

Comparing cost control strategies



Comparing Cost Control Strategies Group health plans, regulated by state laws, are offered to employees by their employers. Many employees comprise medical insurance through group health plans (GHP), which their employers buy from insurance companies. Employees have many options within employer-sponsored medical insurance such as riders, open enrollment, and several ways to save money. Riders are also identified as options; it may be purchased by the employee to add a particular coverage such as dental services or massage therapy.

Employer-sponsored plans offer open enrollments throughout a specific period of time. Open enrollment periods are generally once a year, which the employee can choose a detailed set of benefits for the upcoming benefit period. During that time, the employee has the ability to customize the policy based on different levels of premiums, deductibles, prescription drug access, medical access, and coinsurance rates. The Federal Employees Health Benefits (FEHB) program is the largest employer-sponsored health program in the United States. FEHB is administered by the federal government's Office of Personnel Management, which receives and deposits premiums and remits payments to the carriers.

Other employers whom do not buy insurance from companies are self-funded. Regulated by the federal Employee Retirement Income Security Act of 1974, self-funded plan members receive a Summary Plan Description. The self-funded health plans cover the costs of employee medical benefits on their own. To do so, they reserve funds for those health plans to pay the benefits.

In contrast to employer-sponsored plans, self-funded employers establish benefit levels and plan types for the employee. They set up their own provider networks or lease a managed care organization. They also hire third-party claims administrators to handle tasks such as keeping updated data and paying claims.

Employer-sponsored and self-funded health plans are not portable.

Portability is an aid for employees who experience situations such as changing jobs, pregnancy, and certain illnesses. It ensures the employee continues to receive health coverage for a limited time under the employers' plan.

Credibility coverage is health insurance under a group health plan or health insurance. It gives an employee/patient, who joins a new health plan, the ability to receive credit for previous coverage which occurred without a break of 63 days or more. References Valerius, J., Bayes, N., Newby, C., & Seggern, J. (2008).

Medical insurance: An integrated claims process approach (3rd ed.). Boston: McGraw-Hill.