**What is a Benefit Waiver?**

A benefit waiver or “opt-out“ program allows an employee to waive their health insurance benefit in return for a cash payment. Typically the employee must demonstrate and attest to having other employer-sponsored health insurance to be eligible to participate in the opt-out program and receive the cash payment.

**Use of Benefit Waivers**

38% of Respondents Use Benefit Waivers

Of those using benefit waivers, how many would recommend it to others?

- 53% Very likely
- 23% Somewhat likely
- 19% Neutral
- 5% Unlikely

Of those using benefit waivers, how important is this technique to their overall cost management efforts?

- 4% Essential
- 17% Very Important
- 13% Important
- 8% Somewhat
- 58% Not Important

**Comments on Using Benefit Waivers**

**It Works** “Our savings range from about $4,000 for a single to $10,000 for a family not taking coverage”

**Mutual Beneficial** “It’s a win-win. It’s optional to the employee and financially better to the City”

**Good Participation** “This is a huge budget saving strategy and we have about 25-30% of our full time employees participating”

**Measurable Results** “This program saves the town about 12% per year on health care costs.”
Strategic Spotlight: Containing Healthcare Costs

Strategy: Benefit Waiver

Of those Not Using Benefit Waivers, Why have you Not Used this Technique?

62% Not Using this Technique

Some top reasons why not using:
- 26% Benefits do not outweigh the costs
- 25% Not enough information to determine benefits
- 10% Not familiar with this technique
- 6% Not enough staff and/or time to implement

Comments on Not Using Benefit Waivers

Staffing “It was time consuming, and only a handful of employees participated”

Adverse Impact “Self insured — likely healthy users will opt out with net increase to plan”

Employee Assurances “My only concern with this if verifying that the employee and his or her family have insurance”

Lacks Buy-in “Not politically popular” “Not desirable.”

Summary & Key Points

- Benefit waiver programs are used selectively by government organizations, but for those who have used such programs significant cost savings have been achieved.

- Those using benefit waivers require employees show proof of alternative coverage to be eligible for the program.

- Be mindful of adverse waivers to your health plan if large number of employees suddenly opt-out of your plan. In particular in terms of diminishing the risk pool for smaller self funded plans, and missing participation requirements for fully insured plans.

- You may wish to consult a tax specialist to determine any implications of issuing cash payments in lieu of benefits.

- Employee education is a cornerstone of a benefit waiver program to ensure employees fully grasp all implications of their decision.

To learn more about this study and to download the full report visit:
www.gfoaconsulting.org/researchreports

Other Strategic Spotlight Topics Available

Dependent Verification | Increase Deductibles | Increase Co-pays | Self-Funded Benefits | Promote Wellness | Voluntary Benefits | Right-Sourcing Enrollment | Shift Benefits Communication Expense | Promote Section 125 Plans | Benefit Waiver Program | Preventive Treatment | Health Plan Redesign | Cooperative Purchasing |