

Employee Health & Insurance

Negotiations and new pricing help companies shave their health insurance bills

by Jeff Zbar

[W. Adam Clatsoff](#) has lectured to companies and business groups on ways to cut health insurance premiums. As an insurance specialist, he's been quoted in the media and spoken publicly about it. He even wrote a book on the topic, "50% Less Premium, 100% Better Coverage."

When employers or the self-employed ask for ways to lower their health insurance premiums, his message is generally the same.

"Don't insure anything you can afford to pay for yourself," said Clatsoff, president and CEO of [Adcahb Medical Coverages](#) in Coral Springs. "Doctor's visits, prescription plans, deductibles. You can reduce your premiums by thousands of dollars if you raise your deductible."

As health insurance rates continue their annual rise, companies are left struggling for ways to reduce costs. Yet the solutions and answers almost always seem the same: raise the deductible, self-insure for more risk, improve employee health and try to lower the company's claims history.

The first "terrible" mistake is often the group plan itself. For families and individuals, group insurance policies lash people to employer policies. If the employee loses his or her job, COBRA coverage is costly – and going bare isn't an option for many people. Employers should think twice about group plans, too. Instead, set up a defined contribution plan. Then, let employees find and set up their own insurance.

Insurance providers and agents say new products hitting the market are designed to help employers slice their premiums.

A discount medical provider organization, for individuals or offered by employer payroll deduction plans, isn't insurance, per se, Clatsoff said. It allows the enrolled to take advantage of in-network rates.

One Clatsoff client makes millions of dollars a year, but was tiring of rising health insurance rates. So he set aside money in case of catastrophic illness, and took on a DMPO. Now, all his doctor, specialist, lab or hospital visits are charged at the lower, contracted in-network rates. That could mean \$40 for a physician visit, versus \$150 or more for out-of-network or the uninsured, he said.

“It can be a huge savings,” Clatsoff said. [Blue Cross and Blue Shield of Florida](#) 's plan is called Family Blue. “Even if you have all the money in the world, there's no use paying retail if you can pay wholesale.”

Rules and advantages

Rules and tax advantages with new laws can help. Despite legal challenges, the Patient Protection and Affordable Care Act has caused employers to take a renewed close look at health care coverage for their employees, said CPA Howard E. Hammer, a principal with **Fiske & Co.** in Plantation. His advice for employers seeking to cut costs would be to move to high-deductible plans with a health savings account feature. The big tax advantages of HSAs will disappear in 2013, and there will be a \$2,500 limit on contributions to a plan, he said. Take full advantage now of the spending arrangements, and also enjoy a reduction in premiums, he said. Employers should also initiate employee contributions toward the premium, he said.

“As long as the employer contributes at least 50 percent of the premium and meets certain other average salary requirements, they can enjoy a tax credit of up to 35 percent of their contribution through 2013,” Hammer said.

Even savvy negotiations won't necessarily lead to cost cutting – especially for companies with fewer than 50 employees, said [David Doumar](#), president of Doumar Insurance and Financial Services in Jupiter, who sells product from Blue Cross and Blue Shield of Florida. Doumar's company targets companies, owners and executives in the Palm Beach and Treasure Coast markets.

So, the best chance to reduce premiums is to improve the productivity of those on the plan. Wellness plans can boost an employee's performance and output, and that may offset any rise in premiums or other health insurance-related costs, he said.

Wellness programs that target weight and obesity, stress, smoking and chronic disease can affect morale, boost productivity, and reduce absenteeism and “presenteeism” – the inefficiency of sick or ailing employees who come to work nonetheless, he said. The effect of wellness programs also could be to reduce workers' compensation costs and claims, he said. Lower your claims history, and you may lower your premiums, he said.

“Twenty percent of the people are absorbing 80 percent of your claims,” Doumar said. “If you can identify those issues and address them to the group or privately, you’ll have a healthier, more proactive workforce. These are an investment; the return will be much larger than the cost associated with initiating them.”