

# Find an Easy Button for Your Consumer- Directed Accounts

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10 tips for selecting the right partner



## Bonus: Lower taxes

According to the Employee Benefit Research Institute, enrollment in health savings account (HSA)-eligible health plans cover nearly 3 in 10 employees in the U.S. As these plans continue to gain popularity, more Americans can make direct contributions into these tax-advantaged savings accounts and use the balance for current or future qualified medical expenses.

## Bummer: People aren't taking advantage

While HSA owners continue to increase their contributions, the **2021 Devenir study**<sup>1</sup> finds that total assets are on the rise, but still only 6% of account owners are taking advantage of investments to really grow their accounts. Also, there are still 18% of HSAs that have been opened, but remain unfunded. For those who are contributing, the average employee contribution is only \$1,762 (the IRS maximum for 2021 was \$3,600 for individuals and \$7,200 for families), so it's clear that there is some ground to make up for HSA education around contributions and investment options.

Meanwhile, benefits that support financial well-being such as flexible spending accounts (FSAs), health reimbursement arrangements (HRAs), commuter accounts, and even emergency savings accounts are similarly underfunded and underutilized.





## Why such low adoption?

Behavioral economics has a lot to do with it. Faced with the prospect of lower take-home pay as an investment in future spending, many Americans simply aren't ready to commit. The low financial literacy in the U.S. is certainly a contributing factor, but employers also bear some responsibility in making the case to their employees.

## The hidden competitive advantage

Employers who provide consumer-directed accounts are competitively better positioned to attract and retain the best talent. But it isn't enough to simply offer benefits like HSAs, FSAs, HRAs, commuter benefits, and other accounts. Enrolling, managing, and using these accounts should be easy for your employees. And it should be easy for your benefits team to administer to the organization.

That's why selecting the right consumer-directed accounts partner is so crucial to your success. Read on to learn about what to look for in a consumer spending accounts partner.



1

## First, consider your capacity.

You already wear a lot of different hats: employee advocate, strategist, change manager, policy maker, and maybe even therapist at times. You only have so much time and energy to devote to each part of your job. Without the proper consumer-directed accounts partner, you might find yourself spending a lot of time on error management due to disparate data integrations, not to mention overly burdensome financial recordkeeping and reconciliation.

**Find a partner who will allow you to be as efficient as possible by minimizing your administrative burden.**

Start by looking for a solution that can house different accounts under one roof, especially a solution that can integrate with your benefits administration platform.



## 2

# Demand an “easy button” during annual enrollment.

For many employees, benefits engagement peaks during annual enrollment and then drops off the radar. Healthy employees, especially Millennials and Gen Zs, may only have one or two claims all year, making it less likely they'll proactively manage contributions.

**While you have their attention during annual enrollment, provide employees with the path of least resistance to enrolling in their consumer-directed accounts.**

Systems that interface seamlessly with your benefits administration platform are best suited for this. Some even offer automatic enrollment based on certain criteria, such as selecting a high-deductible health plan or the employer's willingness to help fund HSAs. Those that require the employee to leave the system or enroll later will result in much lower participation rates.



# 3

## Looking for ongoing educational support

When it comes to money, emotions can get in the way of good decision-making. For employees with particularly strong emotional barriers, you may have to provide two or three times more education to finally tap into the more rational side of their brains.

**Because of the connection many consumer-directed accounts have with health and welfare benefits, those that are integrated into your enrollment platform and total rewards solution offer more educational opportunities than stand-alone products.**

Look for a vendor with a robust set of educational tools, such as a recommendation engine, modeling calculators, and employee engagement tactics that can be delivered throughout the year using omni-channel communications, like email or text messaging. Providers who use third-party systems may offer single-sign-on (SSO) capability but still require the user to go back and forth between screens, resulting in poor utilization rates and lower engagement overall.



# 4

## Protect your brand.

As HR budgets continue to be stretched, it's natural to gravitate to those with the lowest price tag. They're all competing with one another for a piece of the pie.

**The more vendors you bring on, however, the more you run the risk of disparate brands, service models, and engagement channels tarnishing the employer brand you've worked so hard to build.**

Depending on your organization's size and the investment you've made in your employer brand, limit yourself to as few vendors as possible to reduce the likelihood for a fractured employee experience. Then, make sure the vendor you choose is aligned with your culture. Throughout the duration of your contact, they'll be an extension of your HR department — an increasingly important factor in retaining top talent in this competitive hiring environment.



