

HSA Implementation Checklist

Offering a high-deductible health plan (HDHP) along with a [health savings account \(HSA\)](#) is a great way to allow your employees to save pretax dollars for health-related expenses while also saving for the future, but it does involve a lot of planning and preparation on your part. This checklist will help as you implement this plan design option. Before implementing these benefits, make sure you also consult with your legal advisers.

1. DETERMINE YOUR LEVEL OF EMPLOYER INVOLVEMENT

The following are some options:

- Sponsor the HDHP only, allow employees to be HSA-eligible, but don't assist with opening or funding HSAs.
- Sponsor the HDHP and contract with an HSA custodian to assist with opening the accounts, but do not assist with the funding.
- Sponsor the HDHP and contract with an HSA provider, offer employees a payroll deduction to fund the account, but do not provide any contributions.
- Sponsor the HDHP and contract with an HSA provider, make contributions to the account, but do not allow employees to make a payroll deduction.
- Sponsor the HDHP and contract with an HSA provider, make contributions to the account and allow employees to make a payroll deduction.

2. CREATE THE HDHP DESIGN

- If you currently offer a non-HDHP plan, address the following transition issues:
 - Determine whether the HDHP will be the only group health plan that you will offer employees.
 - If not, do you have enough employees to sustain more than one major health plan?
 - Will the insurer offer more than one type of plan for your organization?
- Check with the vendor to determine if/what minimum participation levels are required.
- Determine when you will start the HDHP.
 - Jan. 1 implementation may be easier than mid-year implementation changes.
 - If your current medical plan is not on a calendar year renewal, can you shorten the plan year to start the HDHP and HSA on January 1? Determine deductibles and out-of-pocket expense levels.
- Determine deductibles and out-of-pocket expense levels
 - Will you use the statutory minimum deductible or a higher deductible?
 - Will you use the statutory maximum out-of-pocket expense amount or a lower amount?
- Determine deductibles and out-of-pocket expense levels.
- Determine whether you will sponsor any other health plans that may need to be coordinated with an HDHP, such as:
 - Cafeteria plans (section 125 plans)
 - Health care flexible spending accounts
 - Health reimbursement arrangements
 - Prescription drug benefits
 - Vision plans
 - Dental plans
 - Employee assistance programs (EAPs)
 - Wellness programs
- Determine what changes to other plans may be necessary (e.g., terminating an FSA, converting to a "limited" health FSA or converting to a "post-deductible" health FSA).

3. CHOOSE AN HSA PROVIDER

- Obtain information about various providers to determine the following:
 - Enrollment, maintenance and other fees imposed on you and your employees
 - Available investment options for account balances
 - Services available through the HSA provider (preparing annual reports, assisting with comparability rules for employer contributions, explaining the HSA rules to employees, offering debit cards for the HSA, etc.)
- Determine how HSA contributions and information will be sent to the HSA provider.
 - Will you use proprietary software?
 - Will you receive a penalty for late or incorrect information?
- Determine how the HSA will be funded.
 - Will you contribute to the HSA? If so, how much and when? Employers can contribute during each payroll period, at the end of the year only or at the beginning of the year only.
 - Will you adopt or amend a cafeteria plan to allow for HSA contributions?
 - If you will be making contributions or allowing payroll deductions, will you forward contributions only to certain HSA providers?
- Educate all human resources personnel and senior management about the new HDHP and HSA.
- Brainstorm with company leaders, HR, payroll and work team leaders on the best ways to promote the HSA to all employees.

4. COMMUNICATE THE NEW PLAN TO EMPLOYEES

- Explain the HDHP and HSA rules to employees. Also provide guidance on changes from the existing health plan design to the new design. Send out an HSA announcement letter.
 - Provide information on deductible rules and limitations on coverage.
 - Update the Summary Plan Description and other health plan materials for employees.
 - Use email announcements, posters and other communications to educate employees on the following issues such as introducing the HDHP/HSA; general eligibility rules for HSAs; maximum contribution amounts; tax-free advantages to HSA contributions; and contributions that your company plans to make.
- Provide information on the services provided by the HSA provider for employees.
- Share other benefits of the HDHP and HSA with employees, including:
 - Savings on health insurance premiums
 - Ability to offer unique health coverage that may not otherwise be available
 - Employer contributions (if offering)
 - Ability to grow the HSA balance over time
- Provide ongoing education on how to use the HSA and how to make wiser health care choices.