



In this issue:

- Gap Coverage
- Ensuring a Successful Enrollment
- Meet Lisa Hooper

Issue 4

June 2010

Next on the Custom Choices Plate – Gap Coverage

For those of you involved in negotiating healthcare plans for our Brothers and Sisters, you are well aware of the cost shifting ploys that have been proposed by companies and their insurance carriers over the last several years. Increasing deductibles and coinsurance out of pocket limits leads the way in this regard. In addition to raising the contributions our members must make towards the cost of the medical plan, employers have further shifted the cost of the plan to members by increasing deductibles and out of pocket limits.

In the past, there seemed to be no alternatives; however, that recently changed. Specialty carriers have developed a new concept to address the increasing out of pocket costs healthcare insurers are passing on to policyholders. This new concept is known as Gap Coverage. The name is simple enough as it is intended to fill the gaps of those increased deductible and coinsurance levels. Gap plans pay benefits directly to members as they incur these out of pocket expenses.

Most plans cover the following categories:

In-Hospital Benefit

Outpatient Hospital Benefit

Ambulance Benefit – Accident Only

Gap coverage offers members:

- A tool to help cover rising deductibles and co-insurance,
- More choice in their benefit programs,
- The ability to manage their own care,
- Simplicity and easy to acquire, and

Immediate coverage with guaranteed issue underwriting – there are no health questions.

Let's look at an in-hospital claims example. Assume the hospital cost was \$7,000 and the surgery \$3,000 (totaling \$10,000). The insured's medical plan deductible is \$1,000 and co-insurance is \$2,000. Also assume the employer selected the \$2,000 In-Hospital Benefit (based upon the underlying medical plan exposure, the employer may have chosen the following benefit levels: \$500, \$1,000 or \$1,500).



	With Gap Coverage	Without Gap Coverage
Deductible	\$1,000	\$1,000
Co-Insurance	\$2,000	\$2,000
Total Out-Of-Pocket	\$3,000	\$3,000
In-Hospital Benefit (Gap)	\$2,000	\$ 0
Net Out-Of-Pocket	\$1,000	\$3,000

In this example, while the total out of pocket cost remains at \$3,000, the Gap coverage provides a benefit directly to the member of \$2,000 thus reducing the member's actual out of pocket cost to \$1,000.

The cost of the Gap coverage can be shared by the employer and employee, paid entirely by the employer, or paid entirely by the employee. Regardless of who pays, Gap coverage is a cost efficient way of gaining those dollars back that were lost to increased deductibles and out of pocket cost.

Ensuring a Successful Enrollment

Just like all employers are different, all enrollments are different. Over the years, we have worked under just about every constraint you can imagine. We have learned what works and what doesn't. As the products are guaranteed issue to each member when they are first eligible, we do all we can to make sure everyone is aware of the program and has an opportunity to visit with an enrollment counselor. Unfortunately, there are situations where the constraints placed on us by the company make it almost impossible to reach our members. Some of these situations are so stringent that we have had to postpone the enrollment until we can work out a more favorable enrollment scenario. Following is a list of the positives and negatives we consider when coordinating and enrollment. Our goal is to eliminate as many negatives as we can and ensure that we are able to reach the membership with these valuable benefits.

Employee Benefit Systems, Inc.

10000 Memorial Drive
Suite 800
Houston, TX 77024

Phone: 713-812-0900

Fax: 713-812-0888

E-mail: cmabry@ebsworksites.com
jgranger@ebsworksites.com
bsowers@ebsworksites.com
rmoore@ebsworksites.com

www.ebsworksites.org



Following are several key areas that we focus on when trying to optimize an enrollment.

- On-site, on the clock enrollment - better access to the members means everyone has an opportunity to hear about the program.
- Support of the local IAMAW leadership. Without your support, we are not able to get information on the program into the facility. Distribution of packets and hanging of posters announcing the program are key to a successful enrollment.
- Enrollment counselors placed in close proximity to the members. Break areas and lunch rooms are ideal. They are easy for members to get to and the enrollment counselors are visible.
- Support from HR. This is not essential but tends to create a less contentious atmosphere surrounding the program and enrollment and leads to more visibility on the shop floor.
- The ability to participate in any type of safety, training, or “crew” meetings. This allows us to distribute packets and briefly explain the program to groups prior to the enrollment counselors coming on-site. Members are then armed with the information they need in order to determine whether or not they would like to meet with an enrollment counselor.

Meet Jason Granger

Jason Granger has been with EBS for over 7 years , primarily as a liaison between our IAMAW membership and EBS’s home of-
fice staff. Jason has a solid understanding that relationships are key to the Custom Choice successes and been a vital asset to the program ability to grow and provide value to the membership. Jason also reviews and provides input for all our marketing materials and presentations to many negotiating committees within the IAMAW. Jason travels to a number of IAMAW shops to meet and discuss our programs with not only the union leadership but also the general population of the machinists. Jason can be reached at our home office at 713-812-0800.