



Employers scramble for health plan strategies

Insurance and Employee Benefits
by Martin Sinderman, Contributing Writer
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Ever-rising costs of care, new regulations, and uncertainty about the future are causing businesses that provide their employees with health insurance coverage to scramble for strategies that help them control the cost of their share of premiums.

And the services of the right benefit consultant/insurance broker can be an invaluable part of what may well be, under the nation's current health-care system, a somewhat quixotic undertaking.

We're talking real money here. According to the latest figures from the Centers for Medicare & Medicaid Services, total national personal health care spending was nearly \$2.1 trillion (just under \$7,000 per person) in 2009, reflective of a more than 4.6 percent increase over 2008 and representing approximately 14.8 percent of the nation's gross domestic product (GDP).

Meanwhile, personal health-care spending is at least one of the factors leading to premium increases in the employer-sponsored health insurance plans that, according to a recent report from The Henry J. Kaiser Family Foundation and the Health Research & Educational Trust, comprise the nation's leading source of health insurance, covering about 150 million non-elderly people.

The report, titled "Employer Health Benefits, 2011 Summary of Findings," says that as of May, the average annual premium for employer-sponsored health insurance was \$5,429 for single coverage, and \$15,073 for family coverage.

Compared to 2010, premiums are 8 percent higher for singles and 9 percent higher for families, the report notes.

In addition to having to find a way to deal with the increased costs of providing health insurance to their workforces, employers are also having to deal with the impact of provisions of 2010's Patient Protection and Affordable Care and Healthcare and Education Affordability Reconciliation acts, broadly known as health-care reform (HCR).

"The most obvious impact is the frustration level people are experiencing as they learn about HCR and its financial and operational impact on their businesses and employees," said [Eric Haglund](#), principal of Atlanta-based Digital Benefit Advisors Inc., an employee benefits agency specializing in insurance for small and mid-sized businesses.

Thanks to already-implemented HCR provisions including free wellness checks, no lifetime benefit limits and enhanced dependent coverage, premiums rates are increasing, Haglund said. "We get a free physical instead of paying \$25, but our premium went up \$25 or \$30 to pay for that benefit."

Employers are fearful of the impact of future provisions, particularly those relating to nondiscrimination.

"While not yet finalized, these rules are intended to guarantee that the highly compensated employees of a company are not receiving preferential treatment with regards to the employer's health benefits

program,” Haglund said. “These regulations are complex and extremely difficult to understand, the fines and penalties are severe, and they will mandate coverage for employees who were not traditionally covered, or covered at different levels,” a group that includes many employees in the temporary staffing, construction and retail industries.

“Many employers will consider dropping coverage instead of ‘dealing with all the hassle,’ ” Haglund added.

Whatever you do, don’t just ignore HCR in the belief that the political and/or judicial processes will make it go away.

The Supreme Court is indeed planning to address constitutional challenges to HRC legislation, especially the mandate that all citizens must buy health insurance, notes [Paul Kersting](#), principal of Buck Consultants LLC, a global human resources consultant.

Nonetheless, the legislation has been passed and is being implemented, he said.

Employers are checking out a number of strategies in efforts to reduce/slow down increases in what they pay in health insurance premiums, Kersting said.

Employers are being creative with health management, in-house clinics, wellness strategies, value-based pharmacy and medical designs, consumer education, communication and branding strategies, high-deductible health plans with HSAs (Health Savings Accounts), funding HRAs (Health Reimbursement Accounts) and HSAs, and crediting financial offsets on premiums for healthy behaviors like elimination of tobacco use, weight loss and exercise, Kersting said.

Given the complexity of the subject matter and the dollars involved, it pays for employers to get expert help from knowledgeable advisers, be they benefit advisers, consultants or insurance brokers.

Seeking success

Tips for getting the best deal on your health insurance dollar

From [Paul Kersting](#), principal, Buck Consultants:

- Choose a strategic, knowledgeable consultant with broad resources.
- Put a significant amount of work into understanding your company culture, cost drivers and options in order to develop a unique, properly fitting strategy.

From [Eric Haglund](#), principal, Digital Benefit Advisors:

- Improve other benefits that are more cost stable, (such as short- and long-term disability, accident, cancer and critical illness plans) to offset any reduction in health benefits.
- Utilize volume discounts for multiple lines of coverage with a single insurance carrier.
- Stay informed, pay attention and familiarize yourself with health-care reform — adhere to the rules or risk incurring potentially stiff penalties.