

New Year, New Coverage: Help Your Employees Avoid These 6 Health Plan Mistakes

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As open enrollment comes to a close and a new year of health coverage begins, your employees might encounter new challenges navigating their health plans. Proactively educating your employees not only alleviates pressure on your HR team but also safeguards your organization in the long run.

Look out for these common stumbling blocks that can trip up any employee.

Mistake #1: Skipping Dependent Coverage

For many employees, rushing through open enrollment and finicky software may lead to critical oversights, such as missing the chance to ensure their dependents are properly enrolled in desired benefit plans. After open enrollment, review and save a copy of your benefit confirmation statements. If coverage takes effect January 1, have your employees make sure their insurance carrier ID cards reflect the correct coverage and dependents. If your carrier doesn't send physical cards, employees can log into the carrier's website or portal to review active coverage.

Mistake #2: Misunderstanding Dependent Care Flexible Spending Accounts

Employees accidentally enrolling in a dependent care flexible spending account (DCFSA)—mistakenly thinking the account can be used for healthcare for their dependents—is a problem many of my clients face every year.

Proactively educate your employees about the difference between a DCFSA and a health care FSA—a DCFSA covers eligible dependent care services such as preschool, after-school programs and elder care, while a health care FSA covers qualified healthcare expenses for you and your dependents, regardless of their enrollment in your company's plan.

Both types of accounts are use-it-or-lose-it, so make sure your employees are aware of the submission deadlines and provisions associated with your company's plan.

Mistake #3: Frustrations with Prior Authorizations

Some insurance carriers may require prior authorizations, also known as pre-certifications, for certain healthcare services (like an MRI or surgery), medications or equipment. Because of this, many healthcare providers need approval from the carrier before performing a procedure or prescribing a medication.

Often, when approvals are delayed or denied, employees become frustrated and blame insurance companies, when in reality, the provider might not have initiated the necessary steps.

When these frustrations escalate to HR, encourage your employees to double-check with their provider or carrier on the status of a prior authorization. If the need is urgent, the provider can indicate as much when they submit it to the insurance carrier for review.

Mistake #4: Overlooking Health Savings Account Eligibility

A qualified high deductible health plan (HDHP) with a health savings account (HSA) can be an excellent healthcare savings vehicle for your employees with a triple tax advantage—meaning contributions, growth on investments and withdrawals for qualified expenses are all tax-free.

However, employees sometimes skip over the fine print when it comes to eligibility. Various factors, like enrollment in other medical plans or being claimed as a dependent on someone else's tax return, can disqualify individuals from contributing to an HSA. Make sure your employees understand eligibility requirements before enrolling.

Mistake #5: Provider Network Changes

Insurance carrier-provider contracts can fluctuate throughout the year, impacting the accessibility of preferred healthcare providers. Whether or not your company shifts to a new carrier, ask your employees to verify that preferred providers are still in-network. While out-of-network options might exist, sticking to in-network providers will always be more cost-effective.

Mistake #6: Missing or Outdated Beneficiary Information

While it may seem trivial, outdated beneficiary details can lead to complications in the event of an unexpected employee death. Despite ongoing HR efforts to notify and remind employees to keep this information up to date, it's often ignored.

Offer employees the option to schedule a few minutes with their plan administrator to review their designated beneficiaries on file for both their life insurance and retirement plan (which are maintained separately). Furthermore, remind your employees that checking and updating beneficiary details can prevent potential probate issues for their loved ones.

Ensuring a Smooth Healthcare Experience for All

Navigating the intricacies of healthcare coverage demands attention to detail and proactive measures from employers and employees alike. Helping your employees navigate the healthcare experience and avoid these common pitfalls ensures they get the most out of their plans, inevitably easing your HR burden and managing your long-term healthcare costs.

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