

# Premium Saver

## Why do Employers Prefer the Premium Saver Plan?

- ◆ The Premium saver is designed to help **reduce the employer's cost of group major medical coverage.**
- ◆ The **benefits can be assigned to the provider.** Not only can you assign benefits and ask the provider to file the claim, we encourage it. We include insurance cards and an insurance cardholder explaining how to file claims with every certificate. We do this because it is easier for the employee (they do not have to file the claim), it insures that the provider gets paid and it protects the employer's investment in premiums.
- ◆ **There are no medical exclusions** on on the Premium Saver plan (examples - alcohol or drug use; mental illness or organic nervous disorders; air or ground ambulance.
- ◆ **The Premium Saver has the same rates for all ages.** Having the same rate for all ages is easier for the employer to work with and to budget than age-banded rates.
- ◆ **The Premium Saver plan is available with benefit levels up to \$9500.** Major medical carriers give proportionately larger discounts as the deductible is raised to levels higher than \$5000.
- ◆ **The Premium Saver has a deductible and co-insurance option.** The Premium saver plan is designed to reduce the employer and employee's cost for major medical insurance, not improve the employee's benefit.

### Problems with Other Gap, Bridge, or Supplemental Medical Plans

Most of these products were designed as voluntary plans. Below are several reasons some of these plans do not fit the needs of employer paid groups very well.

- ◆ Many Carriers will not allow the **benefits to be assigned to the provider.** This can create big problems if the employer is paying the premium and the benefits are paid to the employee instead of the medical provider. The employee might spend the money and not pay the provider. If this occurs it can cause problems for the provider and the employer.
- ◆ **There are over 20 medical exclusions** on many of these plans. This creates situations where these plans will not pay, even though the major medical did pay. Some examples are alcohol or drug use; mental illness or organic nervous disorders; air or ground ambulance.
- ◆ If an **employee's dependent is totally disabled, they are not covered** until they are no longer disabled.
- ◆ The **age-banded rates** do not work very well in an employer paid group. It is cumbersome and difficult to administrate and could result in age discrimination.
- ◆ The **maximum benefit on most of these plans is limited to \$5000.** Major medical carriers give proportionately larger discounts as the deductible is raised to levels higher than \$5000.
- ◆ These plans **do not have a deductible option;** this can result in higher claims for the major medical and the gap type plan. Higher claims can mean higher rates next renewal. These plans are sometimes sold with a smaller benefit than the employee's exposure to risk, but this does not solve the problem. The plan design can still encourage claims.