



News That Sells

LIMITED BENEFIT PLAN ARTICLE HIGHLIGHTS

What Is the Truth Behind Mini-Meds?

Taken from "Mini-Med Reality Check," Employee Benefit Adviser, March 1, 2007

- Employers like mini-meds because, while a limited benefit, it's an offering that helps recruit and retain employees—particularly low wage workers who have never had any health benefits.
- A mini-med can also be supplemented by other benefits for a richer offering. Because employers are desperate to lower their health care costs, brokers who can offer a fresh option will be well-received.
- Mini-meds lend themselves well to the support of other products, so a mini-med sale can branch out to an EAP, wellness plan, critical illness, or a small health savings account.
- Many companies are using mini-meds as gap coverage in which case mini-meds have to be HIPAA compliant so an employee can apply his/ her pre-ex from one plan to another.

Who Are Limited Benefit Medical Plans a Good Thing For?

Taken from "Making The Case For Limited Benefit Medical Plans," Broker World, June 2007

- According to a recent MetLife survey, 83 percent of employees factor in the availability of health insurance when determining whether to stay with or leave an employer.
- The American Management Association reports that the cost of hiring and training a new employee who's replacing one lost to turnover costs from 25 to 200 percent of their annual compensation.
- The right limited benefit medical plan will cover everything from lab fees, ICU stays, emergency room costs, doctors' visits and prescriptions—all at a low premium with no payout caps.
- According to a recent survey, the retail and service sectors put the highest priority on employee retention, which make them ideal candidates to educate on using this option to reduce attrition.

Are Limited Benefit Plans Worth It?

Taken from "Is A Little Medical Coverage That Much Better Than None?" USA Today, June 5, 2007

- Insurers say limited-benefit policies—once mainly sold to the self-employed or others who buy their own insurance—are gaining interest among employers with low-wage, part-time, or contract workers.
- National companies such as McDonald's, the Hair Cuttery salons, and Friendly's restaurants offer such coverage to their workers, as do many smaller businesses.
- Although still a tiny part of the insured market—about 1 million policies among the nearly 160 million workers who get their insurance from their employers—limited benefit plans are seen by insurers as a bright spot for growth in an otherwise stagnant market.
- Insurers are targeting the estimated 39% of employers who currently don't offer health insurance.

News That Sells is a quick reference of published articles that highlight the current landscape surrounding a product, service or market condition, and which illustrate the importance of Employee Benefit Solutions products.

Limited Medical Plans Are a Cost-Effective Fit for Businesses Challenged With the Cost of Health Insurance

Taken from "Follow The Money To Choose The Best Plan," Business Insurance, March 14, 2008.

- As many businesses try to balance the escalating cost of health insurance and their desire to provide a benefit package that helps them attract and retain top employees, employers need to weigh their medical plan options carefully. Employers need to consider the choices that will help their employees the most, without busting their budgets.
- First, look at the actual medical claim experience of U.S. companies. Statistics show that 8% of covered members will have no claims at all in a year, 61% will have claims of less than \$1,000 and 85% will have claims of less than \$5,000. In fact, 97% percent of the typical workforce will never exceed \$25,000 in claims a year.
- Then, compare the choices that have emerged as alternatives with traditional plans. Would employees be better off with a consumer-driven health plan, a mini-medical plan or a limited medical plan?
- Limited medical (expense incurred) plans may be the best option: These offer the coverage that is most similar to what employees are used to: features such as deductibles and copays, with out-of-pocket costs set at a percentage of charges (such as 10% or 20%).
- Under these plans, annual benefits are capped at an amount that holds down the cost of insurance for both the employer and the employee, such as \$10,000 or \$50,000.
- Remember, 97% of employees will never need more than \$25,000 in coverage in a year. For smaller premiums, companies can provide coverage that for 97% of employees will look and feel just like the best insurance coverage offered in traditional plans.
- Limited medical plans come in a variety of "flavors," including fixed indemnity, expense incurred and so on. But once the details are settled, businesses looking for the best coverage for their employees should keep their focus on several aspects to select a provider.

Limited Medical Plans Present Significant Opportunities In Still Under-Penetrated Market

Taken from "Unlimited Potential of Limited Medical Plans," Life & Health Advisor, February 2008.

- If you're interested in tapping into a market of tens of millions of customers that is only four to six percent penetrated, keep reading.
- That market is the working uninsured, now numbering 13 to 18 million, and that's just counting those actively working. When you include their family members and others who don't have health insurance, the number balloons to 47 million. The vast majority of these uninsureds belong to families with at least one working member.
- One way to meet this large and growing need is by offering your customers a limited benefit medical plan. Surprisingly, only about 750,000 employees nationwide are currently enrolled in such plans. That leaves a huge coverage gap over the country and creates a strong market opportunity for you.
- If this product sounds like something that fits only mom-and-pop operations, companies perhaps too small to be on your cold-call list, think broader. It's true we see a big need in suburban and rural areas where smaller employers have yet to offer any kind of health coverage, yet they know they need to offer some kind of benefits to be competitive. However, consider that almost a third of U.S. businesses have fewer than 100 employees. **That's a pretty big market to ignore.**

Limited Benefit Plans Are Really Effective

Taken from "Limited Benefit Plans Grow In Popularity But Stir Controversy Over Effectiveness," BNA's Health Plan and Provider Report, March 7, 2007

- According to Gil Lowerre, president of Eastbridge Consulting Group Inc., difficulties with limited benefits plans arise primarily from poor communications. Employers need to be sure they understand the plans and are very careful in explaining them to their employees.
- Merrill Matthews, president of Alexandria, VA based Council for Affordable Health Insurance, believes the plans offer people an affordable health care option.

- At least 13 states have enacted legislation since 2001 allowing insurers to offer plans with no or only some state mandated benefits, according to a report from Washington D.C. based Academy Health.
- Legislative requirements for plans vary considerably from state to state according to a Robert Wood Johnson Foundation report.

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06675015-1009 R03/09