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## Discussion Questions

1. Are employees more likely to favor defined contribution plans over defined benefit plans? How about employers? Explain your answer.
2. Summarize the controversial issues regarding cash balance plans.
3. Discuss the basic concept of insurance. How does this concept apply to health care?
4. Describe the principles of fee-for-service plans and managed care plans. What are the similarities and differences?
5. Discuss some of the choices an employer may make to help control health care costs.



## CASE

### A Health Savings Account at Frontline PR

Susan Berry just returned from a national conference on compensation and benefits where she attended a session on Health Savings Accounts (HSA). Susan is the Human Resources Director at Frontline PR and her company has been struggling with the cost of healthcare insurance. After speaking with several experts at the conference, Susan now thinks an HSA might be a viable option for the company.

Frontline PR is a public relations firm located in the Northeast that employs close to 150 people in four different offices. Public relations professionals make up most of the staff, but they also employ a complete administrative and operations staff. All of Frontline's employees work full-time schedules and are eligible to participate in their healthcare insurance plan. Frontline

currently offers a standard fee-for-services healthcare insurance option. The plan has a modest deductible of \$300 per year and a 20 percent coinsurance requirement. In addition, the company offers a Flexible Spending Account (FSA) that allows employees to set aside pretax earnings to pay for the deductible, coinsurance, and other medical expenses.

Susan is considering offering a HSA along with a high-deductible health insurance plan instead of the current insurance plan and FSA. At the conference, Susan learned that making such a change could result in significant cost savings for a company. The high-deductible health insurance plan would cost a lot less for a company than the standard fee-for-services plan that Frontline currently offers. While Susan suggests that Frontline make