

Strategies employers can utilize to trim health benefit costs in 2021

By James Denison | Employee Benefits News | 9/30/ 2020



Daniel Acker/Bloomberg

As the COVID-19 pandemic affects the global economy, employers are increasingly searching for innovative ways to help employees trim their health insurance costs. As employers make choices about health benefits options for 2021, they must navigate a rising tide of healthcare costs and offer options that support a weary employee base that can ill-afford benefit cuts.

Resourceful employers can achieve this objective with two simple strategies.

Offer an HSA-qualified health plan option

As healthcare costs increase, HSA-qualified health plans offer significant savings for both employees and their employers. In 2019, the average HSA-qualified health plan had a 27% lower employee-paid premium than the average HMO plan and a 9% lower annual employer-paid premium. Employees can save additional dollars by using their HSAs to pay for their medical expenses tax-free.

Also, while HSA-qualified health plans are often associated with high annual deductibles, traditional health plan deductibles are quickly closing the gap. From 2006 to 2019, the average HMO plan's family deductible rose 286%, while the average HSA-qualified plan deductible only rose 36%. In fact, the average deductibles for family coverage among HMO, PPO, and POS health plans are now exceeding the minimum requirement for an HSA-qualified health plan.

In today's evolving health care landscape, HSA-qualified plans offer easy flexibility and powerful savings. By being intentional about how you present your health plan options to employees, you can make a big impact on which plan they choose. HSA-qualified health plans are often referred to as high deductible health plans, which does not provide much incentive to enroll. A better solution is to refer to these health plans as HSA-qualified health plans.

This helps employees easily understand that these plans enable them to contribute funds to their HSAs and save money on their medical expenses.

In addition, many open enrollment communications simply focus on annual plan deductibles, which again disincentivize employees to opt into HSA-qualified plans.

The savings on plan premiums under HSA-qualified health plans should not be overlooked. Also, employees should be aware of the money they could save by contributing funds to their HSAs pre-tax and using those funds to pay their medical expenses tax-free. By painting a comprehensive health care picture, you can help employees make informed and engaged decisions on their healthcare coverage.

Utilize active open enrollment

Active open enrollment communications, even when virtual, are a powerful way to educate and inform employees. Tools like overall expense calculators, on-demand videos and live chat can help employees make good decisions about health benefits. Without effective, interactive education, employees will likely default to the plan they selected in the previous year. By helping employees to make an active choice, you have a significant opportunity to inform them of plan details and ensure they are making informed decisions.

A well-timed strategy can have a powerful impact on adoption. Leading up to open enrollment decisions, it's helpful to devise a communications timeline to communicate early and often so employees aren't walking blind into open enrollment meetings. Open enrollment should be a process, not a one-time event. By making it active, you give your employees more resources to find the health plans that best fit their lifestyles and their wallets.