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Five Considerations when Selecting a Spending Account Administrator

Choosing the right health savings account (HSA) administrator has never been more critical for today's employers. The continued satisfaction of your clients, their employees, and your hard-won reputation are at stake.

Why is making the right choice so critical now?

Health spending and savings accounts are poised to grow dramatically. Today, there are more than 23.4 million health savings accounts (HSAs), and that number is expected to grow to 29 million by the end of 2020.¹ With recent proposed legislation, Health Reimbursement Arrangements (HRAs) and Flexible Spending Accounts (FSAs) should also see growth over the next several years.²



As these accounts flourish, they're becoming core to your clients' health care benefit strategy, making it more important than ever to select a spending account administrator that will:

- Act as a true strategic partner, aligned to support your clients' goals and values
- Provide a high level of service for your client and their employees to help navigate the complex world of health care spending
- Not "nickel and dime" your clients, or their employees with added fees for upgrades or services
- Act as a good-faith partner by disavowing selling directly to your clients and effectively becoming your competitor

In evaluating spending account partners, it's important to seek clarity in **five essential areas**:

1. Gauge strategic alignment
2. Deliver excellent service and support
3. Examine the technology platform
4. Design a connected consumer experience
5. Evaluate pricing and fees

¹ 2018 Midyear Devenir HSA Research Report, devenir.com/research

² Society for Human Resource Management, July 2018

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Gauge strategic alignment

Is your HSA administrator a vendor or a true partner?

A lack of business alignment can create real business risks:

- Higher costs and reduced client satisfaction if the spending account administrator nickels-and-dimes you and your clients and their employees with added fees
- Possible damage to your brand, your clients' brands and the consumer experience
- Poor service from the provider will always create risk. For example, if the vendor focuses only on HSAs rather than the entire spectrum of spending accounts (HSA, HRA, FSA, etc.) there will be mixed impressions with your clients and their employees

To gauge strategic alignment, be alert to responses from prospective spending account partners indicating their:

- Understanding of your client's industry and their priorities
- Commitment to putting your client's interests first
- Approach to delivering a connected consumer experience
- Shared values; demonstrating honesty, collaboration, integrity, and commitment to your client's business
- Dedication to service with a model designed to support unexpected needs

- Openness to your – and your clients' – input and influence

If the vendor is publicly traded, ask about its merger and acquisition (M&A) history (or research it yourself).

- M&A activities – often central to spending account administrators' growth strategies – can disrupt service to your client's business. In addition, the subsequent integration of technology platforms that frequently follows a merger can lead to disruptive changes.
- If the vendor becomes involved in future M&A activities, ask how will it maintain service without disruption to your clients. And, ask how it will ensure your continued competitive difference.

Be aware of how **mergers and acquisitions** could affect your service



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Deliver excellent service and support

Providing great service is table stakes for any service provider in any industry. But the definition of good service can vary. Some HSA providers only provide service around financial transactions. But using an HSA is so much more than that.

One thing is certain: Your clients and their employees will have HSA-related questions, probably a lot of them. Their questions may range from pharmacy networks to claims to the details of IRS rules.

Easy access
to account
management
and customer
service is vital



Because there is so much to know, account management and customer service support from the spending account administrator – and its inhouse HSA knowledge specialists – are vital.

The problem is that many tech-only spending account administrators offer little or costly account management support. If they provide open enrollment support, it may come with an extra charge and only be available for large clients.

As you evaluate spending account administrators, ask:

- What support will you provide our clients as they field questions from their employees? How – and how often – will you provide this support? What will you charge for this support?
- What will you charge for sending a spending account specialist to your clients' open enrollment meetings?
- What charges will you add for customizing materials in your library – and for materials beyond your library?
- What customer service support will you provide for employees?
- Will you provide customer service in-house or outsource it to a call center? If outsourcing, with what vendor do you work? Where are they located?
- Whether you handle customer service in-house or through another vendor, how will you ensure that the customer service agents are trained to answer HSA-related questions?
- If an account holder has a complex claims-related question, how do you interact with the plan's customer service team and your client's benefits specialists?
- Will you require that your team be HSA certified, an indication that they have the special knowledge needed to solve HSA-related issues?
- What is your – or your customer-service provider's – customer satisfaction rating?

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Examine the technology platform

Is it configured to support a great user experience, flexibility, and differentiation?

With most spending account consumer transactions conducted electronically, it's critical that the administrator's technology platform be configured to:

- Deliver a positive user experience that aligns with your client's brand experience
- Allow flexibility to add or adjust offerings
- Enable differentiation of your client's brand

Delivering these capabilities begins with the platform's core functionality. Look for technology and operations that fully integrate all product offerings onto one platform. With a fully integrated platform, claims flow seamlessly between accounts over multiple plan years, products, and payment rules. It provides clients the flexibility to add new programs and services, as well as differentiating features, quickly and easily.

