

# **Common Strategies To Handle Group Health Insurance Rate Increases**

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Group health insurance increases are on the rise again. When you get that double digit rate increase, don't despair. Here are some common strategies employed by other business owners as their rates increase.

## **Shopping**

This is the most common approach used by small business owners. By shopping their coverages with other insurance companies, a business owner, an HR person or an office manager can determine whether they are being charged a fair rate. The advantages of shopping are that it can keep the insurance companies honest, it allows the business to see what else is available, and it might save the business some money. The disadvantages are that it is time consuming, and switching to another insurance plan might mean having to switch doctors. At *GIA*, we utilize a computer software program to shop group health plans. It is called the *Group Insurance Analyzer*, and it will shop up to twenty different health insurance companies with over eighty plan options.

## **Incorporating More Managed Care Into Your Plan**

Many businesses still have PPO, POS or open access HMO plans. By moving into a more managed care plan (i.e. going from a PPO to a POS, or from a POS to an HMO) the employer can usually save money. This is normally a good time to implement a defined contribution plan that gives the employees the option of buying up to a PPO or Pos at their expense, such as key executives or the more highly compensated personnel.

## **Increasing the Employee Premium Contribution**

Normally the employer will pay most or all of the employee portion of the medical premium. By asking the employee to pick up a portion (or a greater portion) of the premium, the employer can have an immediate and defined impact on their bottom line. This option is usually the least popular with the employees, especially those who rarely, if ever, use their medical benefits. It is also a tougher policy to implement in a tight labor market.

## **Tweaking the Existing Plan**

By eliminating optional or unneeded coverages, or by increasing deductibles or co-payments the employer shifts more of the burden onto the employees without increasing the employee premium contributions. This method of cost shifting pushes more of the costs on those who utilize their medical benefits more often than those employees who do not. The employer might also introduce a voluntary benefit package where the employees can pick and choose supplemental benefits to replace those that might have been lost.

For more information on this or other topics please contact us at:

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