Benefit Cost-savings and Spousal Coverage: Educating Employees Ties the Knot

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In the battle to curb healthcare spending costs, a new front has emerged: decreased spousal coverage.

Some companies have stopped offering health & welfare benefits to spouses/domestic partners of employees if they have access to coverage through their own jobs. One report says that 8% of large employers (those with more than 1,000 employees) excluded spouses who had access to other health insurance coverage. This makes sense for employers, who are seeing health insurance rates increase year after year and are faced with developing new cost-containment strategies.

The reality: spousal coverage tends to cost employers more; they spend an average of $1,179 more than employees on healthcare each year. This is at least partly due to the steep expense of pregnancy. An insured spouse is twice as likely to be a woman as a man. It is common for medical carriers to offer healthy pregnancy programs and dental carriers to provide an extra cleaning for pregnant women. Other reasons spousal expenses are higher may be due to general health and age.

Employers are trying to contain dependent-related costs by:
- Imposing a surcharge, which is an added monthly fee for spouses who enroll in benefits but have access to health coverage offered by their own employer
- Discouraging partners from enrolling by not offering premium subsidies
- Offering monetary rewards to employees whose spouses do not utilize the health plan

Still, many employers realize that offering spousal coverage is a business decision that may affect the ability to recruit and retain employees. As employees carry more of the healthcare burden, they are likely to do more research about insurance options during open enrollment periods and when they switch jobs. Employers who don’t offer spousal coverage, or significantly penalize employees who do take advantage of spousal coverage, might have a harder time recruiting talent—especially as the job market improves.

Employers who continue to offer spousal coverage are educating employees and their partners on exactly what a benefits plan includes and, importantly, using
their benefits the right way. Education can help everyone get the most out of their benefits.

Open enrollment is one opportunity for educating employees and insured dependents. Employers can also help partners by creating communications that extend to all insured people after open enrollment ends.

Telemedicine or 24-hour helplines are benefits that can provide cost savings for employees—but they’re sometimes forgotten after the initial benefit selection. Developing emails, brochures or even refrigerator magnets about these services are a great way to remind everyone who’s covered that the best care option, for example, isn’t always the ER.

Prescription plans are another area where follow-up education with periodic reminders can help employees and their significant others to use benefits the right way. They might not remember that there’s a mail-order option for prescriptions that can save them money for maintenance medicines. And they may be unaware that their insurance carrier has a prescription drug comparison option to help choose the best in-network pharmacy.

Benefits management data can also be used to develop materials and create “coachable moments” for educating employees, based on the latest trends. For example, if the data from a benefit broker’s employee advocacy service shows questions about in-network versus out-of-network doctors, consider developing a communications campaign on the topic of choosing the right physicians for cost-effective care.

Extending spousal coverage may add costs to the overall health & welfare benefits plan, but developing a communication plan directed toward employees and their dependents can help ensure they’re getting the most out of their health & welfare insurance. Offering coverage to everyone in the household also helps with recruiting and retention, and confirms to employees that you’re a family-friendly company.

1 SHRM, “2016 Health Costs Forecast to Rise 4.3% After Plan Changes”
2 Kaiser Family Foundation, “2016 Employer Health Benefits Survey”
3 Employee Benefit Research Institute, “The Cost of Spousal Health Coverage”

For more information, please call 1.877.426.7779