Healthcare **411**

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It's Not Too Late for a 2007 Health Plan Review

This month's finance issue would not be complete without a plug for one of the largest expenses on your income statement—health insurance.

If your company recently completed a fair amount of due diligence to find the right health insurance plan for 2007, great—you have the confidence that you have the right plan for your company. Relax for a few months—only a few, though. However, if you are still with the same health plan(s) with the same carrier(s) you had for the last few years (or worse, several years), please keep reading because not spending the time to research options and confirm that you have the right plan with the right carrier could be an opportunity lost for your company and employees.

What defines the right carrier and the right plan? Here's a list of questions that companies consider when analyzing which carrier and plan is right for them:

What Is the Strength of the Carrier's Network Both In and Out of Rochester?

All four Rochester options (Aetna, Excellus, Preferred Care, and UnitedHealthcare) have very strong Rochester networks, but their outside-of-Rochester networks need to be carefully reviewed. For any carrier that you are considering, have your employees check with their doctors and specialists to be sure they participate in the network. Also confirm with the carrier whether or not the hospitals and medical centers outside of Rochester that your employees would use participate in the network.

What Is the Cost?

If lower, where is the benefit reduction and is it worth it in light of the savings? Remember, the trend is toward higher copays and a shifting of costs to the "users." If the cost is higher, what is it adding? Do we need it? What else is generating the additional cost? Not too many companies are reviewing their plans to add cost unless your current plan doesn't have a prescription rider and it's time to add one.

Is the Carrier a Quality Company?

All four Rochester carrier options are quality companies. If you are looking for coverage in Rochester only, it really comes down to cost and benefits. If you have locations with employees outside of Rochester, you will need to look at their network as a whole.

Two Recommendations:

Offer a high/low option and a four-tier rate structure (single, two-person, family/no spouse, family), if possible. Depending on the size and demographics of your group, a two-tier rate structure might suffice if the majority of your employees need single and family coverage but not two-person or family/no spouse coverage.

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The goal is an opportunity to keep benefits comparable with a market trend reduction to generate affordability. But don't just slash benefits to save money—a detailed side-by-side comparison of your current plan with a proposed plan will give you the information you need to make a good decision.

To pique your interest in what's at stake by **not** annually reviewing your plans, consider the changing, competitive Rochester health insurance carrier landscape—there are now four options when for several years there were only two. All four carriers are trying to differentiate themselves and attract your business. The downside to the increased level of competition is that the process for finding the right plan takes more time, but the upside can be profitable.

Let's end with one example of what is going on in the marketplace: Excellus released 2007 rates that actually decreased from 2006 for certain plans in their EPO (Exclusive Provider Organization) community pool. That means that there are now a few community-rated EPO plans that are less expensive than certain community rated HMO plans for 2007. Excellus' EPO plans are very similar to their HMO plans, but there are some differences.

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