21st Century Health Benefits

presented by Hopper Insurance Services

Offering 21st Century Health Benefits makes employees happy . . . and saves everyone money!

What does "21st Century Health Benefits" really mean?

"21st Century Benefits" is an insurance strategy coined by Hopper Insurance Services. The strategy is based upon two new ideas developed after the year 2000 – Consumer Directed Health Plans (2004) and Hybrid Financing (2008). Paired together, this strategy provides the most cost effective way to offer insurance to employees in the 21st century.

Why offer "21st Century Health Benefits?"

- ✓ Nearly three quarters of employees (73%) are quite healthy and spend less than $500 per year on medical expenses.
- ✓ Expensive traditional health plans with low deductible and copays provide little benefit to employees who rarely access the medical system.
- ✓ Employers have a "fiduciary" responsibility to offer plans that benefit the majority of employees, as well as the few who have ongoing medical costs.
    - People with ongoing medical conditions prefer affordable access at the time of service and benefit most from a more expensive traditional plan that features a low deductible and low office visit and prescription drug copays.
    - Conversely, those people who are healthy almost always benefit more with a very low cost major medical plan paired with saving money in a health savings account (HSA) rather than paying higher premiums for the traditional plan.

How to implement a simple "4-Step Action Plan"

1 Offer a short menu of plans

- Provide a "Bronze" High Deductible Health Plan (HDHP) coupled with a Health Savings Account (HSA) as the default plan for ALL employees. This is an excellent example of a "consumer directed health plan," also known as an "employee directed health plan."
- Offer a traditional "Silver" health plan (and possibly "Gold" level plan) for employees who may "need" or "prefer" a more expensive plan with lower deductible and low copays.

2 Change employer funding to "Hybrid Financing"

- Employer provides a "defined benefit," such as paying 100% of affordable HDHP premium.
- ALSO, employer provides a "defined contribution" such as $50/pay period or $1200/year).
- Important Note: offering both the "define benefit" and the "defined contribution" is the most equitable strategy that benefits both older and younger employees.

3 Educating Employees is key – here's what they should be taught:

- Basic insurance education
- The benefits of owning an HSA
- How to use an EOB to determine actual annual expenses
- How to "objectively" evaluate plans to choose the best plan for their circumstances
- Best practices for using a health plan most effectively

4 Educated employees make more informed choices

- Employees can accepts the default health insurance plan and then put any defined contribution into a Health Savings Account (HSA). Employee can also payroll deduct additional money into their HSA to plan for future expenses, including substantial retirement health expenses.
- Employees can opt-out of the default health insurance plan and instead apply any defined contribution towards an additional premium for the more expensive traditional health plan. They can also payroll deduct an additional premium if necessary.

The Results of offering 21st Century Benefits . . .

- ✓ All employees get the plan that best meets their individual needs and preferences.
- ✓ People with ongoing medical conditions will have a traditional plan that is designed to make it affordable to access the healthcare system.
- ✓ Healthy employees (50% to 70% of all employees) will enroll in an HSA-based plan and access the numerous benefits of owning a Health Savings Account. Perhaps most importantly, these employees will be able to plan and save for future expenses, including the very substantial retirement healthcare costs ($250,000/couple).