

Increased Savings, Increased Benefits – Exploring the Value of Targeted Reimbursement Solutions

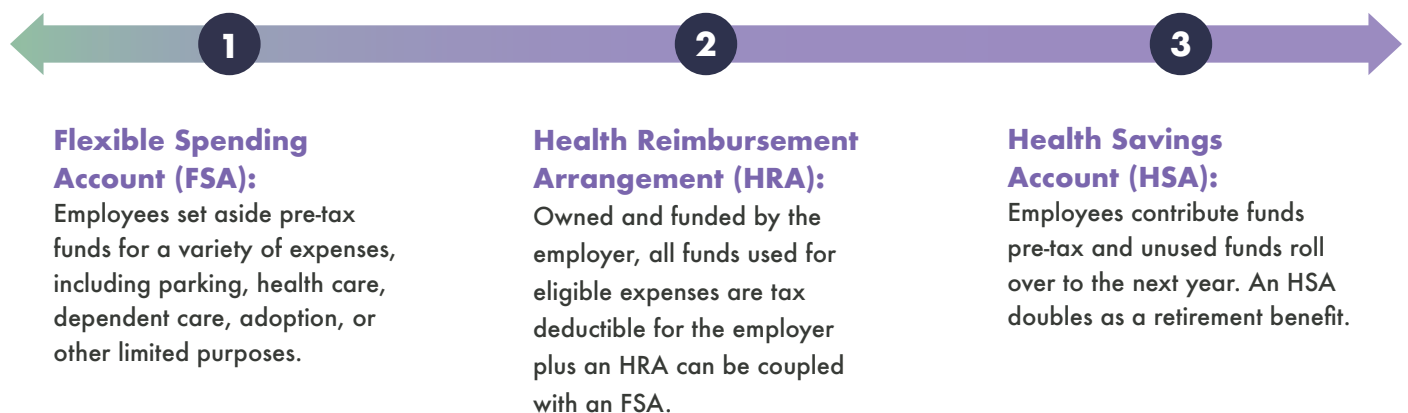
From established to evolving or emerging, Nova meets clients where they are. Having the right guide by your side can help you make wiser choices when it comes to managing risk, cost, and care outcomes. How do you find the most appropriate reimbursement solution for a plan's unique population? **Let's dive in.**

Customized Reimbursement Solutions

There are no right or wrong choices on the spectrum of reimbursement solutions. Your approach to selecting a solution for your plan should be based on the unique needs of your employees, and comfort with change and/or adjusting the plan design.

Nova's reimbursement products run the spectrum of solutions. The challenge is understanding the options available and identifying the right solution for each health plan.

Options Include:





What Makes the Most Sense — Identifying an Impactful Reimbursement Solution

This reimbursement landscape is complex. Having a strong foundation of understanding of the various account types — and knowing what questions to ask — will allow you to find a solution that can support employees, serve as an attractive benefit for potential new hires, and control plan costs.

Three areas of consideration:

Account Type

Understanding the spectrum of reimbursement account solutions — and which will be the best fit for a plan's needs — is a key first step.

Aside from their tax advantages and some overlap in qualified expenses, each type of reimbursement account functions differently and provides unique solutions for unique populations. Identifying the needs of your employees will allow you to confidently choose a solution that addresses those needs.

As your comfort level with the various reimbursement solutions grows, you can begin to explore more creative ways to deliver quality health plan coverage. For example, you might choose to layer in a Limited Purpose Flexible Spending Account (LPFSA) with an HSA. This allows for participants to pay for vision or dental expenses using their LPFSA and other medical expenses with their HSA.

