

ON SEMICONDUCTOR

Improving service with a new HSA administrator

Challenges

- Keep health care costs down
- Expand employee options for lowering adjusted gross income
- Improve service experience

Solution

- Promote HDHP-HSA as a retirement tool
- Partner with HealthEquity for superior service

Results

- Kept HDHP-HSA premiums stable
- Delivered maximum tax decrease
- Significantly improved service
- More than doubled enrollments

Quick stats

- Industry: Manufacturing
- Total employees in US: 2,553
- Employees enrolled in HDHP-HSA in 2010: 836
- Employees enrolled in HDHP-HSA for 2011: 1,177
- HDHP-HSA premium change: 0%
- Traditional plan premium change: 14.7% in 2010

HealthEquity

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ON Semiconductor, headquartered in Phoenix, Arizona, is a premier supplier of high-performance, energy-efficient silicon solutions for green electronics that help customers in multiple industries efficiently solve design challenges. Like many companies, ON Semiconductor doesn't rush into changes with unproven outcomes. So even with anticipated health plan cost increases in 2008, it was the ability to combine a high-deductible health plan (HDHP) with a health savings account (HSA) and offer employees another way to save for retirement health care costs while lowering their adjusted gross wages that finally convinced the company to offer a HDHP-HSA along with its traditional health plan. Holding ever-increasing health premiums stable didn't hurt either.

"An HSA is a prime option [for making a pre-tax contribution to lower adjusted gross wages] because it is in itself a type of retirement plan," said Michelle Demetrius, SPHR, ON Semiconductor's Compensation & Benefits Manager for North America.

Instead of making an employer contribution to each employee's HSA, ON Semiconductor offers free HDHP-HSA premiums and encourages employees to view the accounts as a way to pay for health care expenses on a pre-tax basis, as well as another retirement plan. Employees benefit from maximizing the reduction to their adjusted gross wages and using the plan as another savings method alongside the 401(k) plan. And ON Semiconductor lowers its FICA costs.

"Because the services offered by HealthEquity were more robust and customer-service focused, we were willing to take the risk on a new vendor. Taking that risk really paid off for us. We're glad we made the switch."

—Michelle Demetrius;
SPHR Compensation & Benefits Manager, NA, ON Semiconductor

Rough start

ON Semiconductor's first-year HDHP-HSA offering under another vendor was challenging. The original HSA plan administrator provided poor service, was slow, and made errors when reimbursing mistaken employee claims.

In 2009, in an attempt to correct these headaches, ON Semiconductor chose HealthEquity as its new HSA administrator. "[HealthEquity was] compelling [because] the employee has a choice of whether or not claims are autopayed and to integrate different accounts online and choose which one to pay from. That additional service was key, as were HealthEquity's education materials; their promise that when an employee called, they'd speak to a person quickly rather than wade through automated menus; and their willingness to help design our plan comparison model to help employees decide which health plan to choose. All of this contributed to our decision to move to HealthEquity," Michelle said. "The services offered by HealthEquity were more robust and customer-service focused, so we were willing to take the risk on a new vendor and see if it really did pay off for us. And it certainly did," Michelle said.

POWER TO THE EMPLOYEE

Significant improvement

ON Semiconductor and its employees benefited from the change in administrators and the selection of HealthEquity. “The change in administrators was so enhanced with HealthEquity that people actually took the time to call or e-mail me and tell me how much happier they were. Normally in HR, you only hear when a vendor isn’t performing well,” Michelle said. “It was so much better with HealthEquity that I heard about it. Now, HR almost never has an employee come in because of HealthEquity unless it’s to change his/her HSA contribution.”

Continuing to benefit and transition

More and more ON Semiconductor employees are enrolling in the HDHP-HSA option. Enrollment jumped from 15% the first year (2008), to more than 40% in 2010 and for 2011, slightly less than 50%. Michelle credits the increased enrollments to the HSA being a compelling reason to make the switch.

“It’s been a huge benefit to tell people the difference between a flexible spending account and health savings account; that you don’t lose your money, you keep your money if you don’t have medical claims [with the HSA]. You can see how much money you have. It’s kind of a relief to know that you’ve built up savings in case you have a medical crisis,” Michelle said.

ON Semiconductor and its employees also continue to benefit from the HDHP-HSA offering itself. Michelle credits the HDHP-HSA with keeping ON Semiconductor’s and its employees’ costs down. Its traditional plan premium went up 14.7% for the 2011 plan year. ON Semiconductor has little choice but to pass this increase on to employees. As a result, ON Semiconductor is glad it’s able to offer employees on the traditional plan an HDHP-HSA option whose premiums remained the same.

And with health care reform’s requirements, its impact on costs, and the uncertainty of future health care legislation, ON Semiconductor has started laying the groundwork that it may end up eliminating its traditional plan in the future. With almost 50% of employees already taking advantage of its HDHP-HSA, the transition will likely be relatively smooth.

“We really liked the fact that this is what HealthEquity does—the one and only thing they do. They’re not a bank trying to sell us on investing or a general checking or savings account. We knew HealthEquity was focused on this one area. We hoped the quality would be higher there, and it has been.”

—Michelle Demetrius, SPHR
Compensation & Benefits Manager, NA ON Semiconductor



About us

HealthEquity empowers Americans to build health savings by providing powerful tools for health savings accounts (HSAs) and other health financial services. We manage \$2.5 billion in deposits, which makes us the largest dedicated health account custodian in the nation. Our convenient solutions serve 1.5 million health savings accounts, owned by individuals at one of 27,000 companies across the country. With member support available every hour of every day, our team provides around-the-clock insight to maximize health savings.

Discover how a partnership with HealthEquity can benefit your company and its employees.

Contact HealthEquity today at:

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