Strategy: Increase Deductibles

What is Increasing a Deductible?
A deductible is part of the cost of health insurance that needs to be paid by an individual before insurance covers any medical expenses. Increasing the amount of the deductible that is paid by an individual can have an effect on the amount of premium that is paid for a health insurance policy.

Use of Increasing Deductibles
57% of Respondents Increasing Deductibles

Of those increasing deductibles, how many would recommend it to others?
- 40% Very likely
- 33% Somewhat likely
- 22% Neutral
- 5% Unlikely

Of those using increasing deductibles, how important is this technique to their overall cost management efforts?
- 10% Essential
- 30% Very Important
- 23% Important
- 17% Somewhat
- 20% Not Important

Comments on Increasing Deductibles
It Works “Reduced monthly premiums” “Saved us quite a bit of money”
Mind-shift “it puts employees at risk for some costs which makes them more cost conscious” “Deductibles help shift cost and change behavior”
Unavoidable “This helped us to avoid double digit increases” “This was necessary but certainly not popular “ “Unfortunately this impacts our employees. But we increased all of our co-payments and deductibles”
Strategic Spotlight: Containing Healthcare Costs

Strategy: Increase Deductibles

Of those Not Increasing Deductibles, Why have you Not Used this Technique?

43% Not Using this Technique

Some top reasons why not using:
- 28% Potential impact on employees too great
- 25% Union contract
- 15% Potential benefits do not outweigh the costs

Comments on Not Increasing Deductibles

Employee Impact  “Increasing deductibles may serve as hardship on lower paid employees

Plan Control  “Health insurance is through our state plan”

Contract  “Union controls the plan”

Selective Usage “We have done it in the past but not in the last 5 years” “Did this 3 years ago, too soon to do it again”

Summary & Key Points

- Many government organizations have increased deductibles to directly lower healthcare benefit plan costs.
- Facing more out-of-pocket expense makes employees more prudent and cost conscious about utilizing their health care benefits.
- Increasing deductibles does not always mean automatically moving to a HDHP plan. Even a modest increase of a few hundred dollars can have an impact both on premium costs and employee behavior.
- HSA’s and/or voluntary insurance can help minimize the financial impact on employees of large deductible increases.

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 |