

Five Tips for Maximizing Employee Health Care

By Constance Gustke | Published November 10, 2011 | Bankrate.com

Stretching Employee Health Care Benefits

These days, stretching your employee health care benefits can save you bundles of money as employers trim benefits and charge higher out-of-pocket expenses. In 2010, 54 percent of large companies offered at least one high-deductible plan to employees, according to a RAND Corporation study.

Cost-conscious employers are also launching more free preventive care services, including nutritional counseling, gym memberships and medical advocates who can help reduce medical expenses.

“Employers are now giving out awards for using preventive care,” says Trent Bryson, CEO of Bryson Financial Group based in Long Beach, Calif. “So, employees can get cash rewards or perk points for getting regular check-ups.”

Additionally, some companies offer overlooked benefits such as disability insurance, which are worth checking out.

Here are five tips for maximizing your employee health care benefits.

Examine Your Benefits

First things first: That means nailing down exact benefit changes, so you can control health insurance costs.

To do that, look at your yearly renewal packet, says Martin Rosen, co-founder of Pennsylvania-based Health Advocate Inc. Details are spelled out in the packet’s explanation of benefits, which outlines plan changes.

“People assume that plans are much the same from year to year,” says Rosen. “Oftentimes they’re not.” Treatment deductibles may be higher or benefits slashed.

Counting on Wellness

Employers really want you to be healthy.

So, they’re offering you a carrot—and a stick — for staying fit and trim. Carrots may include smoking cessation programs, gym membership discounts, weight loss programs, personal health coaching and classes in nutrition or healthy living. Almost 74 percent of employers offering health benefits provide a wellness program, according to a Kaiser Family Foundation 2010 study.

The stick approach penalizes poor employee health. It springs from health risk assessments given by your employer. Employers may later raise your health insurance premium, change your plan or demand that you participate in, say, a smoking cessation program if you have health problems.

“There’s been a whole evolution in thought by employers,” says Rosen. “Health risks carry consequences.”

Flexing Financial Muscle With FSAs

If you need to shelter more money for medical expenses, flexible spending accounts may be for you.

An FSA is an employer-sponsored plan that lets you set aside a portion of your wages on a pretax basis for medical expenses not paid for by insurance. The funds can even be used for doctor fees, co-payments and deductibles.

Also, FSAs can be used with high-deductible plans and traditional health insurance plans.

However, there's one red flag to note. Money in your FSA must be used during the plan year, though there's an annual grace period. So, if your firm also offers health savings accounts, or HSAs, which also shelter pretax wage contributions, though mainly for high-deductible plans, you'll come out ahead, says Rosen. Unfortunately, you can't sign up for both plans.

Even if your employer only offers an FSA, you could still save lots of dough on health insurance.

Voluntary Benefits can Pay Off Handsomely

Voluntary benefits can be sweet deals if you need them. These employee health care benefits can include disability insurance, vision care or dental insurance. Some employers make contributions—if yours does, strongly consider signing up. For example, in 2009 nearly half of U.S. companies paid for long-term disability insurance for their employees, according to the industry association LIMRA.

Even if your company doesn't pick up the tab, long-term disability insurance is still worth buying, says Carolyn McClanahan, founder of Life Planning Partners in Jacksonville, Fla. A 20-year-old has a 3-in-10 chance of becoming disabled before reaching retirement age, according to the Social Security Administration. With a private disability income policy, you can expect to replace about 50 percent to 70 percent of your income should you become disabled, according to the Life Insurance and Market Research Association, or LIMRA.

"Group plans are cheaper than buying them on your own," she says. And payouts are usually tax-free when you buy your own policy.

Free Advocates on Your Side

To save money on employee health care, more companies are offering free medical advocates.

They can offer enormous benefits, says Rosen, but many people don't know about them. Advocates can handle insurance claims, comparison shop, check for billing errors and negotiate expenses. According to Medical Billing Advocates of America, 8 out of 10 hospital bills contain billing errors, which can make using advocates worthwhile.

Advocates can also handle medical claims that were rejected by insurers. Your advocate can get them "untangled, reviewed and then covered," says Rosen.