

Ways to Save



By Paul Breslau,
Breslau Insurance
& Benefits Inc.

There are ways for businesses and nonprofits to save money and improve the health insurance and benefits they offer to their employees. These options are somewhat complicated and will require careful evaluation and training for those involved when implemented. There are also schemes to avoid.

Consumer Directed Health Plans

The two main consumer-directed health plans are health savings accounts and health reimbursement accounts. Both of these will save premium dollars and give more control to either the employer or the insured person. Both are combined with high-deductible health plans.

Health savings accounts (HSAs) required that the high-deductible plan be tax qualified. Premiums for these plans is greatly reduced. Some of the premium savings can be deposited into bank accounts owned and controlled by individual employees. The HSA deposits can be rolled from year to year, and there are significant income tax advantages. If you do the math on the premium savings and potential claims, no one loses.

Health reimbursement accounts (HRAs) also use high-deductible health plans but they do not need to be tax-qualified health plans. The greatly reduced premium savings are controlled by the employer and not the employee. The employer arranges a third-party administrator to pay claims and account for the funds. HRAs have been done on a group basis. The future may be the evolving practice of employers depositing tax-advantaged allowances for employees to purchase individual/family insurance.

Both HSAs and HRAs are legitimate, and an experienced health agent can review the pros and cons with you. One theory of these consumer-directed plans is employer and individuals will have control of their health care dollars and they will spend it more wisely.

Another popular arrangement promoted by some agents is to combine a high-deductible plan from one health insurance company with a basic plan from another company. (The basic plan is also known as a limited-benefit or gap plan.) These can offer significant savings. However, there can be “gaps” in the coverage, which may sooner or later cause problems; limits on outpatient surgery or X-ray and lab are examples. Please consider these carefully and make sure that all limitations are clearly explained to you.

Multiproduct Discounts

A few insurance companies in the employee-benefits field are able to offer multiproduct discounts similar to the ones aggressively marketed for auto and homeowners. Humana and UnitedHealthcare are two of the leaders. Products include medical, dental and life insurance, vision and an array of voluntary insurance. COBRA administration can be integrated and often offered without charge.

Employers benefit from integrated multi-product systems including billing and enrollment. There are also large networks of doctors, dentists, and vision-care providers. The biggest payback is from credits on the invoice or lower rates that can add up to significant savings over the years.

Again I stress that businesses, nonprofits, and other employers should work with health insurance agents with good reputations. In addition to sales acumen, they should be knowledgeable with billing, enrollment, claims and other service issues that constantly arise. ■

Paul Breslau is president of Breslau Insurance & Benefits Inc. He is a Registered Health Underwriter (RHU), Registered Employee Benefit Consultant (REBC), Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), and future Chartered Advisor for Senior Living (CASL), Contact: 602-692-6832; Paul@HRaz.com. More: www.HRaz.com.