

## Smart Firms Can Lower Health Insurance Costs

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As much as you want to provide group health insurance as a benefit to your employees, the soaring costs can drive you away. Smaller employers can face a particularly tough challenge if one or more of their workers suffer from a serious, chronic illness.

Here's how three business owners found creative ways to cover their employees' health care:

Terri Hedges, president, Mailer's Choice, a direct mail and marketing support services firm in Nashville, Tenn., with 25 employees:

"Four years ago, we were unhappy with our payroll firm so we shopped for a new one. That's when a company called to pitch its payroll services. By hiring them to do payroll, we also became eligible for their group health insurance.

"At the time, we had some employees with serious medical conditions. They needed our insurance. But new employees couldn't afford it because it got so expensive. Years before, we were paying \$100 a month which kept things free for most employees. But by 2003, our monthly premium was \$500 (we kept paying \$100) so our employees had to pay \$400.

"By becoming eligible for a group plan through our payroll firm, it costs about \$230 a month in premium. We pay half and employees pay half. So our employees now save nearly \$300 a month for better coverage. It's been that way since 2003 with almost no premium increase."

Joe Albanese, chief executive, Commodore Builders, a general contractor and construction management firm in Newton, Mass., with 125 employees:

"To attract and retain top talent, we offer 100% employer-paid health benefits. We use an employee benefits broker to market us to insurers. The broker also suggests strategies to help keep our costs down. They promoted us to potential insurers as a midsize group, knowing we were close to becoming one. Because of the strong relationship between our broker and the insurance companies, we were extended the midsize group benefits.

"Once we reached critical mass and exceeded 100 employees last year, our broker combined our medical and dental coverages. That led to significant savings. The broker also suggested that we self-insure our hospital admission deductibles and reimburse employees for that expense. We started that two years ago and it's worked out well."

Kim Hunter, chief executive, Sales Prospecting Solutions, a sales consulting and lead generation firm in Raleigh, N.C., with six employees:

"In the four years since I founded the firm, we've paid 75% of employees' premium for the health insurance that they buy on their own. We also pay 50% of their dependents' premium. We reimburse them as a monthly expense by writing them a check. We also reimburse up to \$30 a month for a health and wellness expense of their choice -- from gym membership to a massage.

"Our employees like this arrangement. If the need arose to provide a group plan, we would. But this helps us save money while treating our employees' health care seriously."