

SELLING BASIC BENEFIT PLANS



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The Key to New Clients: Offer the Plans They're Buying

Individual health consumers are shopping for price, price, and price. But they're also looking for the valuable benefits they'll use plus major medical coverage to protect them from unexpected medical bills. Basic benefit plans answer their call!

You have the opportunity to grow your business and satisfy many of your clients' budget and coverage needs with today's basic benefit plans.

Basic benefit plans are becoming prevalent in the individual health marketplace because they offer low rates for major medical coverage that consumers need. Many agents are selling them in large volume. Don't miss out! Include them in your portfolio of plans.

Here's why:

- ✓ Basic Benefit plans appeal to a broad cross section of consumers
- ✓ Competitive rates make them easy-to-sell
- ✓ They provide the essential benefits consumers need, want, use and buy

It's worth your time to understand the value of these plans because they'll help many of your clients save money, keep your business on the books, help you talk to new customers and grow your business. Offer these plans to your clients and show them quotes—and they'll thank you for meeting their major medical needs so affordably!

What Does a Basic Benefit Plan Look Like?



Basic benefit plans are designed around a core of essential major medical benefits and built-in cost-sharing features to keep premium rates down where the budget-conscious need them. They offer popular benefits that consumers need and use—and look for at the point of purchase:

- **Coverage for hospitalization, surgery, transplant, ambulance, and outpatient care**
- **Non-preventive office visits**
 - Copays for a limited number of visits then subject to deductible/coinsurance
 - Lab/X-rays usually subject to deductible and coinsurance
- **First-dollar coverage for preventive care**
- **Prescription drug coverage**
- **Substantial lifetime maximums from \$3-6 million**

It's important to differentiate basic benefit plans from the limited benefit "mini meds," which cover limited amounts for basic medical services and expose policyholders to more out-of-pocket costs on the back-end. Basic benefit plans provide the security of *major medical coverage* in case something unexpected happens and they incur large medical bills.

Cost-Sharing

Whether you're quoting coverage for an individual or a family, you'll find that basic benefit plans fit into most every budget. That's because basic benefit policyholders share in the costs of some of their medical services. Cost-containing features like these keep premiums affordable:

- **Full PPO network steerage** – for the deepest negotiated discounts
- **Range of coinsurance options and high annual deductibles**
- **Additional deductibles/copays:**
 - Inpatient hospital
 - Outpatient hospital
 - Emergency room visits
 - Out-of-network services
- **Additional coinsurance requirements** (such as out-of-network penalties)
- **Limited or optional Rx drug coverage**

Basic benefit plans are priced for consumers willing to trade rich, first-dollar benefits for lower monthly premiums, and for those who simply don't want to pay for comprehensive benefits they don't anticipate using.

The Internet Connection

Basic benefit plans are the top sellers on Internet insurance portals. They have low rates and the benefits many consumers look for when they are ready to buy. And because more consumers are looking for health insurance online, the Internet sales channel is growing.

In fact, your clients—and prospective clients—may buy the coverage over the Internet whether or not you're the one who closes the sale. So be proactive in getting their business! You can...

- Promote basic benefit plans on your agency website
- E-mail sample quotes to prospects and direct them to online applications
- Advertise “low cost major medical insurance” and send interested prospects to your website to quote and apply for coverage
- Talk to your clients about individual health insurance *before* they look for it online!

Seize your opportunities: Take advantage of Internet technology and build your business on the momentum that basic benefit plans have created online!

What plans are selling online?

eHealthInsurance, the nation's leading online source of individual and family health insurance, recently published a report providing analysis of online consumer purchasing patterns of individual and family health insurance plans in 2006.

Some interesting highlights of the report might uncover some opportunities for you:

- Approximately 40% of the company's customers were previously uninsured
- Average age of a policyholder is 36
- 59% of eHealthInsurance policyholders are under the age of 35
- The average age of the primary policyholder with a family plan is 40
- 58.8% are single
- Of the major medical plans surveyed, more than 86% are PPOs

Who's Buying Basic Benefit Plans?

Basic benefit plans appeal to a large population of consumers, particularly those who are:

- driven by price and looking for affordable major medical insurance
- “healthy,” not taking any maintenance drugs, and visit a doctor only when they're sick
- seeking coverage to protect them in the event of a serious accident or illness

You might want to target the following consumers, whose life stages and budgets tend to coincide with a low-cost, basic benefit health plan:

- Young singles or college students
- Workers who are given an allowance from their employer to purchase individual coverage
- Families with school-aged children who need an alternative to pricier coverage



Of course, not all of your clients are a good match for basic benefit plans. Some consumers want—and will utilize—a more extensive range of benefits and are willing to pay higher premiums for more comprehensive coverage. Others may like the idea of paying a lower premium for an HSA-qualified health plan and they'll want to put their savings into a Health Savings Account. Regardless of what plan a particular client chooses, be sure to offer them a basic benefit plan as an alternative to pricier coverage—it's an increasingly popular choice for many consumers today!