

# Six million people are already enjoying the benefits of HSAs... Let us show you why you should join them.

## What is an HSA?

A Health Savings Account (HSA) is a tax-deductible account to which you can contribute to save for future medical expenses or to pay for any day-to-day, qualified medical expenses permitted under federal tax law. This includes most medical care and services, dental and vision care and over-the-counter drugs. In order to qualify for an HSA, you must be covered by a qualified health insurance policy called an HDHP, which typically has lower premiums. There are tremendous tax advantages for putting money into these accounts.

## HSA Advantages:

- Tax deductible account contributions
- Your savings account grows tax free and rolls over year to year
- Your HSA account is in your name
- You can pay for vision, dental, and other qualified medical expenses tax free
- You can pay for your family members' medical expenses out of your HSA even if they aren't covered by the HDHP
- You can build a retirement account with money you would have been spending on insurance premiums.
- HSAs finally make health care affordable.

## What the Experts Are Saying:

- John Snow, US Secretary of the Treasury - "...HSAs are a terrific option that I think every American ought to consider."
- Inc. Magazine - "401K for health care costs...help take the sting out of ever-rising insurance premiums."
- MSNBC's Linda Stern - "Savers can accumulate money in their HSAs for decades and then use it for retirement. If they use them for medical care, ever, they are tax-free."
- Michael Berry, American Health Value - "Such plans allow workers and their employers to pay sharply lower premiums and plow the savings into an HSA rather than give that money to the insurance company month after month."
- Galen Institute's Greg Scandlen - "They have the potential to become the dominant kind of health care financing in the next five to ten years"



## Your Next Step: An HSA from OFM Benefits Consulting

Licensed in 35 states, OFM Benefits Consulting, LLC is a Kansas-based, independent insurance agency offering both individual and group health insurance policies, employee education and benefits consulting services. The OFM Health Division specializes in consumer-driven health care plans that lower monthly insurance premiums and provide innovative, tax-deductible, savings mechanisms for investing the difference. Over 95% of the health insurance policies written by OFM agents are HSA-qualified plans.

In addition to providing HSA/health insurance combo policies for individuals and businesses nationwide, OFM Benefits Consulting has pioneered the introduction of HSAs throughout the Midwest by offering frequent HSA training seminars, participating in regional industry conferences and speaking on such syndicated radio talk shows as Moneyline with Peter Newman (980 KMBZ, Saturdays from 11-1).

With ever-rising health insurance costs, education is the key to understanding the true savings available with HSAs. For more information on how to make an HSA work for your company, contact OFM at 888-293-7923 or visit [www.ofmtorch.com](http://www.ofmtorch.com).

# More Employers Steer Toward 'Consumer-Driven' Health Insurance For Workers

*Commentary By Scott Borden  
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OVERLAND PARK, KS - Renewing your health insurance used to be easy. Now it seems to take all year. Your employees seem to be healthy, but your renewal rates disagree. You contact your old consulting firm. Utilization is too high... again. Emergency room visits are too frequent...again. Generic prescription substitution is too low...again. You are told to increase co-pays and raise deductibles to create the necessary "steerage" to help hold down your health care costs. The result? Double-digit premium increases...again. You are reminded of the definition of insanity: doing the same thing over and over again expecting different results. What other options are there?

By now you've heard of "consumer-driven" health care plans. At this time there are two versions showing promise, Health Reimbursement Arrangements (HRA) and Health Savings Accounts (HSA). They are designed to lower health insurance costs by engaging employees to take a vested interest in their own health care expenses.

There are significant differences between how these plans work. The employer is the owner of the HRA. The more successful HRA plans are designed to allow a portion of the unspent accounts to roll over from year to year as an incentive to the employee not to spend them. There are no requirements for which type of insurance you use with an HRA. The money that is not spent stays with the employer if an employee leaves.



The employee is the owner of their HSA. Both the employer and the employee can fund this account. HSA funds can be used to help offset all medically related expenses including a tremendous number of things that do not count towards the insurance deductible such as dental, vision, and even some over-the-counter medications. In order to establish an HSA the employee must be covered exclusively by a High Deductible Health Plan (HDHP). The federal government has placed specific guidelines for deductibles and out-of-pocket maximums for these plans to be qualified. Since these plans have a higher deductible than most co-pay plans there is usually a significant premium savings. The concept is to place the premium savings in the tax deductible HSA account and use these dollars to pay your smaller expenses at the insurance company's negotiated PPO discount while maintaining the insurance plan for major expenses. There are now many examples of the premium savings being large enough to cover most or all of the HDHP deductible!

The HSA accounts can be opened through the insurance company or through local banks and credit unions. You can deposit up to \$3,000 individual or \$5,950 family into an HSA account for 2009. Account balances roll over year to year. HSAs are the only products that offer triple tax advantages; tax-deductible deposits, tax-deferred interest earned, and tax-free withdrawals as long as they are spent on qualified medical expenses. Since the employees own their HSA account there is a significant difference in how this money is spent. Imagine your employees all having a vested interest in not spending their health care dollars. This is why self-funded plans tend to benefit most.

The city of Iola, KS is a perfect example. They switched all of their employees to an HSA plan in 2004. Their utilization has decreased substantially which has allowed the city to deposit half of the employee's individual deductible into their HSA account each year. Employees have embraced the new plan and are seeing their HSA not as an entitlement to be spent, but as a retirement account that should be saved whenever possible. The city now has their health insurance costs in check.

The new generation of health insurance consultants will need to be focused on educating businesses and their employees by offering workshops and educational tools to help employees understand how these plans work.

Otherwise you can keep your current consultant and accept your insurance premium increase...AGAIN!