

7 things all employees should know during open enrollment

Open enrollment for health benefits is underway for many companies and it will continue through the end of the year. And while this is a prime time for employees as they enroll in benefits that will protect their health, their finances, and keep their families secure for the coming year, it is also a crucial opportunity for employers to positively position themselves with top talent. Increasingly, companies are using their benefits package as a tool and differentiator for talent acquisition and retention.

Consider a recent MetLife survey that explores what the insurer describes as “a new age of benefits.” The survey found that:

- 61 percent of employees say they are more likely to accept a job that offers health and well-being benefits,
- 59 percent say health benefits would make them more loyal,
- 51 percent say they are more likely to accept an offer that comes with financial benefits, and
- 53 percent say they would be more loyal to a job that has benefits that help them get their finances in order.

The growth of high-deductible health plans (HDHP) is contributing to an increase in popularity for flexible spending accounts (FSA) and health savings accounts (HSA). In fact, HSA enrollment was up 53.7 percent in 2016, and there were 27.4 million FSAs in use last year, a number that is expected to grow to 32.3 million by 2020.

These tax-advantaged accounts can help cushion the financial burden of HDHP coverage for individuals and families by allowing account holders to set aside pre-tax money to pay for current health expenses while, in the case of HSAs, saving for expenses in retirement.

For all that expanding popularity, though, FSAs and HSAs are only useful if employees understand them. If employees lack this knowledge, they may not enroll or they may not use their account to its full potential.

So, what can brokers and employers do to maximize enrollment in this valuable benefit and help employees become savvy health care shoppers during open enrollment? Start by communicating the following information to employees.

1. The key benefits of opening an account. The value of saving for health care expenses cannot be over emphasized, but there are few key benefits that employees should be aware of, including:

- Triple-tax savings;

- Convenience;
- Meeting out-of-pocket maximums, copays and coinsurance;
- Supplementing health plan coverage;
- Saving for “big ticket” items or expenses, such as elective surgery; and
- Saving for expenses in retirement.

2. How to maximize contributions. The amount each employee contributes to his or her account will depend on their individual circumstances. Start by educating employees about the current contribution limits, the tax benefits of funding their accounts, and relevant employer matching, and tools available to help them estimate their annual health care needs. Consider directing employees to an online FSA or HSA calculator to help them plan their contributions and estimate savings.

3. What, if any, spending deadlines apply. This applies only to FSAs. If your FSA has a spending deadline, be sure to communicate that clearly to employees. You will want to take time to clarify any extensions that you offer, as well, such as a Carryover Option (this allows employees to roll over up to \$500 in unused FSA dollars from year to year), a Grace Period (this gives account holders an additional two-and-a-half months to spend down their unused FSA funds), or a Run-out Period (this gives employees extra time to file reimbursement requests for expenses incurred in the previous year).

4. How to track expenses throughout the year. One easy way to relieve the stress of managing spending deadlines is to help employees track their expenses throughout the year. Not only should you encourage employees to anticipate potential expenses, but consider connecting them with online tools that can help them track their spending as the year progresses so they avoid any surprises at year end.

5. How to invest HSA funds. A unique feature of HSAs is the ability to invest a portion of unused funds into stocks, bonds and mutual funds. If your HSA comes with an investment platform, be sure employees understand how this feature works and how it might benefit them.

6. What is an eligible expense? The list of eligible products and services for FSAs and HSAs is long, diverse, and sometimes surprising. While many people think about eye glasses, contacts or dental expenses when using their spending account, the eligibility list covers many unexpected items, such as:

- Defibrillators,
- Prenatal vitamins,
- Glucose monitors and supplies,

- Wearable blood pressure monitors,
- Lip balm (with an SPF of at least 15), and
- Breast pumps.

Helping employees understand what's eligible enables them to make wise use of their accounts for timely, personally relevant products and services. Online eligibility lists make it easy for account holders to get current information about how and where they can spend their money.

7. How to save time and reduce health care paperwork. Not only can people save money with an FSA or HSA, but they can save time and eliminate paperwork by using an FSA or HSA debit card. Because the card links directly to an individual's account, giving them immediate access to funds when they are making their purchases, they do not need to file a claim for reimbursement.

FSAs and HSAs can be powerful tools for people who understand them and know how to take full advantage of their unique benefits. Ensure that your employees have the information they need by communicating clearly and consistently about these key topics during open enrollment and throughout the year.

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