

What Are Access Based Health Plans?

Access Based

Formerly Known as MEC, MEC Plus, Skinny and/or Hospital Indemnity Plans

Access to care made easier and less expensive by removing deductibles, coinsurance and shared cost through payroll deduction – Service sector employees (food, nursing home, hotel, agriculture, and retail) have embraced Access Plans, particularly after the **Affordable Care Act** became law. Employers who previously did not provide health insurance to working-class employees found that not only were these Access Based plans affordable, they were more popular than traditional plans, due to the elimination of disincentive barriers such as deductibles and coinsurance. Unanticipated was the potential to retain employees with a relatively small budgetary impact, particularly when compared to the high cost of turnover.

What is the practical value to employers? Foremost among the benefits of offering first dollar (Access-based) coverage to hourly employees, is the positive effect that this has on recruitment and retention. In an economy that enjoys almost full employment, this approach offers a compelling reason for service (hourly) employees to stay with that employer, particularly if these benefits increase in direct proportion to the length of employment (escalator clause)

Disincentive Based

Traditional Group Major Medical Plans

Most group health plans are governed by and dependent on *disincentives*, they do still serve an important function and enjoy a certain perception of value, but only for those who need to protect assets (homes, investments, and pensions) this demographic represents about 50% of salaried employees and only around 5% of moderate to low wage hourly workers. This is where the promise of traditional plans begins to fall apart.

Providing a low wage worker with a plan that requires substantial shared expense up front and most tangible benefits pushed to the back end, is of little perceived value to that employee, therefore a rather dubious “benefit of employment”, yet we (brokers and employers) still believe we are providing the *gold standard* in employee benefits and everything else is settling for second best.