THE BEST COMMUNICATION STRATEGY EVER

ROGER EHRMAN BOASTS CONSISTENT GROWTH WITH A SIMPLE PLAN — LISTEN TO EMPLOYEES; DON’T SELL THEM.

Benefits Selling Expo registration form inside
Limited medical plans have been around for more than 25 years, but their popularity has skyrocketed over the last few years. Insurers estimate that nearly 1 million people today boast mini-medical plans.
The principal reason for the increase has been well documented. As employers nationwide increasingly scale back health benefits to keep overall costs down, more and more workers and their families find themselves uninsured. According to the U.S. Census Bureau, more than 45 million Americans, or roughly 15 percent of the U.S. population, do not have health insurance.

So employers are turning to an affordable type of health care coverage for their ineligible employees or for employees who no longer can afford the contribution costs of the sponsored major medical plan.

In the early days of mini-meds, these plans were instantly popular with employees at fast-food restaurants, retail workers at big-box stores, casino employees, temp agency personnel, and other part-time, seasonal or hourly employees with limited or no access to traditional, employer-paid health insurance. In addition, many small employers who can no longer carry the burden of high monthly premiums have been forced to cancel their group coverage altogether. Such employers, seeking alternatives to expensive, comprehensive major medical plans, have increasingly turned to mini-med plans.

A growing number of employers is offering mini-medical plans for another reason: so that employees can have access to basic medical benefits while waiting to become eligible for a company-sponsored major medical program. Many employers in high-turnover industries have begun extending eligibility waiting periods in order to limit direct and administration costs. Waiting periods that once typically ranged from 60 to 90 days now have been extended to as much as one to two years in some cases.

For such companies, mini-medical plans serve as an enticement to good workers to stay with their company while controlling the administrative overhead associated with group plans. When a hired worker has completed his waiting period and has proven to be a loyal and hard-working employee, the employer can then upgrade them to the major medical plan.

Of course, limited medical benefit plans are not the only remedy to skyrocketing health costs to meet his annual health plan deductible. In fact, some employers have found that this approach makes sense for a variety of reasons.

For example, asking someone earning $20,000 a year to withhold a few thousand dollars to meet his annual health plan deductible is absurd— particularly in light of a government study that reported more than 90 percent of workers spending less than $1,000 in medical services in a year.

By comparison, a good mini-medical plan offers capped, but substantive, coverage for about the cost of two wage hours per week.

**HOW TO HELP YOUR CLIENT EVALUATE**

**MINI-MEDICAL PLANS** are limited-benefit health plans designed to help employees who are not eligible for their employer’s major medical plan. Medical benefits are paid according to fixed maximum amounts for various services, ranging from doctor’s visits to hospital stays to diagnostic services to prescription drugs.

**BENEFITS BASICS**

**WHAT CAN WE EXPECT IN THE FUTURE?**

We certainly can expect to see the segment grow as a percentage of the overall industry. There is no indication the annual increase in health care costs will cease or reverse, which means more employers each year will find it necessary to stretch their benefit dollars with voluntary benefits.

Further, these increases will make it even more burdensome to the worker with no access to traditional health insurance who tries to fund health care out of pocket. Many experts believe the evolution of the mini-medical plan will include increased utilization as a gap-filler plan, in conjunction with the company’s existing benefits program; and introduction of a hybrid mini-major medical plan with higher maximums balanced by higher deductibles.

Either way, all evidence points to the fact that limited medical plans are more relevant than ever before, and they will continue to help shape the benefits landscape for years to come.
About Reliance Standard

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