

# HEALTH SPENDING ACCOUNTS POINT TO FUNDAMENTAL FLAW IN TRADITIONAL BENEFITS

Why aren't employees using HSAs as intended?

**THROUGHOUT** the pandemic, organizations have worked to expand the toolbox of health and wellness solutions available to their staff. Personal Health Spending Accounts (HSAs) aren't a new solution, but over the past two years, many organizations have expanded the coverage provided by these wellness allowances, and most employees have come to expect them when considering taking a new position.

For employers, HSAs may seem like the silver bullet to support the health and wellness needs of current and new employees; however, new research suggests this may not be the case.

A survey conducted by the Conference Board of Canada and TELUS Health found many employees across Canada aren't using their HSAs to complement traditional health benefits, but rather to make up for insufficient basic medical and dental coverage.

These findings suggest traditional benefits packages may have significant shortcomings, which, if not addressed by organizations, could affect the attraction and retention of top talent, and the broader support of a healthy and productive workforce.

To put it bluntly, employers are missing the mark when it comes to ensuring that their employees are being provided with sufficient benefits that are aligned with their evolving wellness needs.

"The survey was designed to gain a deeper understanding of the current and evolving needs of Canada's workforce amidst a global pandemic when it comes to their health needs and we

found that between 33 and 59 per cent of respondents said that health and wellness support offered by their employers does not reflect their current needs," explains Lauren Florko, Senior Research Associate, The Conference Board of Canada.

Previous research, confirmed by the Conference Board of Canada and TELUS Health's survey, indicates employees rank health and wellness benefits among their top considerations for accepting a job. In fact, between 60 and 79 per cent of people in Canada say they would prefer more or better benefits over a pay raise,

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and may consider changing jobs if offered a more attractive benefits package but a lower salary.

#### Better access needed

Traditionally, personal health spending accounts and wellness spending accounts contain credits or a fixed dollar amount employees can use to reimburse a number of different wellness-related expenses that exceed the coverage of their benefits plan. Employees can use these accounts to

reimburse medical, dental, or vision care, as well as paramedical services such as physiotherapy, speech therapy, and mental health services.

The current reality of the use of HSAs is not so rosy; only 42 per cent of employees surveyed by the Conference Board of Canada and TELUS Health reported having a personal HSA.

Furthermore, the availability of flexible benefits like HSAs varies significantly according to employee demographic. For instance, those who belong to a union are far less likely to have a wellness account than non-unionized

gender, family status, and age. Women are more likely to use their HSA to pay for paramedical physical and mental health services than men, and parents predictably spend more on dependent care than employees without children. What this says to me is that while flexibility is important, employers should be looking to offer a more comprehensive and holistic approach to employee wellness, and more importantly, ensure that the solutions are offered more inclusively to employees at every level of an organization.

Regardless of demographic discrepancies, the survey found, on average, employees were most likely to use their wellness allowance to pay for basic dental and vision care and prescription drug expenses rather than paramedical services. Although HSAs are designed to be applied to a broad range of wellness services, employee spending does not reflect this ambition.

#### Unlocking the value of HSAs

This begs the question: What can employers do to help unlock the value that HSAs can and should be delivering to their employees and their business performance?

To better support the health of their teams, organizations should consider allowing employees to ask for, or purchase, the additional benefits they need and are currently accessing through their HSAs. Furthermore, employers should also be seeking out opportunities to provide employees with holistic care solutions that complement the care they receive from primary care providers.



## The stakes are high, not just for employees seeking to stay healthy, but also for organizations fighting a global retention and recruitment crisis

By approaching employee wellness more broadly, employers can ensure that their teams are provided with a healthy foundation that takes all aspects of wellness into consideration while being provided with guidance from a team of care professionals. TELUS Health provides employers with options that solve the challenge of coordinating wellness programs for employees, which means that employees are offered friendly, efficient and effective comprehensive physical and mental health in-person and

virtual programming.

Whether implementing a customizable benefits model or simply raising greater awareness of the supports available to employees, including mental health and other paramedical programs, organizations must also ensure that staff are familiar with all of their healthcare options. It isn't just the health of their teams that hangs in the balance, but the health of their business, too.

This communication should start during the recruitment process and

continue throughout an employee's career within the organization. Informing potential hires about the breadth of benefits available makes an offer all the more enticing and enables them to consider the overall fit of a position alongside the information typically provided like salary and hours.

Early communication about benefits packages also empowers employees to play an active role in the design of their health and wellness, which is a core principle of HSAs.

Raising awareness of available benefits and areas of flexibility with current employees can happen through a number of channels, including one-on-one conversations with staff, regular information sessions hosted in coordination with service providers, and internal phone and chat hotlines. Diversifying modes of access to this information encourages a broader array

of staff to consider how they can care for themselves.

The stakes are high, not just for employees seeking to stay healthy, but also for organizations fighting a global retention and recruitment crisis. The mismatch between the design of HSAs and their use by employees presents an opportunity to reevaluate health and wellness benefits to better align with staff needs. [CHRR](#)



*Sonya Lockyer is Vice President and General Manager for TELUS Health Care Centres and Pharmacy; Clinical Care and Wellness Lead. Having spent the past 20 years working with some of Canada's leading private and public healthcare organizations, Sonya is a proven leader in the healthcare sector who is focused on empowering teams and driving cultural transformation.*