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4 Ways You Are Losing Money On Health Insurance (And How To Fix It)

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In the world of personal finance, we are often told what we should do. Alas, with the seemingly endless number of positive steps you can take, that approach can sometimes leave you feeling overwhelmed.

Today I'd like to focus on something concrete, tangible, and finite that you can do to make the most of your employer's benefits offerings. Specifically, I want to help you avoid four common mistakes.

A recent Harris Interactive/Aflac survey showed 77 percent of people made mistakes at open enrollment and 42 percent say those mistakes cost them money. I don't want this to be you! So here are the top four open enrollment don'ts.

(1) Don't assume the benefits package you had last year will work again this year.

Life moves fast (too fast sometimes!) and your needs may have changed. Perhaps you have a new medical condition that you are grappling with or the aging process is kicking in and your teeth or eyes need some extra TLC. The specific options you need to optimize for your well-being this year may be very different from last year.

Additionally, in these rough economic times employers are shifting more costs to employees. Per an Aon Hewitt study, employees are projected to contribute an average of \$2,306 more towards their overall health care premiums in 2012. This represents a whopping 11% increase over 2011. As such, you want to make sure you are aware of any material changes in your coverage that would affect your overall self-care strategy.

(2) Don't forget to sign up for valuable tax savings accounts

Many people tell me when they hear the word "tax" their minds start to glaze over -- even when the word following "tax" is "savings." That's why I've teamed up with WageWorks, a provider of tax-advantaged programs, to raise awareness about valuable employee benefits that include health care FSAs, dependent care FSAs and commuter benefits.

Don't let the alphabet soup of names throw you. These three employee benefits enable you to save up to 40 percent on qualified expenses.

What shocks me is that only one in five people eligible for these valuable benefits actually sign up for them. My hunch is that many feel confused about how these accounts work and others simply forget to re-enroll (you must opt-in to these accounts every year).

Here is a quick overview: these accounts enable you to set aside money from your paycheck BEFORE taxes so that every dollar you contribute goes towards health care, dependent care or commuter expenses, and 0 percent goes to Uncle Sam.

For a more information, I would encourage you to visit SaveSmartSpendHealthy.com. The site includes a comprehensive list of eligible expenses and calculators for predicting your savings. You should also read my article on saving big and making the most during open enrollment.

(3) Don't skip on health care FSAs for fear of losing money

Participating in a health care FSA is like standing in line at the pharmacy with a basket of goods you have to purchase and having someone hand you a coupon for up to 40 percent off. When I ask people why they don't sign up for this benefit, a very common response is fear of the "use it or lose it" rule. If you plan in advance and make a conservative estimate, this is not a rational fear.

According to Aon Hewitt's analysis, employees will spend an average of \$2,275 in additional out-of-pocket costs while seeking medical care in 2012. If your family's experience is anywhere close to the average you could be saving nearly \$900 a year by participating in a health care FSA. For those who have never participated, even setting aside a small amount of money is a good way to get started without concerns about any risk.

(4) Don't be shy about asking for help

The world of open enrollment and employee benefits can make any sane person's head spin. So please don't hesitate to reach out for help. Your Human Resources or Benefits departments are in-house experts on what your employer offers, what has changed since last year, and the specific nuances of the sign up procedure. Their job is to help, so take them up on it!

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