Employees pay increase

Yes

The board could expect employees to pay any additional health insurance costs. The board has to control fringe benefit costs. The board could establish a policy that the organization's contribution to health insurance would be limited to the amount it was paying in a given year. Any increases would have to be borne by employees. A commitment to pick up increasing health insurance costs leaves the organization open to cost increases it can not control. Funders might object to very high fringe rates at some point. Rising fringe costs would require reducing spending on program activities.

No

Health insurance is one of the most valuable and attractive fringe benefits for employees. The less employees make the more important health insurance is. The board could establish a policy that the organization would always pay the full health insurance premium. That policy could state that the employer's share of health insurance would be limited to the cost of covering an individual, not a family. A very generous policy would commit to paying full insurance costs for individual and family plans.

Employee pay % total premium

Yes

Requiring employees to pay a percentage of their health insurance premiums is another strategy to control employer health insurance costs. Doing so makes employees partners in health insurance coverage. It provides an incentive for them to limit their medical expenses. Although this strategy does not protect the organization from rising health insurance costs, it helps to reduce their effect.

No

Health insurance is one of the most valuable and attractive fringe benefits for employees. The less employees make the more important health insurance is. The board could establish a policy that the organization would always pay the health insurance premium. Even modest costs, or limited increases in costs, could quickly price health insurance coverage beyond low-paid employees' ability to afford it. Pricing health insurance beyond employees' capacity to pay for it would contribute to staff turnover.

Raise deductibles to lower premium

Yes

Raising deductibles can limit—or even reduce—health insurance premiums. This approach will have little impact on young, health employees who have few medical costs. Reducing health insurance costs may free up funds for other fringe benefits or for salary increases.

No

This approach is likely to increase costs to those whose medical costs are higher—families with children, older workers, and families with members who have chronic medical conditions. Even modest costs, or limited increases in costs, could quickly price health insurance coverage beyond low-paid employees' ability to afford it. Pricing health insurance beyond employees' capacity to pay for it would contribute to staff turnover.

Pay increase from unrestricted funds

Yes

This strategy removes pressure from programs and from employees. Programs will not be forced to reduce spending in other areas to pay increased health insurance. Employees will not have their take-home pay reduced by rising health insurance premiums.

No

Very few community action agencies have reserve funds large enough to absorb health insurance increases. Almost no agencies have reserves large enough to continue to absorb those costs year after year. This is, at best, a one-time strategy to buy time to find a more permanent solution.

Pay increase from direct charges to individual programs

Yes

Health insurance costs can be allocated in any systematic and documented manner. You would have to ensure that specific employees premiums were paid out of the proper program budget. Increased costs for "pooled" staff would have to be spread using the existing method of allocation.

No

It is better to have a single mechanism for charging individual fringe costs. This simplifies management oversight and bookkeeping. This approach would require repetitive, complicated adjustments.

Health insurance cost increase scenarios: 3