

Making Benefit Decisions during Open Enrollment

The end of the year is traditionally open enrollment season, your annual opportunity to review your employer-provided benefit options and make elections for the upcoming plan year. Even if you're busy, take a look at the enrollment packets or information you receive from your employer. You generally only have a few weeks (or less) to make important decisions about your benefits, and with health-care costs rising, it's more important than ever to choose your benefits wisely.

Are you happy with your health plan?

During open enrollment season, many employers roll out new health plan options. Even if you're satisfied with your current health plan, it's a good idea to check out the plans your employer is offering for next year and compare these to your existing health coverage. If you decide to stick with the same health plan you have now, look for differences between this year's plan and next year's. Premiums, out-of-pocket costs, and coverage offered often change from one year to the next.

Some tips for reviewing your health plan:

- Start by reading any plan materials you've received in your open enrollment packet and find out as much as you can about your options. Look for a "What's New" section that spells out plan changes.
- List your expenses. These will vary from year to year, but what you've spent over the course of the last 12 months may be a good predictor of what you'll spend next year. Don't forget to include co-payments and deductibles, as well as dental, vision, and prescription drug expenses.
- Reevaluate your coverage to account for life changes. For example, getting married, having a baby, or retiring are events that should trigger a thorough review of your health coverage.
- Consider all out-of-pocket costs, not just the premium you'll pay. For example, if you frequently fill prescriptions, you may save money with a plan that offers the broadest prescription drug coverage with the lowest co-payments, even if it charges a higher premium than other plans.
- Compare your coverage to your spouse's if he or she is eligible for employer-sponsored health insurance. Will you come out ahead if you switch to your spouse's plan? If you have children, which plan best suits their needs?
- Take advantage of technology. Some employers offer calculators or tables that allow you to do a side-by-side comparison of health plans to help select the best option.

health flexible spending account (FSA) or reduce your child-care expenses by contributing to a dependent care FSA. The money you contribute is not subject to federal income and Social Security taxes (nor generally to state and local income taxes) and you can use these tax-free dollars to pay for health-care costs not covered by insurance or for dependent care expenses.

If your employer offers you the chance to participate in one or both types of FSAs, you'll need to estimate your expenses for the upcoming year in order to decide how much to contribute (subject to limits). Your contributions will be deducted, pretax, from your paycheck. If you're currently participating in an FSA, it's also an ideal time to find out how much money you have in this year's account. Unused contributions are lost if you don't spend them by the end of your benefit period. And remember, you must enroll each year--you won't automatically be reenrolled in a health or dependent care FSA.

What other benefits or incentives are available?

Health insurance coverage is a valuable benefit, especially if your employer pays a large percentage of the cost, but many employers offer other voluntary benefits such as dental care, vision coverage, disability insurance, life insurance, and long-term care insurance. Even if your employer doesn't contribute toward the premium cost, you may be able to conveniently pay premiums via payroll deduction.

Many employers sweeten benefit packages by offering discounts on various health-related products and services, such as gym memberships, wellness programs, and eyeglasses. Find out what your employer offers--otherwise you may miss out on some saving opportunities. Your employer may also offer incentives for employees who take steps to maintain a healthy lifestyle. For example, you may be eligible for a monetary reward for completing a health assessment, or you may be reimbursed for the cost of fitness classes.

Do you need more information?

Ask your benefits administrator for help if you have any questions about your health plan, the options available to you, or enrollment instructions or deadlines.

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The decisions you make during open enrollment season are important, because you generally must stick with the options you've chosen until the next open enrollment season. The exception to this is if you experience a "qualifying event" such as getting married or divorced, or having a child, in which case you'll be able to make changes outside of the open enrollment period.