

Health Insurance is Really About Asking the Right Questions

CONTRIBUTED BY THE DELAWARE MEDICAL SOCIETY

THE PAST 5 YEARS have proved quite trying for businesses of every size in their quest to provide employees with comprehensive health insurance at a reasonable cost. The Affordable Care Act brought sweeping changes, affecting each individual and each company very differently. Our organization has spent a great deal of time studying and monitoring the health insurance markets for both individuals and businesses in Delaware. We've been conducting seminars and writing publications on the Affordable Care Act and health insurance options in Delaware. While interpreting the legislation has been important, we've determined that interaction with the employees of our clients has provided the greatest insight into health insurance in Delaware.

Should our business offer insurance?

To insure, or not to insure? That really is the question. Yet it rarely is a "yes" or "no" answer across the board. Employers are regularly asking the question, what would happen if I didn't provide health insurance? The surprisingly honest answer is, some of your employees could benefit from your dropping a group plan. However, on the surface, group plans are running less expensive and have many more options than individual coverage in Delaware. To answer that all important question, each employer needs to understand:

- The percentage of your workforce who may be eligible for tax subsidies
- If employees can afford to meet their deductibles and copays
- Tax consequences to the individual and the business

We've encountered employers who are paying \$8,000 per year (per employee) towards a health insurance plan that the employee cannot afford to use, just to avoid a penalty that is 50% of the premium that employer is paying. We've shown examples where paying a penalty on the lowest earning employees (so they can get a large tax subsidy) is the right solution for both the business and the employee. The amazing realization is that unless conversations are initiated between that business owner and the employee, no one realizes that their plan is not working out for either side.

What is the Best Plan Design?

When the answer is "Our company should have a group plan", then the next question will be "How?". Despite a wide array of choices, many groups

are still providing just 1 or 2 plans, and most of the time the programs are very similar in premium and out-of-pocket costs to the employee. The problem is that age, health, and family members make each person's health insurance needs very different. There is no one-size-fits-all answer with group health insurance.

We've expanded our conversations to generally offer the maximum number of plans allowed by the insurance carrier or administrator. The key is making it possible for the employee to understand which program is best suited for their family. Today, there are so many ways to accomplish that level of education. Most employees can make that choice in less than 10 minutes with the right information.



Where Can We Find the Best Plans?

We continue to see employers who are unaware that there are underwritten health insurance plans whose premiums can be considerably less expensive. These programs are available for groups with as few as 5 employees covered by their plan. These programs require additional work to get off the ground, but we have seen and taken advantage

of rates that can be as much as 40% under the traditional group plans. These programs do not work in every scenario, but certainly should not be overlooked.

Health insurance is not an easy puzzle for any business or individual to solve. However, we're finding that the bigger problem is that groups are unaware of the first questions to ask. Without knowing everyone's goals and understanding their challenges, you may as well be trying to put together a puzzle upside down and without a picture of the completed image.

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