# 5

## Determine your true costs throughout your contract.

You have unique benefits goals. After all, that's how you distinguish yourself from the competition.

**Make sure your vendor offers a maximum amount of flexibility at a reasonable cost as you adjust and fine-tune your consumer-directed accounts strategy year after year, or even mid-year.**

The last thing you want is a vendor who will nickel-and-dime you with change fees or cause delays in implementation. Give potential vendors some scenarios to learn the total cost of owning your solution so you can accurately estimate the return on investing in any strategic changes you make during your relationship with them.





# 6

## Make sure the supporting technology is future proof.

As you modify your strategy, make sure the technology you choose is “future proofed” to grow with your evolving needs. Over the past few years, the IRS has supported multiple changes to the administration of flexible spending accounts in response to the global pandemic. Interpreting and deploying these mid-year changes has required compliance expertise and often reconfiguring system rules.

**When speaking to consumer-directed accounts providers, find out how much they are investing in their platform to ensure it is as robust and innovative tomorrow as it is today...and if the provider can pivot quickly based on new IRS regulations.**

Providers whose sole focus is on benefits are more likely to be planning technological enhancements several months, if not years, in advance, including those that make use of artificial intelligence, automation software, image recognition, and product scanning to help employees make the right choices at the time of purchase.



# 7

## Aim for a single experience across all account types.

As the complexity of consumer-directed accounts increases, every effort to make things simple for you, your team, and your employees is an investment in saving time and reducing confusion, stress, and calls to your office.

**Look for a vendor who can offer one card, one online and mobile experience, and one support model.**

Make sure they support your current and future combination of accounts, including FSA, HSA, HRA, emergency savings, dependent care, commuter, retiree or premium reimbursement, incentive accounts, and more.

# 8

## Ask for clarification about real-time data.

While some vendors claim to have real-time updates to claims, balances, and other information, you owe it to your employees to ask them to prove it.

**Find out whether they use batch dependencies or other processes that are real time in name only.**

Those who manage all your accounts in one platform are more likely to achieve the true real-time data exchange your employees have come to expect from banks and other financial services.



# 9

## Demand effortless reporting and administrative tools.

When tax season rolls around, your employees will appreciate consumer-directed accounts that effortlessly generate all the documents they need, especially if they come to them through the same platform.

**Throughout the year, you and your team will appreciate having a single platform for payroll deduction reports and account funding reconciliation.**

Look for a partner who will do the heavy lifting of bringing everything together for you so you can focus on keeping your employees engaged in their benefits, especially your efforts to ensure they are taking advantage of these benefits in the first place.



# 10

## Fully understand who is delivering the solution.

We've all experienced the frustration of contacting a retailer or service provider to solve a problem and being told, "Oh, that's not us. You need to call such-and-so instead."

**When looking for a consumer-directed accounts partner, make sure you fully understand who is managing your eligibility data, what experience your employees will have when managing their accounts, and what their turnaround time is for processing claims.**

Vendors who primarily rely on third-party providers are often unable to help your employees when things go wrong and have less accountability for the day-to-day customer support that prevents bad experiences in the first place.





## Fertile ground

Consumer-directed healthcare accounts can support employees' mental, physical and financial well-being as an integral part of a total rewards program. Offering the benefit is the easy part. Communicating the value and ease of use is the real key to success.

## Measuring opportunity

To understand the potential for making a difference in your employees' lives, use your benefits administration platform to generate enrollment reports. This will help you set a baseline. Then, conduct a short employee survey to help you fill in the gaps regarding the support employees need from you to get started and maximize these types of benefits.





## Find the right partner

To increase enrollment and use, you'll need a partner who can help you address your employee population's unique needs. In most cases, this will come down to those who can offer robust educational opportunities, make it easy for your employees to get started, and deliver delight through a consistent user experience across all account types with intuitive technology.

## Let them do the heavy lifting

With so much on your plate, make sure the partner you choose will reduce your administrative burden as much as possible. Look for one that will do the heavy lifting of bringing all your accounts under one roof with the tools and software that help you be efficient and act strategically in your employees' best interests.



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