



# Nickels & Dimes

WELCOA'S ONLINE FINANCIAL BULLETIN

## Health Insurance What's On The Horizon?

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**O**ver the past 5 years, health insurance premiums for many employers have doubled. Yet during the same period, annual inflation has been under 3 percent. So what gives? Chances are you've experienced a multitude of changes in your health care plan over the past few years, as employers struggle to provide health insurance options that offer comprehensive coverage at affordable rates. The result for most of us is that we are paying more for considerably less coverage.

### Consumerism Takes Center Stage

The health care industry is complex and services provided by your health coverage can be very expensive. How expensive? Office visits to primary care providers can cost over \$100 and outpatient procedures can tally up into the thousands of dollars for outpatient facility charges and surgeon's fees! But few of us know the actual charges because insurance as we know it pays most of the cost. A key principle behind "consumerism" is to make consumers aware of the cost of medical services, so that they will make better medical and lifestyle decisions.

### Key Elements of Consumer-Directed Health Plans

Here are three common elements of consumer-directed health care plans:

- \$ A high deductible plan design**—Typically deductibles will start at \$1,000 for single coverage and \$2,000 for two or more people.
- \$ A savings component**—Employees will often have access to a flexible spending account for healthcare expenses. Some newer options include health reimbursement arrangements and health savings accounts. All of these options provide tax-advantaged ways for employees to pay for health care expenses that are not covered under the underlying health care plan.
- \$ First dollar coverage for health exams**—Charges for routine annual physicals are typically paid at 100% by the health plan and are not subject to an individual's plan deductible.

You'll save the most money with a consumer-directed plan by using health care services appropriately. Your best line of defense to keep out-of-pocket costs in check is to be informed about your healthcare options and to practice a healthful lifestyle.

Source: Blue Cross Blue Shield Association

### Save \$\$\$ With A Flexible Health Care Spending Account

Flexible health care spending accounts allow you to set aside pre-tax dollars for qualified health care expenses through the convenience of payroll deductions. The IRS requires you to spend all amounts set aside in this account during your health plan year. Any amounts not spent during the plan year are forfeited from your account. This is called the "use it or lose it rule."

A growing number of health insurance plans require greater cost sharing by employees, making flexible health savings accounts an attractive option to pay for items subject to plan deductibles, employee coinsurance or items not covered by your health insurance plan. Elections to participate can only be made during your annual health insurance plan open enrollment period. Take the time to determine how much you'll plan to spend on non-covered health expenses. Once you make your contribution election, your decision is binding for the entire plan year, unless there is a major change in your circumstances, defined by the IRS as a "qualifying event."

Find out if your employer offers this option and during open enrollment for health benefits take the time to determine whether a flexible health care spending account makes sense for you.

Source: Internal Revenue Service



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