

A Health Savings Account at Frontline PR

Name

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Date

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Introduction

Frontline PR (Public Relations) is an agency situated in the Northeast that possesses a workforce of approximately 150 people placed in different stations. Although a large proportion of personnel are PR practitioners, the firm recruits operations, and management staff. Every employee in Frontline PR are in full-time employment and are entitled to contribute to its medical insurance plan (Martocchio, 2014). The agency's HR (human resources) manager, Susan Berry, recently attended a public session that focused on health savings accounts (HSA). The event indicated that the firm has been facing challenges regarding the cost of health insurance. After engaging in discussions with the professionals at the session, Susan believed that a HDHP (high-deductible health plan) with a HSA as opposed to the existing plan and a FSA (flexible spending account) leads to substantial cost savings for the agency. The HR director offered her suggestion to the finance manager, Allison Jones, and both consented to the financial savings. If the firm chooses to shift from its current plan with FSA to HAS with HDHP, it would be necessary to outline the distinctions between a HSA and FSA in educating the workforce. Moreover, the finance and HR manager should be ready to give responses to the following queries:

What are some benefits of taking the HSA (health savings account) route? What are some possible drawbacks of executing the HSA alternative?

Benefits

What are some benefits of taking the HSA (health savings account) routes?

More important than delineating the benefits is to describe a HSA and the dissimilarity between the current FSA. A health savings account is a savings account established for

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individuals that are registered in a HDHP. Even though the policies have a lower monthly cost, high deductible health plans need a higher out of pocket deductible. A flexible spending account is a savings account organized by a company for its employees to utilize for dental and medical costs or dependent care expenses. Funds are deducted from the employee's payroll and credited to his/her account before the deduction of payroll taxes (Guina, 2016). The pros of a HSA are contingent on health status, age and income, because of the prerequisites of a high-deductible plan.

A HSA offers significant benefits only if none of those as mentioned above contingent requirements are impediments. Payments made by an employer are tax-free while those made by a holder to a HSA are tax-deductible. Accounts in the HSA are transferable and the interest amassed is tax-free, implying they are the employee's even if he/she shifts roles or decides to retire or resign. Unlike health reimbursement accounts and FSAs that necessitate clients to exhaust or lose the funds that were saved yearly, a HSA allows a person to withdraw finances from year to year. Additionally, HSAs change to standard individual retirement accounts upon fulfillment of the retirement age (Olivero, 2014).

Drawbacks. What are some possible drawbacks of executing the HSA alternative? As mentioned in the benefits of a health savings account, the same elements that may be earnings, age, benefits, and health could be potential drawbacks in a HSA component plan. Funding, age, costs, and deductibles are the most apparent drawbacks to enforcing a HSA.

Deductibles: An individual must still contribute a high deductible for health expenses across the year irrespective of the general concept of the HAS. Regulations dictate that the deductible must be at least \$2000 for families and \$1000 for individuals. **Funding:** If the company is responsible for managing the HSA, allowed by 2003 regulations, the firm must pay

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on a yearly basis regardless of the claims made the employee. Contingent on the statistics of the workforce, this might not be logical since the company is contributing to a plan that remains idle.

Costs: This plan does not tackle the primary health challenges facing America: the surging and uncontrolled health care costs. Unquestionably, a HSA might be generally perceived as a makeshift answer to the essential issue of costs. Age: The demographic that benefits heavily from the plan are young individuals. The HSA framework relies on having the capacity to recurrently pay to the account without having too many medical incidents. It might be possible to gain from the plan, but only depending on whether the owner is healthy in the first place (Johnson, 2015).

Summation

HSAs are an immediate reaction to the increased expenses of offering inexpensive health cover plan alternatives to employers. Frontline PR is not exclusive in its problems in handling surging medical costs and should establish methods to finance without overstraining its reimbursement allotments. PR experts are highly demanded, and when considering the attraction and retaining of skilled staff, providing a HSA component in the healthcare plan is a possibility. The agency should consider, particularly if you consider the workforce demographic that would most probably gain from a HSA component healthcare package. The benefits and drawbacks of a HSA plan component are significantly affected by personnel demographics.

If Frontline PR conducts the required assessment of current and estimated employee demographics, the advantages of providing HDHP with HSA could be a feasible alternative in tackling medical care expenses, while also functioning as an extra retirement savings inducement for current and future staff.

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