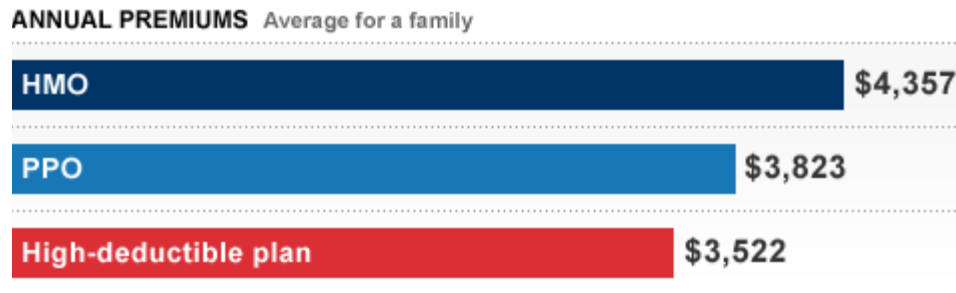


Fixing Health Care

Cost of your health plan to rise 14%



SOURCE: 2010 KAISER/HRET EMPLOYER HEALTH BENEFITS SURVEY

High-deductible plans offer the lowest upfront costs, but you'll have to shoulder more of the burden for care if you get sick.

By Michelle Andrews, contributor
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(MONEY Magazine) -- It's that time of year when employers deliver bad news about next year's benefits.

Chances are you'll learn that your 2011 health insurance tab will be sharply higher, as companies continue to shift the burden of rising costs onto their workers.

Employees' share of premiums for a family plan is up an average 14%, to \$3,997, vs. just a 3% rise in the total bill, according to the Kaiser Family Foundation.

And it's not just premiums that are spiraling higher. You're also likely to be hit with higher deductibles and out-of-pocket maximums as well as bigger bills for doctor's visits and drugs.

"Increasingly, employees have to be thoughtful about not just the cost of the plan, but the cost of the services they use," says Michael Thompson, a principal with Pricewaterhouse-Coopers' human resources practice.

1 million to lose out on better coverage

It seems people are doing that, but not in the way experts recommend: Recent data suggest that many insured Americans are now forgoing care because of the cost. Rather than sacrificing your health, keep expenses in check with these strategies.

Pick the right plan

About half of workers will have more than one plan to choose from during open enrollment, Kaiser reports. Premiums for PPO and HMO options probably won't differ by a lot. But deductibles and coverage amounts will vary widely, even among same-type plans, making comparison difficult.

Your employer may provide projections of your costs in each option, or tools to help you figure this out. But if not, start by adding the premium and deductible for each.

Weed out plans that don't include your favorite doctors in network. Then, under the remaining choices, estimate how much you might pay for care you use regularly. With co-insurance (you pay a percentage) increasingly replacing co-pays (you pay a flat fee), you may need to call your providers to find out their full rate.

Nearly 80% of workers will have plans with at least three cost tiers for prescriptions, Kaiser reports, so also see how the drugs you take will be covered.

Health care: You don't get what you pay for

Finally, eyeball each plan's out-of-pocket maximum, the most you'll pay if you get sick -- and know what counts toward it.

If you're healthy and can bank enough to cover possible costs, you may score serious savings by picking a high-deductible health plan combined with a [health savings account](#), a pairing offered by a rising number of employers.

Such plans usually have the lowest premiums, and you can stash up to \$6,150 tax-free for medical expenses, money that rolls over if you don't use it. But they aren't for everyone: If you have recurring expenses, such as maintenance drugs, you may not be a good candidate, says Gary Claxton, a VP at Kaiser.

Say yes to cost savers

A small but growing number of large companies are offering modest reductions on premiums or deductibles to employees who fill out health-risk assessments or keep chronic conditions in check. Don't miss out on any breaks for healthy behavior.

Also, if your employer offers a flexible spending account -- 85% of big companies do, reports HR consulting firm Mercer -- sign up. You can stash pretax cash for health costs. And in the 28% tax bracket, a \$1,500 contribution can save you upwards of \$500 (including payroll taxes).

Since you'll forfeit funds unused by year's end, look back on 2010 spending to decide how much to save. One key change: Starting in 2011, you can no longer use your FSA for over-the-counter drugs unless you have a prescription.

Negotiate with your docs

With co-insurance growing more common, and co-pays and deductibles going up, you may be surprised at how much more you'll pay for care.

Make money part of the conversation with your providers. Ask your doctor or his billing manager what the charges will be upfront. And if you're below the deductible, say so; you may get a deal.

Also, offer to pay at the time of your visit -- many providers will give a discount of 20% to 40%, says Mark Rukavina, of Access Project, a nonprofit that helps consumers negotiate medical debt. "They're trying to avoid collection costs and receivables on their books."

Stretch your drug benefit

For plans with prescription tiers, the average co-pay for generic meds is \$11, while preferred brand names cost \$28, and nonpreferred drugs will run \$49 and \$89, depending on how they're categorized, Kaiser reports.

Going generic is the best way to keep costs down. But if there's no off-brand version of your drug, bring the plan formulary -- a list of how meds are covered -- to your doctor to see if there's a preferred drug that's a good substitute.

If your plan offers a mail-order option, you could save up to a third by using it to get a 90-day prescription filled, says Thompson. You might also ask your doc if it's possible for him to write the Rx for twice the dosage, and for you to halve the pills. The price will be easier to swallow. ■