



## Health Plan Customizations

### Health Plan is Really a Simple Concept

A health plan doesn't have to be complex. Some employers want to have very rich benefits and some want to have only the bare essentials. Covered medical expenses are defined in the Plan Document. The Plan Document, under ERISA may be modified by the Plan Sponsor (employer). A Plan Sponsor may make a deviation from default plan language offered by the administrator to improve or limit the benefits or expand the definition of a covered medical expense. Not all modifications are good ideas and not all modifications will be acceptable to the administrator and stop-loss vendor, but some ideas may be supported after a frank discussion of the potential consequences of the change. Once the language is designed or added to the Plan Document then that expense will be considered covered.

### Why fully-insured vendors do not have these liberties

"Fully-Insured" simply means that a plan is regulated by the state in which it is issued. All fully-insured plans must be filed with the state in advance of being issued. Additionally, most vendors who administer fully-insured plans are for profit companies whose profits correlate to the administrative economies of scale they achieve by turning their operation into an "assembly line" of processes. Additionally, for full-insured plans to be effectively marketed they need to be consistent across state lines and recognized as consistent among medical providers.

**Costs for covered medical expenses can be shared between the Plan and the Plan Participants in any of or in combination of the following three ways:**

- A) Copay - Per Service
- B) Deductible - Per Time Frame
- C) Coinsurance - a Percentage Share

Some vendor contracts are more restrictive than others when it comes to taking liberties with the plan designs. HBS has sought to give its clients more liberty than any other consultant. Since we use TPA's rather than insurance companies, we have no incentive to dissuade clients from offering custom modifications that an employer may feel provides them a competitive edge.

It is also important to note that some employers modify their plan to meet the unique needs of its top executives. In some cases these accommodations are easy to make and in others, additional fees may be necessary to support the modification.

### Uncommon Design Ideas:

- Cover in-vitro fertilization
- Cover voluntary breast augmentation
- Limit medical procedures to a specialty network (e.g. Transplants)
- Cover alternative medicine such as naturopathy
- Cover grandchildren
- Limit medical procedures to a single group of providers
- Pay or choose not to pay for abortions
- Cover hearing aids and auditory equipment.
- Limit benefits for dialysis
- Limit benefit payouts to Medicare reimbursements.

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