Health Spending Account Comparison	FSA	HRA	HSA
Member owns the account	N	N	Y
Employer owns the account	Y	Y	N
Member must be enrolled in a high-deductible health plan	N	N	Y
Employer-only funded account	N	Y	N
Member and employer may fund account	Y	N	Y
Member can invest the money in the account	N	N	Y
Member must report account when filing income taxes	Y	N	Y

FSA

Offering an FSA as part of your benefit package assists with employee retention. It is more than a vehicle for an employee to set aside funds for a variety of expenses. In fact, for the right demographic, each FSA type can provide significant benefits. A dependent care FSA assists with savings as employees set aside pre-tax funds to pay for daycare while at work. Parking and/or Transit FSAs (also called QTAs) assist in pre-tax savings to offset the cost of parking at work or to help with transit expenses. Adoption Assistance FSAs provide pre-tax savings for your employees as they go through the process of adoption. Employers can also experience savings that can be used to support benefits for your employees the subsequent year.

As an employee, a medical FSA can be a useful benefit because over-the-counter headache medicine, sunscreen, and first aid essentials are among a variety of common and surprising IRS-qualified items. A medical FSA can also cover some member cost for provider visits. An employee enrolled in an FSA has a pre-determined dollar amount set aside pre-tax, which reduces taxable income at the end of the year.

HRA

Employers can use an HRA creatively to ensure employees have support with their health care expenses while also saving money. For instance, the HRA might be tied to a plan with an upfront cost before the insurance covers services. An HRA is owned by the employer and unused funds stay with the company. An HRA can leave employees feeling financially comfortable while not placing a financial burden on your business with an underutilized benefit.

As an employee, an HRA helps to cover the dollar gap between the first dollar out of pocket and the deductible amount determined by the plan. When an HRA covers that gap, or a portion of it, that's less money out of their pocket. As an employer-funded benefit, if an employee happens to go elsewhere, this money is not portable, it is returned to the employer.

HSA

As an employer who offers a high-deductible medical and pharmacy plan, an HSA is a great option to help cover the deductible expenses for both you as an employer and your employees. Unlike an FSA or HRA, the HSA is portable and goes with the employee wherever they may go. There are no substantiation inquiries (unlike in a FSA or HRA) and the money can be carried over year after year to compound the balance (qualifying plans only), allowing for investments, saving, or spending. Both employers and employees can contribute to the HSA while in a qualifying plan and eligible expenses are the same as that of an FSA. HSAs are an excellent tool to enrich benefit plans while giving employees peace of mind in the present and in the future.

As an employee, an HSA is always tied to a High-Deductible Health Plan (HDHP). The HSA is designed to allow the employee and/or employer to fund the account to cover some or all of the upfront costs associated with a HDHP. No matter who contributes pre-tax dollars, HSA funds belong to the employee and, if an employee changes jobs, that money goes with them. Ultimately the employee can decide to use funds to cover their deductible, invest it, or save it!

Participant Education

When it comes to introducing a reimbursement account to employees, one of the biggest hurdles plans face is education. While many partners will work with you to administer a reimbursement solution, not all are created equal. Finding a knowledgeable partner committed to helping employees navigate the often-confusing world of reimbursement accounts is crucial to the success of a plan and can result in higher levels of engagement and account usage.

Consider the workforce in need of education and what a typical day looks like. What type of education is most impactful? On-site presentations, educational flyers, online tools, on-demand presentations, or podcasts? Employers understand their population and workplace culture. What tools can your solution provide to support employees?

Tools and Resources

Having access to a library of account-specific resources can help drive home the full capabilities of these solutions. Whether it's a member flyer explaining eligible expenses or an enrollment kit containing everything from IRS regulations to claim forms, employees should feel as though they are set up for success to get the most benefit from their benefits.

As an added layer of support, some third-party administrators will partner with industry experts to support their reimbursement solutions. For example, Nova partners with FSA Store and HSA Store to provide a one-stop shop for eligible products, as well as monthly communications, an updated list of eligible products based on their plan, and tax savings calculators.

Bottom Line

What employees want: A strong benefits program. What employers want: To attract and retain top talent by offering a strong benefits program.

When it comes to introducing a reimbursement solution, plan sponsors understand their tolerance for change. They know their population best. Wherever a client falls on the Reimbursement Solutions spectrum, they need an experienced partner with demonstrated success that understands all the nuances associated with these accounts.

WANT TO LEARN MORE?

Join the team at Nova for our recent Spectrum Series: Reimbursement Solutions episode:

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