keep if you don't use them”• Offer pre-tax payroll deductions• Pay monthly account service fee on behalf of employees
Custom communication plan	<ul style="list-style-type: none">• Positive positioning of HSA as a valuable benefit is essential• Start with executive-level communication early in the process (6–9 months if possible); be up-front about strategy, benefit costs, and why company is making the change• Introduce the HSA first, then talk about the health plan• Communicate with employees year-round• Use variety of communications methods• Be sure materials can go home to household stakeholders• Deliver simple, jargon-free communications (eliminate “high deductible” language)• Work with Wells Fargo to jointly develop and deliver a custom communication plan using tools found in Wells Fargo's HSA Employer Resource Center at wellsfargo.com/hsaemployers

Get started today

To learn more about how we can put our best practices to work for you — whether you are considering implementing an HSA program for the first time or want to revitalize your existing program — talk to your Wells Fargo representative today.

wellsfargo.com/hsa

1. These suggestions are intended to provide informational resources to employers. Please consult with your legal counsel and health insurance agent, broker, or consultant about plan design and how to prevent ERISA application to your HSA program.

2. Employer-sponsored family health coverage. Source: Kaiser Family Foundation (KFF) “Employer Health Benefits 2012.”

3. For illustrative purposes only. Your results may vary.

4. HSA and 401(k) comparison is for illustrative purposes only. Unlike 401(k)s, HSAs are typically structured so that they are not subject to ERISA. Contributions are lower for HSAs.

5. Center for Retirement Research at Boston College

6. 2012 Kaiser HRET study

Wells Fargo may provide informational resources to employers to help guide them in their HSA program decisions. Please consult with your legal counsel and health insurance agent, broker, or consultant about plan design and how to prevent ERISA application to your HSA program. Wells Fargo provides examples that have worked for other customers. You will need to assess if they work in your situation. Wells Fargo does not give legal or tax advice. Wells Fargo Health Benefit Services, a division of Wells Fargo Bank, N.A., does not offer health insurance plans or wellness plans.

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