

high-deductible health insurance plan is the right option for the company. Based on Susan's initial explanation, Allison didn't really understand how the HSA worked. Further, she was concerned that she would have to spend more out of pocket on her own health care.

Susan is convinced that the HSA option would offer a significant cost savings to Frontline. However, after her discussion with Allison, Susan is still unsure if it is the right path to recommend for her company.

Questions:

- 10-6. What are some advantages of implementing the HSA option?
- 10-7. What are some potential disadvantages of the HSA option?
- 10-8. What do you recommend? Why?

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- ★ 10-9. Compare and contrast defined contribution plans with defined benefit plans.
- ★ 10-10. Define health insurance concepts such as insurance policy and premium, and explain the different types of health insurance programs. What are the differences among these programs?

Endnotes

1. ERISA §3(2)(A), 29 U.S.C. §1002(2)(A).
2. Costo, S. L. (2006). Trends in retirement plan coverage over the last decade. *Monthly Labor Review*, February, pp. 58–64.
3. Ibid.; U.S. Department of Labor. (July 2012). *Employee Benefits in the United States, March 2012*. Available: www.bls.gov, accessed March 31, 2013.
4. Costo, "Trends in retirement."
5. U.S. Department of Labor. (December 2012). *Retirement costs for defined benefit plans higher than defined contribution plans*, Vol. 1, No. 21. Available: <http://www.bls.gov/opub/btm/volume-1/retirement-costs-for-defined-benefit-plans-higher-than-for-defined-contribution-plans.htm>, accessed March 31, 2013.
6. U.S. Department of Labor. (July 2012). *Employee Benefits in the United States, March 2012*. Available: <http://www.bls.gov>, accessed March 31, 2013.
7. Ibid.
8. I.R.C. §§410(a)(1), 410(a)(4); Treas. Reg. §1.410(a)-3T(b); ERISA §202(a).
9. I.R.C. §410(a)(3), Treas. Reg. §1.410(a)-5, 29 C.F.R. §2530.200b-2(a), ERISA §202(a)(3).
10. I.R.C. §414(q).
11. I.R.C. §§411(a)(2), 411(a)(5); Treas. Reg. §1.411(a)-3T; ERISA §203(a).
12. I.R.C. §§411(a)(7), 411(b); ERISA §§204, 3(23); Treas. Reg. §1.411(b)-1.
13. I.R.C. §401(a)(4).
14. I.R.C. §415(b).
15. I.R.C. §404(a)(1)(A)(i)–(iii).
16. §404(a)(1)(C).
17. Prop. Treas. Reg. §§1.412(b)–1(a).
18. I.R.C. §415(c)(2); Treas. Reg. §1.415–6(b)(1).
19. I.R.C. §415(c).
20. I.R.C. §§404(a)(3), 402(g).
21. I.R.C. §404(a)(3).
22. U.S. Department of Labor, Bureau of Labor Statistics. (September 18, 2012). *Employee Tenure in 2012* (12-1887). Available: www.bls.gov, accessed February 16, 2013.
23. Green, L. B. (October 29, 2003). *What Is a Pension Equity Plan? Compensation and Working Conditions Online*. Available: www.bls.gov/opub/cwcc/cm20031016ar01p1.htm, accessed July 29, 2004.
24. 26 Code of Federal Regulations §§1.401(a)(4)-8(c)(3)(I).
25. U.S. Bureau of Labor Statistics. (1919). Welfare Work for Employees in Industrial Establishments in the United States. *Bulletin #250*, pp. 119–123.
26. U.S. Department of Labor. (July 2012). *Employee Benefits in the United States, March 2012*. Available: <http://www.bls.gov>, accessed March 31, 2013.
27. Ibid.
28. Ibid.
29. U.S. Surgeon General. (2011). *Epidemiology of Mental Illness*. Available: http://www.surgeongeneral.gov/library/mentalhealth/chapter2/sec2_1.html, accessed February 22, 2011.
30. U.S. Department of Health & Human Services. (2010). *Obama Administration Issues Rules Requiring Parity in Treatment of Mental, Substance Use Disorders*. Available: <http://www.hhs.gov/news/press/2010pres/01/20100129a.html>, accessed February 22, 2011.
31. Public L. No. 108–173.