

**June '07**

**HSA's & HRA's**

Over the last two years, you have probably seen tons of stuff written about Health Savings Accounts(HSA's) and Health Reimbursement Accounts(HRA's). But, what no one is writing about is the connection between your corporate goals and your benefit design. More importantly, no one is speaking about the huge opportunity that exists for the creative broker to maximize the opportunity for you to design a plan that can minimize, and in many cases, eliminate rate increases for the next three to five years.

In this article, the first thing I want to suggest is that funding the account portion of your employee's HSA not only does nothing to help you get control of costs, but it can have a significant negative effect on employee morale, productivity, and retention. Once you place funds in that account you lose control over those dollars. And, if you are a small group with less than 50 employees your rates are based on the pooled groups, so even if your employees became good consumers it would do practically nothing for your rates. There are many more reasons for the potential negative impact, and if you would like to know more about them, please send me an email.

So, how can you take advantage of the Consumer HealthCare Movement to get control of your future costs? Consider combining a High Deductible Health Plan(HDHP) with a limited medical plan to achieve maximum cost reduction today, without creating the risk associated with the HRA approach. Then consider utilizing the savings created by this new approach to your overall plan design to generate a fund that can be tapped in future years to manage both plan designs and claims.

For more information, give me a call at 916.932.2355, send me an email at [tom.avery@innovativebroker.com](mailto:tom.avery@innovativebroker.com) , or visit us on the web at [www.innovativebroker.com](http://www.innovativebroker.com).

PS. If you think this has been useful, please pass it on to others who may benefit.