A fully integrated spending account platform is capable of accommodating many products - FSAs, HRAs, dependent care accounts, etc. - while allowing the employee to move easily among them via a simple, user friendly experience.

Many vendors have separate platforms, each running separate products, and only integrated through simple programming interfaces. Because the accounts aren't truly integrated on a single platform, employees may need to play a bigger role in choosing which accounts their dollars come from and how they are paid, leading to employee frustration and an increase in customer service call volume.

To understand more about the prospective vendor's platform, ask:

- Are all products and services built and managed on a single platform (rather than a connected one) and are how they integrated?
- How does the platform's enable connected, integrated user experiences between products and plan years?
- How will your technology platform help accelerate consumer engagement, and increase logins, and account engagement?
- How configurable is the platform?
- How flexible is it? How easily can it accommodate additional products and services?
- How much customization does your platform allow? What is involved if your client requests custom configurations? How much will you charge for doing so?
- Do you manage your own back-end operations or outsource to another vendor?
- Do you own all the pieces - all the intellectual property - built into the platform's back end?
- What assurance can you provide that you will support my client's digital strategy?

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Design a connected consumer experience

How will the spending account administrator enhance the experience you provide your members today and tomorrow?

As employees establish spending accounts, evidence shows that they interact with their account as often or more than with the health care plan itself. It's understandable. Employees are increasingly using their own funds to pay for health care expenses, and they log into their financial accounts frequently to track balances. This frequent contact can lead to a stronger connection than with the plan.

Because consumer-directed health plans (CDHPs) require more "skin in the game," employees show a higher propensity to investigate costs, look for care alternatives, use virtual care options, and negotiate payments with providers. Developing a partnership that promotes these positive behaviors via spending accounts connects the plan experience to the critical moment when account holders are actively engaged in paying for their health care.

You will want to ensure that the spending account administrator:

- Delivers an employee experience that aligns with your client's brand experience
- Supports account holders in adopting wise shopping behavior

As you evaluate vendor capabilities, probe to learn:

- What does the vendor understand about your client's employees?
- What does it understand about the employee experience your client wants to provide?
- Has the vendor done customer journey mapping from plan selection to welcome, onboarding, wellness, and beyond?
- Does the vendor speak the language of your client's employees?
- What other services can the vendor connect for your client that will be relevant, easy, and seamless for its employees?
- Is the vendor focused only on HSA customers? Has it also identified a path for transitioning future employees, such as those migrating from PPOs and HMOs?

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Evaluate pricing and fees

Will the prospective vendor support your financial goals?

Finances matter

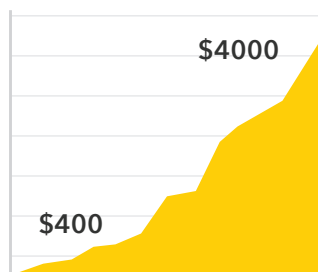
The foundation of a successful partnership begins with a transparent agreement of pricing and fees. Administrators can provide value in a variety of ways, including:

- Tiered product offering
- No traditional banking fees or hidden costs

Product and technology implementation fees

Some administrators charge a flat setup fee per account. Others “stack” or add fees on top of a flat fee for each additional upgrade or service. Charges may include program upgrades, for each debit card, unique data integration requirements, special reports, etc. Stacked fees can add up.

Fees can range from \$400 to as much as **\$4,000 per month**



To gain transparency with fees, ask:

- Do you offer one flat fee per account per year for all accounts, or do you charge separate fees for each account (e.g., HSA, FSA, and dependent care account)?
- What implementation fees do you charge? How much will those fees run per account? Are there annual maintenance or licensing fees?
- How do you charge for product, custom reporting, service, or technology upgrades? Is it an hourly rate or flat fee? What is the hourly rate?
- What fees do you charge to attend open enrollment meetings, and provide lunch-and-learns or other account support? Will you charge travel costs? What is the minimum threshold client size required to attend a meeting? Will you attend meetings for HRA- and FSA-only clients, or only HSA?

Account holder fees

Account holders can be charged many additional fees, which can lead to deep dissatisfaction. To understand the fees your client's employees may incur, ask about fees for:

- Overdrafts
- Replacement of debit cards
- Paper statements
- Any other fees to the account holder

At Further, we walk our talk

Further is committed to making health care easier and more affordable for everyone

Our 29 years of experience in administering accounts – HSAs, FSAs, HRAs, Voluntary Employee Beneficiary Arrangement (VEBAs), Dependent Care Assistance Programs (DCAPs) and Transportation Reimbursement Accounts (TRAs) – have provided valuable insider understanding of the challenges you face as you choose – and work with – a spending account administrator.

We understand
the challenges
you face



We have applied our special understanding of spending accounts to create a model that benefits you.

Learn more

At Further, our commitment is to help make health care easier and more affordable. We are dedicated to continuously building our understanding of the opportunities and challenges ahead for our partners as the spending account landscape evolves.

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