

## HOW TO LOWER HEALTH INSURANCE PREMIUMS: A PRIMER

We've been 'promised' that passing landmark health care reform legislation will begin the process of lowering costs. Don't hold your breath! Employers would be well advised to continue their own cost cutting measures. Here are a few tried and true strategies that *will* reduce premiums.

***Go to the market.*** Switching insurers can be a nuisance but the difference between new business rates and your current insurer's renewal premiums can be dramatic. Frankly, if you haven't put your group through underwriting in three or more years, you're probably paying too much.

***Consider a "Narrow Network".*** When shopping for a new insurer, most employers hope not to disrupt their employees' physician/patient relationships so they insist on having the largest/broadest possible network of providers. That has a cost. Insurers excluding certain "Health Systems" from their Networks are often priced about 20% lower than those who do not. Beyond that, programs offered by selected insurance companies can yield even deeper discounts to individuals electing to stay within certain "Integrated Care Systems".

***Buy Less Coverage!*** Insurers give substantial discounts for higher deductibles; for example, raising your deductible from \$500 to \$2,500 can often reduce premiums by a whopping 25%. Using a Health Reimbursement Plan (HRA), only a small fraction of that premium savings may then be used to 'make whole' the very few employees who infrequently incur larger claims. Along those lines, partially "*self-funding*" is really just a variation of *very* high deductibles. Recently introduced products can make "self funding" health plans viable down to just 25 lives; that has *always* been a good option for dental plans of this size.

***Voluntary Benefits.*** In survival mode, some employers will buy higher deductible health plans *without* being able to afford an HRA. In that case, employees are still able to protect themselves from ruinous out of pocket exposure through voluntary hospital/accident/ indemnity plans. Related to that, a comprehensive benefits package might include long/short term disability, life and dental insurance and other expensive and *underappreciated* lines of coverage selected by the employer. Voluntary benefits allow each employee to choose the coverage most important to them with little or no cost to the business.

***Wellness Works.*** We all know the best way to reduce health care costs is to not get sick but very few small business owners – especially in this down economy – want to take on the added cost of a Wellness Plan. Most small group insurers however now have key elements of a Wellness Plan included in their coverage such as on line Health Risk Assessments, lifestyle incentives and many other educational tools.

***Manage Your Census.*** Are you covering the right mix of employees? Does your premium sharing arrangement discourage participation from younger 'invincibles' while encouraging enrollment from some who are eligible for coverage elsewhere? Are there people in your group who might be better served by having their own Medicare Supplement Plan?

***Outsource COBRA Administration.*** Compliance penalties far outweigh the very low cost of outsourcing COBRA administration.

***Your Agent/Broker can make a big difference.*** The strategies reviewed above aren't rocket science. We all know they work at lowering your health plan's costs. So if you are seeing one or more for the first time, maybe it's time for a second opinion. Visit our [website](#) to learn more about our agents and staff. Then give us a call: 414-276-2700.