

Multi-Media Campaign Launched In New York For Health Savings Accounts Is First-In-The-Nation

In a what experts say is the first in the nation multi-media campaign, PerfectHealthNY has launched an all out education and advertising program for Health Savings Accounts (HSAs).

The Staten Island-based company, a subsidiary of HIP, specializes in the newest form of healthcare insurance. The insurance provider has been a leader in the sector since their inception in 2004 and now offers what it believes are the lowest priced healthcare coverage in the state.

According to Carmine Morano, PerfectHealthNY's President, "we are determined to become the leader in HSAs by providing the best coverage, service, and pricing in NY state for companies and individuals."

HSAs are a two-part offering --- a high-deductible healthcare insurance plan coupled with a tax-deferred savings account that the Secretary of the Treasury John P. Snow labeled the best retirement plan available.

Radio, Print, E-mails

PerfectHealthNY is advertising on local radio, from Don Imus through Michael Savage and Air America.

"Because HSAs appeal to many people across the political spectrum, we are seeking out a broad audience of listeners and business leaders to educate them to the benefits of these offerings," Morano added.

Besides Crain's New York and other print publications, PerfectHealthNY has also sponsored a special section in Fortune Small Business as well as trade publications reaching brokers and agents.

In addition, PerfectHealthNY is also launching a new website aimed at providing employers, employees, agents and others with all the tools necessary to chose and use HSAs.

This will be supported by an email and postal campaign in April, May and June.

It has also teamed with FirstHSA, a custodial account manager, to offer special rates to savers, exceeding 5% on funds deposited.

PerfectHealthNY is also offering a service to help users better understand procedures, choose the right healthcare provider and monitor after-treatment progress.

"All of these offerings are designed to make the transition to HSAs as painless as possible for users," Morano said. "HSAs are not just a new healthcare plan but a new way of looking a healthcare. It truly puts the user in better command of his or her total medical picture, including how much they pay for services and who provides them."

HSAs were launched in 2004 as a new initiative to reduce total healthcare costs for individuals and companies.

Cost Shift To Individuals

As the burden of healthcare costs have shifted more and more to the individual, they need to find ways of reducing the total costs.

Morano points out that an HSA differs from a conventional health plan because it is composed of two pieces. The first is traditional health insurance coverage, with a very high deductible—at least \$1,050 for an individual and \$2,100 for a family. Employees pay for all their own medical expenses until they reach the deductible, when the insurance coverage kicks in. The second part is a savings account, which is usually held in a bank. Each employee can contribute up to the lesser of the deductible amount or \$2,700 for an individual or \$5,450 for a family into this account each year. Although it is not required, an employer can also contribute to an employee's HSA accounts, and about a third do. Employees may draw upon the account to pay for their medical expenses, but many choose to pay expenses out of their regular income and let the HSA funds accumulate tax-free.

For employers, an HSA's key advantage is a dramatic drop in health-insurance premiums —25% to 33% lower than a PPO plan, according to Information Strategies, Inc., a healthcare and small business advisory and research firm. The second cost-containment feature: consumers' altered behavior when they are spending their own money on doctor visits, specialists, and diagnostic tests.

"Preliminary findings in our latest survey were that HSA users increased their use of wellness programs by 14% and reduced their use of emergency rooms by 7%. Members of HMOs, PPOs, and POS health plans reported behavior changes of less than 1%," says JoAnn Laing, president of Information Strategies.

Reduce Premium Increases

Such efforts promise to rein in year-to-year premium hikes, say the experts. ISI estimates that annual increases of 3% to 5%," are projected for HSAs versus the 7%-9% of more traditional plans.

Weighing the Pros and Cons

Psychologically, says PerfectHealth's Executive Vice President, Bill Thomas, an employer feels better "giving the money to an insurance company with no hope of getting it back. They sometimes don't like to give employees more money—so it can be an actual barrier to signing up for an HSA."

Some of the questions that experts suggests employers ask themselves before shifting to an HSA: Is it part of my benefit philosophy to help employees save in the long term? Do my employees understand the basics of insurance? Do they understand how to use the web? For those looking for answers, Great-West offers a five-minute employer-readiness test at greatwesthealthcare.com "It takes a lot longer to educate employees because they are not used to having a bank account or being in charge of their own health-care spending," he says.

As a health-care account, HSAs pay for traditional medical expenses. But they also pay for services usually not covered by conventional insurers, such as acupuncture,

chiropractors, psychological therapy, dental work, and corrective laser surgery for the eyes. Other expenses that are covered include drug or alcohol addiction treatment, schools and homes for mentally retarded family members, and the cost of transportation and hotels for trips related to treatment. Once they've saved enough to meet the deductible, many HSA beneficiaries also use their accounts to buy different types of coverage, such as disability or accident insurance.