

Key Things to Know About Group Health Plans

1. Fully-Insured Plans

This is the traditional route. Think of it as the minivan of health insurance: dependable, predictable, and not flashy, but it gets the job done. You pay a fixed monthly premium to an insurance carrier. They handle your employees' medical bills and take on the financial risk. What you get in return is predictable monthly costs and standardized plan structures.



2. Level-Funded Plans

These plans are catching on with small and mid-sized employers, and for good reason. Level-funded plans can get you the best of both worlds. They offer budgeting stability and a chance to save if your group stays healthy. You pay a flat monthly rate that covers administrative costs, medical claims, and something called stop-loss insurance (more on that in a sec).



3. Self-Funded Plans

Self-funding is like driving without car insurance, except you've got a massive emergency fund and a top-tier pit crew standing by. In this setup, you pay employee medical claims out of pocket using a reserve fund. A third-party administrator (TPA) handles the nuts and bolts, like processing claims and paperwork.



4. HMO Plans

Health Maintenance Organizations (HMOs) are structured, budget-friendly, and best if you're okay staying in a set network or providers. Think of it like riding the subway. It's cheap, efficient, and gets you where you need to go. But if you want to hop off and explore outside the system, it takes some extra steps (like a referral for specialists).



5. PPO Plans

PPOs (Preferred Provider Organizations) are like renting your own car instead of taking the tour bus. You get freedom, flexibility, and control over your route. If you want to pull over and spend an hour admiring the world's largest ball of string or a scenic overlook, no one is going to stop you.



6. HDHPs with HSAs

High-Deductible Health Plans (HDHPs) paired with Health Savings Accounts (HSAs) are like giving your team a health budget and a tax-advantaged piggy bank. The plan has lower premiums but higher deductibles so it encourages employees to spend wisely. The HSA lets them save pre-tax money for out-of-pocket expenses.



7. So... What's the Right Choice?

There's no one-size-fits-all answer. The right group health insurance policy for employees is the one that fits your people and your budget. Bring your broker the data—employee headcount, health usage patterns, and financial targets. Ask them to go beyond premiums and show you the true cost of each option.



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