

Consultants Weigh Health Insurance Options

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For independent business professionals the rising cost of health care coverage is always a concern. While some may be able to take advantage of employer-provided coverage through a spouse, others are on their own. How can HR consultants ensure that they are making the right choices to minimize cost but maximize coverage?

Nancy Thomson is senior VP and director of sales at CBIZ Benefits and Insurance. For HR consultants who have recently set up business on their own, Thomson advises to not overlook their COBRA benefit. COBRA gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce and other life events. It can provide a good stop-gap measure for consultants as they research other options, and the economic stimulus law enacted in February 2009 extends its provisions for many Americans.

Various Plan Options

But beyond COBRA, at the outset, says David Neikrug, CEO of Optimatum Group, LLC, a benefits consulting firm in New York, HR consultants need to give serious consideration to the level of coverage they really need. "Do you really need Cadillac coverage, or is Chevy or Oldsmobile coverage sufficient," he asks.

A spouse's plan would be the most-preferred option, Neikrug says, even if it is more costly than an individual plan. "The value of benefits under a group plan is always stronger," he notes. Second, he recommends looking at individual plans from traditional insurance companies. Finally, he points out that another option is a PEO (professional employer organization). "That would be a strong option because it will also take care of your paperwork and provide a salary and access to a 401k," he says.

A PEO offers a co-employment arrangement in which the PEO becomes the employer of record for tax and insurance purposes while the client continues to operate the business' daily activity. The PEO charges for handling the HR and payroll functions for the company. Because PEOs serve multiple clients, they are able to aggregate the numbers of individuals covered by health insurance plans and can offer lower premiums.

Mark Reynolds is president and CEO of BEN-E-LECT, a third party administrator of medical, dental and vision insurance for small- to medium-sized businesses, based in Visalia, Calif. Reynolds points out that independent HR consultants, even in very small practices, have an opportunity to take advantage of lower group rates. "Becoming a group of two or more changes the buying picture considerably—that gets them into the realm of small group insurance products, which typically are less expensive," says Reynolds.

So much so that Reynolds sometimes suggests to small businesses that it might be worth having an extra employee. Another option for HR consultants might be putting a spouse on the payroll, he says. "A small corporate change in structure by hiring a single person or putting a spouse on the payroll and becoming a two-person group could result in better benefits and lower costs," he says.

At the other end of the spectrum, for those HR consultants with practices of 50 or more individuals, Reynolds suggests taking advantage of the same small group rates by splitting the company into two entities of less than 50 people each. In fact, this is the approach he took with his firm when it grew to 80 employees.

Carriers have come a long way in terms of offering flexible options, says Thomson. She notes that the consumer-driven health plan model is particularly appealing for a couple of reasons. First, HR consultants are able to select a high-deductible plan to help them control costs. Second, any dollars not spent can be set up in an IRA. "This money can be used to supplement future health care costs and actually acts as a retirement vehicle as well," she says.

Reynolds agrees but points out that consultants considering these plans should make sure they know what the out-of-pocket maximums will be and whether they apply to each individual or to the entire family.

Like Neikrug, Thomson recommends staying with the traditional, well-established carriers—like Blue Cross/Blue Shield and United Health Care.

There are numerous options available, she notes—from pure in-network HMO products, which are typically the least costly, to more traditional models that allow greater flexibility.

Association plans might present some opportunities for independent consultants, says Neikrug, if they are selective in making these choices. In the 1980s there were numerous association plans on the market, and they were quite popular, Neikrug says. But over time healthy people found less expensive coverage options while less healthy people stayed with the association plans, ultimately driving up the cost of premiums.

It pays to do research and to ask questions to help determine what will be covered. Reynolds notes that new carriers to a market and risky carriers might delete certain benefits to help drive down the cost of premiums. “Check for any limitations or exclusions that a particular carrier may have implemented with their plan,” he advises.

Non-Insurance Methods of Controlling Costs

While insurance is a big piece of the health care cost concerns that independent HR consultants will have, it is not the only consideration. In fact, experts say, there is much that consultants can and should be doing in terms of wellness and prevention.

“As a cancer specialist, I believe that for my field and every field of medicine, prevention is the quickest way to save money,” says William Dunn, M.D., an oncologist in Michigan and founder of “Lighten for Life,” a disease prevention organization he runs with his wife.

To control health care costs, watch your weight and your diet, Dunn advises. “Overweight and obesity are increasing at alarming rates all over the world, probably due to the ready access of computers, television and other media that reduce physical activity,” says Dunn. “What most people are not aware of is that overweight, and especially obesity, cause more than one-third of all cancers.”

Davis Liu, M.D., a family physician, is the author of *Stay Healthy, Live Longer, Spend Wisely: Making Intelligent Choices in America’s Healthcare System* (Stetho Publishing, 2007). He offers some practical advice that can impact consultants’ pocket books as well as their well-being:

“Despite the buzz, forget minute or retail clinics,” says Liu. Go to www.familydoctor.org, he advises, and look for “Search by Symptom” and determine if home treatment or seeing a doctor is recommended.

If you do need prescription medications, go to a pharmacy that charges \$4 for generic medications and \$10 for a 90-day supply of generic medications—often cheaper than insurance co-pays. Find the best medications for their category (allergies, heartburn, blood pressure, cholesterol) at www.crbestbuydrugs.org, a Consumer Reports web site, which is free.

“Although prevention is important, research consistently shows no value in an annual check-up,” says Liu. “Instead of annual physicals, think targeted check-ups and getting the preventive care you need, including getting necessary vaccinations, even for adults,” he says. Visit www.ahrq.gov/consumer and click on the Prevention and Wellness link.

“With good health, one can always make more money. With more money, one can’t necessarily get good health,” Liu notes. “In practice this means aiming to get 30 minutes of moderate exercise—like brisk walking—five days a week, working to maintain a healthy body weight, not smoking, and eating a healthy but sensible diet,” he says.

“Hardly shocking, but absolutely true, be sure to have a primary care doctor, either a family medicine or internal medicine doctor,” says Liu. “There will be times you need to see a doctor.” Research shows consistently that adults with a primary care doctor have lower care costs and live longer than those who have a specialist, says Liu.

“Prevention is cheap,” says Dunn. “If the current economic trend and health care situation is becoming worse, it only makes sense that prevention is the answer,” he says. Dunn notes that screening for early detection can lead to higher chances of a cure and lower health costs.

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