

## Moving to a HDHP? Consider Adding an HAS

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Many companies may have offered a high deductible health plan (HDHP) option during open enrollment this year or simply only offered their employees HDHP coverage. Transitioning to this type of plan that requires a minimum deductible of \$1,300 for individuals and \$2,600 for a family as defined by the IRS, means moving employees into the realm of consumer directed healthcare.

Related: [Three Advantages of HSAs Your Employees Need to Know](#)

This move to HDHPs is becoming the norm for many employers, which is how over half of Americans get their health coverage. The same is also true for those purchasing their health insurance on the ACA exchanges, where in 2016, two-thirds of people were enrolled in [Silver Plans](#) had an average individual deductible of \$3,177 and an average family deductible of \$6,480, according to the health data website HealthPocket.

Employers need to help ensure employees understand the concept of cost-sharing and begin to plan for their care. Employees should not skip appointments or post-pone needed medical services, which could cause bigger, more costly issues down the road.

Related: [The Importance of HSAs during Open Enrollment 2017](#)

To address this issue, many employers are setting-up Health Savings Accounts (HSA) for their employees. According to recent research by Mercer LLC, 50% of employers now make HSAs eligible for employees

compared to only 14% in 2009. This move demonstrates that employers don't want employees to skimp on care.

Employers can set-up HSAs for all employees who choose a HDHP option. To be eligible for a HSA for a particular month, the employee must be:

- Covered by the HDHP on the first day of the month,
- Not be covered by any other health insurance that is not an HDHP,
- Not be enrolled in Medicare, and
- Not be eligible to be claimed as a dependent on another person's tax return.

Employers may contribute to eligible employees' HSAs up to the maximum regulated amounts for 2017. For self-only HDHP coverage the maximum amount is \$3,400 and for a family with HDHP coverage the maximum amount is \$6,750. Employers may initially just be comfortable with contributing some seed money to encourage employee participation for savings.

Related: [How to Talk about HSAs with Your Employees](#)

Employees can use the money for qualified medical expenses, and also to help pay for their deductible. Employers moving to HDHPs have an opportunity to help support their employees as they learn to manage their out-of-pocket costs effectively by providing HSA accounts to help increase involvement in their healthcare planning and decision-making.

*Source: Employee Benefit Plan Review. Health Savings Account Plans. 12/2016. PP3-4.*