

Thanksgiving Resolutions

January 1 is the most common month for health insurance renewals. Large employers have made their 2006 benefit decisions earlier in the year. Their employees will soon evaluate their new options and make their benefit choices. Mid-size and smaller employer groups with January 1 renewal dates are evaluating options and will implement their new programs. If you have a January 1 effective date the "resolutions" you make to improve your benefits situation should be done around Thanksgiving time.

Your Benefits Goal

As an employer, your goal is to run a profitable enterprise or a well run school, non-profit or other organization. Benefits assist you in doing this by helping you attract better employees, having employees be more satisfied while they are with you, and reducing turnover. Your goal is to spend your benefits dollars wisely and your goal is not to be cheap. However, in an environment of consecutive annual health insurance increases of 15% or more, meeting this goal has become increasingly difficult.

The Death Spiral

Health insurance rates vary over 500% based on age, sex and medical condition. This is on top of the 15% annual increases due to medical inflation and increased utilization. As the employees' portion of the group premium gets larger some younger, healthier employees

may drop off the plan. They can get better coverage for less money in the individual insurance marketplace. On the next renewal, this drives the group rates up even farther and more younger, healthy people drop off. This creates a death spiral for the group or association plan where the rates can approach outrageous and prohibitive amounts.

"Preventing or reversing a death spiral should be a high priority for an employer" according to Stephanie Lord, Senior Business Manager at PacifiCare. "Your premium contribution strategy is important. Pay a higher percentage of the employee rate but paying 100% is not recommended. Also consider some contribution toward dependents or implement a high-low dual option plan."

Consider implementing Health Savings Accounts or one of the many variations of the new consumer directed health plans. Have your agent or broker competitively bid the full market for alternate plans and ideas. Some health insurance companies have new programs and they are hungry for business and wanting to grow.

Communications

Enrollment meetings, benefit newsletters, benefit websites, and other employee communications are important to get the full value of health insurance and benefits. If Health Savings Accounts are being introduced a level of complexity

is added and more communications are needed.

Running great open enrollment meetings is an art. Finding the right blend of overview, detail and showmanship can only be achieved in the best of circumstances. This includes getting enrollment forms completed, signed and handed in. Oftentimes the circumstances are far from ideal and this may partially prevent you from reaching your benefit goal. You can create a benefits newsletter or include benefits information on a Web site. Your agent or broker should be able to help you with communications.

Help or Thanksgiving

Having helped hundreds of Arizona businesses with their benefits and having worked with dozens of Arizona health insurance agents, I have seen the full spectrum of good and bad. If you feel you are in need of improving your situation, please get a second opinion from a qualified agent that specializes in health insurance and benefits. If you are in a good situation, please enjoy your Thanksgiving and 2006!☺

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