



STERLING HSA™



## **HSA Success: Marketing is the Key**

by Nora Blay, Financial Channel Director, Sterling HSA

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It has been said that the road to success has many paths. This is true, but there is one key path to the successful adoption of a health savings account (HSA) product – a comprehensive marketing and communications plan. A truly integrated and well planned marketing plan that involves several key components and partners can make the difference between account holder adoption, employer participation, account funding, and wise choices when using the HSA account. Some companies believe in the theory “*build it and they will come*,” but in virtually all product categories and industry sectors, successful adoption rates involve internal company understanding of the product, the market and distribution channels, selecting the right partners, educating key staff, and educating prospective customers.

### **Understanding HSA Fundamentals**

For community banks thinking about entering the HSA market, understanding the benefits of insurance and financial product coupling is important. HSAs must be joined with a qualified high deductible health plan. These plans must meet several key IRS provisions for compliance: minimum and maximum deductible requirements and legislative restrictions regarding uniting with other health savings vehicles or high deductible health plans (example, FSAs/flexible savings accounts and/or HRAs/health reimbursement accounts). In addition, employers must meet certain provisions concerning comparability in order not to come under discrimination rules by the IRS. For a community bank this means offering the HSA with knowledgeable distribution channels and partners that understand the insurance component and the legislative components.

### **Identifying Distribution Channels**

The key distribution channels that should be included in a marketing rollout involve several groups: brokers and agents, accountants, attorneys, and those high net worth individuals who can immediately benefit from an HSA product. In most cases, these channels are customers of your community bank and should be included in the marketing plan.

Today most healthcare is marketed through a network of brokers and insurance agents. These individuals are knowledgeable about the healthcare issues affecting their employer market and what works and what does not for each client, both large and small. In many cases these individuals are customers of your community bank. They control the healthcare market and will aid you in distributing the product offering to qualified customers.

In addition, accountants and attorneys who provide tax advice to their clients will promote the tax savings available through HSAs. Although not directly involved in

the actual healthcare product distribution, they can recommend brokers or agents in their community who can then direct to their local bank for assistance in account set up.

### **Identifying and educating early adopters**

Knowing and contacting the employers in your community who may also be bank customers is a key to a successful adoption rate. If these employers offer health insurance to their employees, they are probably also connected to their local broker or agent. Employers and high net worth individuals should be involved at an early stage in your marketing campaign. These are the early adopters who understand immediately the benefits HSAs offer: savings on a pretax basis, savings accrual tax deferred, another vehicle for retirement savings, paying for medical expenses with pretax dollars, and cost conscious healthcare decisions that can lead to better choices in a healthy lifestyle. In turn these are most likely individuals who are community leaders and can become promoters of your HSA product and, in turn, your bank.

### **Choosing the right administrator**

Banks are excellent at understanding banking functions and transactions. This is your core business. Since HSAs are regulated by the Department of the Treasury, health saving accounts must be set up in a custodial account. Providing this function may be a time consuming distraction from your core business and better outsourced to an expert in HSA administration. Selecting an HSA administrator who can perform the myriad of specialized HSA management functions can be beneficial to your ability to stay focused on account acquisition. These functions include: sub-accounting, reporting of deposits and disbursements associated with HSAs, keeping track of and remaining current on the legislative and administrative issues involved, and assisting as a resource to your bank as a valuable partner. But not all HSA administrators are created equal. Many do not have any experience in health insurance, including how to work with brokers and agents. Selecting an HSA administrator with this knowledge and expertise can make a difference in your success. The best administrators and partners are those skilled in many specialized areas: understanding the health insurance products associated with HSAs, knowledgeable about how brokers are involved with the product, able to assist in reviewing and vetting marketing materials, able to perform the sub-accounting functions involved in processing account transactions, available to assist in product training and rollout, and an ongoing resource for changes in the HSA industry regulations. These are all important qualities of a dedicated HSA partner for the community bank.

### **Educating staff**

As you rollout your marketing plan, one of the last pieces in this mosaic is identifying and training the key staff who will be the subject matter experts (SMEs) within your bank. These staff members will be responsible for connecting with customers and answering questions regarding the HSA product. They, in turn, will connect customers with information back to the distribution channels listed earlier. Their education and knowledge in this area is critical to the continued success of your program.

### **Educating customers**

The final marketing plan component is a plan to educate and communicate with customers who sign up for an HSA account. The right HSA administrator can make an enormous difference in this area as well by helping you to deliver accurate information about account set-up, legal levels of funding and account use, and ongoing changes in HSA regulations. An HSA administrator dedicated to personal

service can also be an extension of your brand by providing outstanding service to HSA account holders in many areas – accurate and detailed account statements, access to information through websites or on the phone, availability to answer account holder questions about funding and uses of funds, etc.

### **Ultimate Success**

When rolled out correctly, HSAs can add to the “stickiness” of current and future customers for a community bank. The bank, in turn, can be viewed as a valuable resource of information to the community. This is what distinguishes a community bank from its competition: community involvement, leadership, and staying power.