



It's Time to Think Differently
About Insurance

 Expertise Has Its *Benefits*

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While you may not realize it, the Group Insurance market has changed drastically in the past few years. Today, you really need a broker that keeps up with the changes and helps you think differently. What do we mean by that?

It's No Longer About Rates and Co-Pays

Insurance choices have moved well beyond rates and co-pays. In fact, we've almost come full circle as most of the plans that we now recommend closely resemble the old indemnity plans. Years ago, before networks were even around, most people had an insurance plan that consisted of deductibles and co-insurance. Under that plan, there were no networks and you could see anyone. We are now closer to that than the rich PPO plans that were prevalent in the late 90's and earlier 2000's. The only difference is that the plans are now tied to networks.

High Deductible Plans are Often Best

These days, we find ourselves recommending a high deductible plan to most of our clients. The beauty of these plans is that not only can you get a nice decrease in your premium, your deductible does not apply to doctor visits or pharmacy. So, for many employees that don't access care frequently, they will see no change in their benefits and a significant amount of savings in the monthly premium.

Fund Your Plan Using an HRA

The next step to thinking differently is to use a Healthcare Reimbursement Account (HRA) to fund a high deductible plan. Most people are not familiar with the HRA but have heard of the Healthcare Savings Account (HSA). The HRA has actually been around much longer and is a perfect fit for many businesses.

You can use the HRA to pay a portion of the high deductible, thereby minimizing the out of pocket costs that your employees might encounter. The beauty of it is that you can arrange to pay any amount any way that you want.

Lets say you sign up for a \$1000 deductible plan, but want to split the deductible with your employees. You can:

- » Have them pay the first \$500 or you can pay the first \$500.
- » Have them pay the first \$250, then you pay the next \$500, and the employee would finish it off with the last \$250.
- » Split the deductible on a percentage basis – as in every time the employee makes a claim on the deductible you could pay 50% of the claim.

It's really incredibly flexible and you'll save on premiums by raising the deductible.

HRAs Save on Renewals Too

Because you've also taken the first \$1000 out of the insurance companies hands, they don't have to reimburse for that amount. That should reduce your utilization (claims). Which, in turn, should help you at renewal time since the insurance company will show fewer claims for your group. That can help keep your renewal down.

In short, you have self funded your company for the first \$1000 of each employee. Considering that most employees will not use \$1000 in a year, they will have no financial claims with the insurance company.

Bottom Line

Healthcare and insurance are continually evolving and getting more complicated every day. As you can see, what worked just a few years ago may be woefully out of date today. Our job is to:

- » Stay on top of the industry.
- » Understand what small businesses need.
- » Figure out what makes sense for you each step of the way.

Give us a call and we'll talk through these options and many more.