

# Health Insurance 101

## 5 HEALTH INSURANCE MYTHS DEBUNKED

Health insurance can be confusing, especially if you're not talking to the right person. It is one of the few things that just about everyone has and/or needs. But where to start if you're in need of purchasing it...or even if you're selecting from multiple plans from an employer?

We had a chance to sit in on a recent webinar hosted by our client FinDecsm (<http://findec.com>); Chief Investment Officer Tolen Teigen spoke with Jeff Brusa, a group health plan and individual health insurance specialist to discuss tips, whether you're a new employee or an established employer. Here is more from that conversation.

## FINDING THE RIGHT BROKER IS KEY

When selecting a benefits broker, there are certain criteria that employers must consider before choosing a health insurance plan. First, you want to have a good relationship with your broker and for your broker to be a trusted advisor to your organization. A good advisor is going to take your calls and respond to your requests in a timely manner. The advisor will be in touch throughout the year. The difference between a trusted advisor and an insurance salesperson is that a trusted advisor is representing you, while an insurance salesperson is representing the insurance company. Here is the criteria Brusa recommends considering before selecting a benefits broker. He noted to choose one that:

1. Has the ability to compare plans/coverages to benchmark data.
2. Has the ability to challenge/negotiate your renewal.
3. Offers competitive pricing.
4. Regularly communicates with your organization.
5. Offers resources to help keep you in compliance with laws and regulations.
6. Offers products and services that are tailored to meet your organization's needs.
7. Has a good reputation and brand.
8. Has expertise in servicing your organization's industry/business.
9. Offers a wide range of services to meet your HR, employee benefits and employee health & wellness needs.
10. Offers a wide range of services to meet your organization's risk management needs.

Without a trusted advisor, organizations face many challenges navigating health insurance plans on their own. Here is a list of organizations top challenges as they relate to EE benefits and HR:

1. Mitigating health care costs.
2. Staying informed and up to date on compliance (e.g. ACA, COBRA, FMLA, CARES Act).
3. Attracting and retaining employees.
4. Employee communications (e.g. Benefits 101, consumerism, COVID-19 protocols).
5. Benefits administration.
6. Employee well-being (e.g. Mental health, [physical health, and social health]).
7. Company culture.
8. Employee PTO and leave issues.
9. Helping employees prepare for retirement.
10. Remote work and its impact on all challenges.

## TOP HEALTH INSURANCE MYTHS DEBUNKED

Now that we've discussed the criteria to consider when selecting a broker and the challenges that companies face with benefits and HR, let's move on to debunking the common myths in the health insurance industry starting with Individual/Family Medical Insurance and moving on to Employer-Sponsored Medical Insurance.

### INDIVIDUAL/FAMILY MEDICAL INSURANCE MYTHS

#### **1. Individual plans are cheaper than employer-sponsored plans.**

This is not true anymore. In most cases, employer-sponsored plans are a little more affordable than individual plans. You also have to look at the benefits— individual plans tend to have higher deductibles and it's usually more costly.

#### **2. Individual plans provider networks are the same as employer plans.**

It depends on the carry, but in most cases, the networks between individual and group plans are not identical. For example, if someone retired from their company and was once insured with Blue Cross Blue Shield, they cannot request to switch to an individual plan and keep their same network because oftentimes, the individual plan is much smaller and excludes a significant amount of their previous group coverage network.

#### **3. I can get an individual plan anytime I want.**

This is not true. Open Enrollment runs from November 1st through January 31st, so you cannot sign up to change your plan other than within that window unless you have a qualifying event. However, due to COVID, California has extended the date of Open Enrollment.

**4. I will waive my employer plan because I can go through Covered CA and get premium assistance.**

This is not true. If your employer offers you group medical, you are unable to get premium assistance. The only way you can get it is if you are able to show that your employer's plan is unaffordable. Unaffordable means if the employer charges you individually (not your family) more than 9% of your income, then you can get premium assistance.

**5. Individual medical premiums are guaranteed for one year.**

Yes and no. You are guaranteed coverage one year starting at the open enrollment date, but if you have a qualifying event and switch coverage, the rate may be different than what it was months prior.

## EMPLOYER-SPONSORED MEDICAL INSURANCE MYTHS:

**1. Employers are mandated to offer medical insurance to employees.**

Employers are not mandated to offer medical insurance to employees but they often do because they want their employees to stay. If you're under 50 full-time equivalent employees, you don't have to offer insurance, but if you're over you can be fined for not having it.

**2. Employees can add or waive their employer coverage anytime they want.**

False. You have to be added at open enrollment or when you are hired unless you have a qualifying event.

**3. Employers are required to give equal benefits to all employees.**

Yes and no. If you're not using any pre-tax contributions, you can give the management better benefits than non-management as long as that premium is not taken out pre-tax.

**4. Employers must cover a minimum of 50% of the medical insurance premium for all plans offered to employees.**

This is not true. You're supposed to contribute 50% of the employee-only premium of the least costly plan offer.

**5. Medical plan deductibles are based on plan year.**

No. It is based on the calendar year and not a year from the date you enroll, but many companies will give you a choice for the plan year or calendar year.

To discuss how health insurance fits into your overall financial strategy, reach out to FinDecsm. They would be happy to discuss and help you better understand as it relates to your unique situation.

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