

High-Deductible Plans and HSAs

A high-deductible health plan (HDHP) pairs a lower premium with a higher deductible. An HSA is a tax-advantaged account that can go with it.

	Traditional plan	HDHP with HSA
Premium	Typically higher	Typically lower
Deductible	Lower	Higher
Savings account	None built in	HSA, owned by the employee and portable
Employer role	Pays a share of premium	May also contribute to employees' HSAs

POINTS TO KEEP IN MIND

- The IRS sets the qualifying plan design and annual HSA limits, and they change every year, so confirm the current figures
- Employees who expect high or steady medical costs may feel the deductible more
- Some employers add an HSA contribution or education to ease the move

QUESTIONS TO ASK

- How would a higher deductible affect our employees?
- What contribution, if any, fits our budget?
- How will we explain how an HSA works?

Takeaway: An HDHP can lower premium costs, but it works best when employees understand it and have help preparing for the deductible.