

There are lots of changes going on in the health insurance industry, and I want to give you some information on a particular trend that many of my clients have asked about.

High-deductible health plans are gaining popularity. Here's what it's all about:

"Traditional" health insurance plans--as most people think of them--involve high monthly premiums, low deductibles, and co-pays for doctor visits, prescriptions, etc. The deductibles on such plans are typically \$250 or \$500 for a family.

There's a growing trend toward high-deductible health plans. How high is high-deductible? How does \$2,000 for an individual and \$4,000 for a family sound? Depending on the plan, they could be higher or lower.

Why would anyone want to risk that much money out-of-pocket? Because the premium for such plans is MUCH lower. Often the premium savings are greater than the deductible increase.

Typically, with a high-deductible plan there are no co-pays, either. Typically, with a traditional plan the co-pays are unlimited.

Also, once premium is paid, there's no getting it back. With a low-deductible plan, the high premium costs are "wasted" if the insurance isn't used.

But with a high-deductible plan the premium is very low. The plan becomes more costly if the insurance is actually used. And often paying the full deductible is still less expensive than a traditional plan.

Plus, many high deductible plans can be structured using tax advantaged strategies. Things like Medical Savings Accounts, Health Reimbursement Arrangements, and other strategies can make out-of-pocket expenses pre-tax expenditures.

And these tax-advantaged strategies can be funded by the employer in full or in part depending on your preferences.

Which kind of plan is better? It depends. It depends on the health of your group and other underwriting concerns.

I encourage you to call our office or send an e-mail if you want more information about high-deductible plans.

Take care!