



MBS®



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CFO BENEFIT REPORT

Thinking About **Eliminating Your** **GROUP Health Coverage?**

Think again

Some employers are disbanding their group health programs and providing employees with a cash allotment to fund their own health insurance. Everyone from *Employee Benefit News* to *USA Today* is writing about this trend. Indeed, it might sound like an attractive, cost-cutting option on the surface, but consider the consequences.

1. Eliminating group coverage greatly decreases your ability to attract and retain quality employees.
2. With a 10%+ rejection rate among applicants for private insurance, those employees who need health care coverage the most won't get it.
3. As more and more Americans become uninsured, there will be a greater public outcry for health care reform, tipping the balance toward Universal Health Care (UHC).

There's a better way

One of our clients, a large, private firm with approximately 9,000 insured employees, considered disbanding its \$5 million per month program and providing employees with cash to buy their own health insurance. We helped change the company's position by redesigning the group plan, so that it cost less than the projected costs of the private insurance option. Better yet, the new premiums were actually lower than the previous year.*

Getting creative pays off

The company kept its three plans but included an HRA (Health Reimbursement Arrangement) in two of them—Plan A and Plan B. The HRA combines a traditional plan with a fund of \$750 for single coverage and \$1,500 for family coverage

that helps cover what would be out-of-pocket expenses. Preventive care such as routine physicals, screenings and immunizations are typically covered at 100% (no co-pays as with the company's previous plans) and do not reduce the HRA fund. Employees can choose to pay their premium either pre-tax or post-tax.

*Key Statistics:

- Plan A's premium: 2.9% lower than last year
- Plan B's premium: 5.6% lower than last year
- Plan C's premium: 25.3% lower than last year

Retain & attract quality employees

Besides the savings, HRAs set the stage for involving employees with their health care decisions. And offering preventive care at 100% supports the whole "wellness" mindset—treat an illness early before the participant/family member becomes high-risk.

The bottom line is, by working with a benefit consultant who can help you be creative with plan design, you can offer comprehensive coverage that attracts and retains quality employees. You can also preserve our nation's free market health care system.

Don't delay

For more detail on how disbanding the group platform can tip the balance to UHC, check out our white paper at www.MBServices.net/whitepapers

For more information, contact:

Fred Schremp, President • Multiple Benefit Services, Inc.
770.424.5777 • 888.517.3659 • www.MBServices.net