

BLOG

COVID-19 And The Scramble For Savings

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As the economic challenges grow for businesses across all industries, more and more companies are looking at cost reductions as a source of “found money.” After the benefits of the Payroll Protection Program and the CARES Act fade away, the pandemic passes and the economy reopens, employers will likely be grappling with the longer term effects on customers, supply chains, distribution chains, etc., and extend this search for cost reductions. Insurance is sure to be one area.



While some insurers are extending grace periods for premium payment, and in some cases offering rate passes for policies renewing in the middle of the COVID19-driven uncertainty, it's not clear whether this will be enough moving forward.

You may be able to find a lot more than spare change by looking into the following insurance areas, particularly if you look in both the short and long term:

Group Medical Plans

Generally speaking, most employees do not utilize their entire deductible on an annual basis. There may be ways you could leverage premium savings while making your employees whole by funding the difference in deductible expense. Carriers are usually willing to allow a mid-year benefit change in order to facilitate the needs of a customer, and there may be value in taking advantage of premium arbitrage.

For larger health plans, whose claims experience directly impact their current and future spend, it is imperative to analyze the expected cost impact of COVID19 claims. Most insurers have made the decision to pay all COVID19 testing and treatment at no cost to members. What will that do to your expense in the short term, and when COVID19 claims stop, and elective procedures pick back up, what will those impacts be?

Group Life & Disability Plans

Been a while since you last had your Life & Disability aggressively marketed? Now may be the time. A mid-year change of carrier partners is not ideal, but of all coverages Group Life & Disability is the easiest to move mid-year. The status of your workforce (furloughed, laid off, status quo) will affect this ability, but it's certainly worth having a professional look into it.

Voluntary Benefits in preparation for an employment decision.

As circumstances continue to force tough decisions around reductions in force, think about the potential of offering voluntary benefits to your employees. These coverages can supplement medical plans with payments for needed services, and provide replacement income for accidents or disabilities, among other uses. These coverage's cost the employer nothing and, if a reduction in force is necessary, subsidizing these coverages rather than subsidizing COBRA premiums for some period of time is likely to be less costly.

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