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## Employers in R.I. should embrace, not fear, HSAs

### Plans can help workers be better consumers

Recent news reports show that some Rhode Island employers are still reluctant to offer health savings accounts, primarily because employees don't have an ownership mentality about their health care.



**GUEST  
COLUMN**  
**Amy Gallagher**

We've seen similar reports since last fall, when HSAs first became available in Rhode Island. Months later, Rhode Island employers are still slow to embrace these plans, but nationally, as of January, more than 3.2 million Americans had enrolled in HSAs.

An estimated 40 percent of large employers are expected to implement a bundled high-deductible health plan and HSA option in 2007.

Data collected from early adopters shows that HSAs slow annual increases in medical costs to the low-to-mid single digits, compared with 10-percent-plus with traditional plans. When they're part of a long-term strategy that engages employees and encourages them to think about their health care deci-

sions, HSAs are a smart approach to managing costs. So why have Rhode Island employers been reluctant to offer these plans?

The primary reasons are that we insulate our employees from the true costs of health care and provide some of the richest benefits in the country. Without a direct correlation between their actions and their wallets, employees lack the incentive to help control health care spending.

Employers who pay higher-than-average premium contributions may be well-intentioned, but meanwhile, health plan costs are at least doubling every five years – while savings with HDHP/HSA plans can range between 25 to 35 percent in the first year.

So what can employers do to help employees take greater ownership of their care? A recent national employer opinion survey conducted by United Benefit Advisors found nearly 80 percent of employers believe their workers can learn how to manage their choices regarding a number of factors that directly impact both cost and quality of the medical care they receive, yet most do not currently provide the educational resources to assist in this area.

The key is an intensive employee communication strategy. HSA roll-outs need advance planning, coupled with months of intensive employee outreach, followed by frequent and sustained contact post-implementation.

New communications methods and Web-based tools available to employer groups of all sizes make it easier for groups to help their employees make informed decisions by providing access to health assessments, medical costs, quality measurement and other information. If employees are invested in the process, they will spend their dollars more wisely.

One thing is certain: Rhode Island employers can't complain about rising health care costs without taking action. The HSA approach provides one solution, but it requires both employers and employees to share the responsibility to reduce spending. ■

**Employers can't complain about rising health care costs without taking action.**

*Amy Gallagher is senior consultant at the Cornerstone Group in West Warwick, a benefits advisory firm. Providence Business News ©2006. Reprinted with permission, all rights reserved*