

LEGAL MANAGEMENT

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Purchasing Insurance in a Post Affordable Care Act World

In our *last column*, we discussed the strategic planning that needs to be completed in the post Affordable Care Act (ACA) world. You need more time to plan and approach the process that will now take longer than in past years.



URI GUTFREUND

National Law Firm Practice Leader
Risk Strategies Company

Your broker will also now need to provide additional shopping services to match your new needs with a focus on compliance. Your upcoming renewal is both different and more complicated than in past years.

In this column, we will discuss the new market realities and what you can do about it in the selection of your benefit plans. If you've followed our advice and planned well for the renewal, you are now evaluating your options. While the plans look different and, unfortunately, more expensive than in the past, by understanding what is behind these differences, you can plan for a benefit menu of plans that demonstrate to your employees your continued commitment to a positive work environment — and maximize your benefit dollars.

Here are five new realities and what you can do about them.

CONSIDER NONTRADITIONAL PROVIDERS

Third Party Administrators (TPAs), reinsurers and health care systems are now offering direct products that are specifically designed for smaller firms. Historically, these options have been offered to only large employers. These providers are now expanding their offerings to compete for small firm business.

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CENTRALIZE AND AUTOMATE YOUR ENROLLMENT AND ADMINISTRATION

With complexity of your benefit offering menu increasing, it is a good idea for firms of even modest size (30-plus employees), to consider an online benefit platform that automates the enrollment process and maintains your benefit system — additions, deletion, changes, etc. For a modest or no cost, there are excellent platforms available that will collect all of the paperwork in the enrollment process and then provide an interactive environment for the ongoing communication of your plans. Once this database is completed, some platforms can add compliance

modules to the system to provide you with an infrastructure to deal with your compliance needs for notices and checklists throughout the policy year.

GET AN ADD ON POLICY, TOO

Insurance companies are dealing with their increased ACA compliance costs on each plan and option by limiting the plans that they offer in most markets. They are standardizing their plans for ease of pricing and administration. Therefore, customizing a plan to fit your employees' needs is harder to accomplish with only a health plan. Many firms are using these standard insurer's benefit plans together with an employer funded supplement to deliver the optimal benefit design to your employees at the lowest cost.

TACKLING THE OUT OF POCKET COSTS

Deductibles and co-insurance are larger than ever. Even using only in-network benefits, it is not uncommon for your employees to be dealing with at least \$5,000 to \$15,000 in annual out-of-pocket costs. While there are certainly ways to help with the cost from a tax perspective, like flexible spending accounts (FSA) and health savings accounts (HSA), you can also assist your employees by providing shopping tools for them to purchase based on their health care needs.

Varying markets have web-based and mobile app platforms to shop for prescriptions, and many of the most common procedures. The costs can vary greatly by providers by as much as 50 to 100 percent for the same products and procedures. Providing these tools don't cost you anything and can help your employees tremendously.

PREPARE FOR THE CADILLAC TAX

While it is generally known that the tax has been postponed to 2020, most planners are unaware of exactly how broad this tax will reach. It is not just a tax on rich "platinum" coverage as it taxes even minimum value "bronze" plans if the costs exceeds \$10,200 for singles and \$27,500 for families. That might sound high, but keep in mind that it's not just the premium cost that's included but also FSA, HSA and even health reimbursement arrangement (HRA) contributions.

Prepare for it now by building up your HSA funds early and think of different ways to supplement your high deductible health plan with plans that are not included in the tax calculations, such as accident medical insurance or specific illness plans.

Firms that do not maintain excellent benefits risk losing their best and brightest to competing firms that do maintain excellent benefits. By using these strategies and planning steps, you can ensure your firm is still viewed as an employer of choice in your market.

ABOUT THE AUTHOR

Uri Gutfreund is the National Law Firm Practice Leader for Risk Strategies Company, a national top 25 insurance broker. He and his multidisciplinary team advise law firms on all types of insurance and benefits. Gutfreund is a frequent speaker at legal conferences, and a writer and blogger on insurance and risk management.

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