eHealth

When Employees Opt Out of Employer Health Insurance: eHealthInsurance Describes Alternative Open Enrollment Scenarios

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MOUNTAIN VIEW, CA, Nov 16, 2011 (MARKETWIRE via COMTEX) --

Today eHealthInsurance (NASDAQ: EHTH), the leading online source of health insurance for individuals, families and small businesses, described the scenarios in which employees may choose to opt out of their employer-based health insurance during open enrollment season.

Most persons eligible for employer-based health insurance are well advised to enroll. Employer-based health insurance plans often provide robust coverage and costs are split between employers and employees. Persons with pre-existing medical conditions cannot be declined for employer-based health insurance coverage.

However, there are real-life scenarios when persons eligible for employer-based health insurance may choose to opt out. Some of these people may turn to the individual and family health insurance market to find coverage better suited to their personal needs and budget.

Seven Cases When Employees May Choose to Opt-out of Employer Health Insurance

When the share of premium paid by employees gets unaffordable - Employer-based health insurance costs increased 9% for family coverage and 8% for single coverage in 2011(1). They're projected to increase another 7% in 2012(2). Those increased costs typically trickle down to employees in the form of higher monthly premiums or higher annual deductibles. At eHealthInsurance, we hear on a regular basis from consumers who can no longer afford their employer-based coverage and are looking for alternatives in the individually-purchased market.

When employer plans no longer meet workers' coverage needs - One of the ways employers may try to compensate for increased costs is by downsizing the benefits and coverage levels on the health plans they offer to employees. This could take the form of reduced prescription drug coverage, for example. Or, employers may opt to drop maternity coverage (in states where that's allowed) or increase the employee's share of costs for maternity care. If the benefits you value most are being cut under your current plan during open enrollment, you may be tempted to explore other options.

When employer contributions toward dependent premiums get slashed - Unlike employer contributions toward employee coverage (often required to cover at least 50% of the employee's total monthly premium), there are usually no minimum contribution requirements for spouses and dependents. As such, employers can shift a great deal of the premium cost for covering dependents onto the shoulders of employees. This is a point where employee self-education can go a long way. A recent eHealthInsurance/Kelton Research survey showed that a mere 13% of persons with employer-based insurance know how much their employers contribute toward dependent coverage. Employees who do their homework may find that they can save money by insuring dependents on separate, privately purchased plans.

When covered adult children (under age 26) live out of state - Thanks to health care reform, many parents are now allowed to keep adult children ages 19 through 25 enrolled under the family's health insurance plan. This was intended to help increase coverage rates for one of the most chronically-uninsured segments of the population. However, employers are not always required to contribute anything towards the premiums of adult children and the coverage may be valueless for those who live out of state. Insurance companies typically contract with medical providers in a single state or local area. Adult children who live outside of that area (during the school year, for example) may have severely reduced -- or virtually non-existent -- medical coverage.

When they want a better plan than their employer offers - This may be more common among small employers who aren't always able to give workers robust benefit packages. Small employers may offer only a single health insurance plan, and it may not be the best fit for every employee. A 2009 J.D. Power survey found that overall consumer satisfaction with individually-purchased plans was comparable to or slightly higher than satisfaction among those who get their coverage through small employer groups(3).

When their preferred doctors are no longer covered - For various reasons, employers sometimes opt to change carriers and offer totally new plan options during open enrollment. This can mean a change in the network of doctors and hospitals available to employees and their dependents. Persons with a strong preference for a particular doctor may choose to look for an individually-purchased plan accepted by their doctor, rather start all over with a new medical care provider.

When employees want health insurance portability - When you buy health insurance on your own you don't have to worry about what you're going to do for coverage if you lose your job. You take your health insurance with you from one job to the next in the same state. Some employees may see this as a benefit in an uncertain economy. If they were to develop a medical condition while covered under an employer plan and then lose their job, they may have a hard time qualifying for coverage on their own -- and COBRA premiums can be prohibitively expensive for some.

eHealthInsurance does not recommend that employees drop out of their employer-based coverage, but only recommends that they consider all their options carefully during open enrollment. Health insurance enrollment is a personal decision and the factors involved in making that decision -- such as the presence of pre-existing medical conditions -- may vary from one person or family to another.

Additional Resources for Consumers:

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--  Download or request a FREE printed copy of our book, Individual Health
    Insurance For Dummies, Health Care Reform Special Edition, produced in
    cooperation with For Dummies(R), a branded imprint of Wiley, and
    co-authored by eHealthInsurance
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-- Follow eHealthInsurance's consumer blog, Get Smart - Get Covered
-- Watch educational health insurance videos from eHealthInsurance on YouTube
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Notes:

(1) Kaiser Family Foundation, Employer Health Benefits Survey 2011 (2) Source: National Business Group on Health (3) Source: J.D. Power and Associates 2009 National Health Plan Study

About eHealth eHealth, Inc. (NASDAQ: EHTH) is the parent company of eHealthInsurance, the nation's leading online source of health insurance for individuals, families and small businesses. Through the company's website, www.eHealthInsurance.com, consumers can get quotes from leading health insurance carriers, compare plans side by side, and apply for and purchase health insurance. eHealthInsurance offers thousands of individual, family and small business health plans underwritten by more than 180 of the nation's leading health insurance companies. eHealthInsurance is licensed to sell health insurance in all 50 states and the District of Columbia, making it the ideal model of a successful, high-functioning health insurance exchange. Through the company's eHealthTechnology solution (www.eHealthTechnology.com), eHealth is also a leading provider of health insurance exchange technology. eHealthTechnology's exchange platform provides a suite of hosted e-commerce solutions that enable health plan providers, resellers and government entities to market and distribute products online. eHealth, Inc. also provides powerful online and pharmacy-based tools to help seniors navigate Medicare health insurance options, choose the right plan and enroll in select plans online through its wholly-owned subsidiary, PlanPrescriber.com (www.planprescriber.com) and through its Medicare website www.eHealthMedicare.com.

For more health insurance news and information, visit the eHealthInsurance consumer blog: Get Smart - Get Covered.

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