

Employee Benefits Health & Welfare



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When offered a full time job, you should be given an employee benefits package (if you're not, you need to ask for it!). Your total compensation is so much more than your salary, and it is important to evaluate this benefits package thoroughly, it could account for up to 30% of your total compensation! There are a ton of types of benefits , and this handout will focus on those in the Health & Welfare category.

Medical Insurance

Your employer will likely provide several tiers of options for health, or medical insurance, all with different premiums and deductibles. You are responsible for paying the premium, the deductible, and whatever coinsurance remains after your expenses meet the deductible, up to a yearly out of pocket maximum. To help you understand what these terms mean, we went to healthcare.gov:

- **Premium:** The amount you pay for your health insurance every month. When selecting a plan, keep in mind that the plan with the lowest monthly premium may not be the best match for you. If you need much health care, a plan with a slightly higher premium but a lower deductible may save you a lot.
- **Deductible:** The amount you pay for covered health care services before your insurance plan starts to pay. With a \$2,000 deductible, for example, you pay the first \$2,000 of covered services yourself. (Note: some services may be "out of network" and not covered by insurance at all - that amount won't go toward your deductible AND you have to pay for it out of pocket! Take care when selecting doctors and plans!)
- **Coinsurance:** After you pay your deductible, you usually pay only a copayment or coinsurance for covered services. Your insurance company pays the rest. For example, if you are responsible for 20% coinsurance and you receive a \$100 bill after you've met your deductible, you will be responsible for paying \$20 and they'll pay \$80.
- **Out of Pocket Maximum:** There will be a yearly threshold that maxes out the amount you can possibly pay for healthcare that year, after your deductible and any co-insurance you owe.

Evaluating medical plans will be challenging, and will require you to consider your healthcare needs (Do you have conditions you're regularly treated for? Do you have terrible luck and break a bone once a year?). It will also require you to do some math and consider your comfort with risk. Most employers will have multiple options for plans so you can choose the one that best fits your needs.

Healthcare costs can add up quickly, especially if you need a procedure or have regular medical needs. Someone with a high tolerance for risk might be okay accepting a low premium plan with a high deductible knowing that they could end up paying quite a lot of money that year if they needed a lot of care. Others with a lower tolerance for risk might prefer a plan that has a lower deductible with a higher premium, and assuming less risk.

Evaluate medical plans very carefully - including making sure that any doctors you see regularly will be covered by the plan you choose - some plans and insurance providers have restricted networks of doctors that do not cover all doctors or medical providers!

Dental Insurance

Many employers also offer dental insurance, as dental care is not covered by regular medical insurance. You'll usually have fewer options to choose from, and in many cases there's just one plan. You will pay a monthly premium, just like with the medical insurance, but it will be much lower. Dental insurance is much simpler, and usually just offers coverage rates for different types of dental services. For example, preventative care (like teeth cleanings) is covered 100%. X-rays, if done on the appropriate schedule, should also be covered. Other treatments, like root canals, or filling cavities may only be covered at 50 or 80%. Dental care can get expensive, so pay attention to those rates of coverage!

Vision Insurance

Vision insurance specifically covers your eye care needs, and is similar to dental insurance. However, depending on your eyecare needs, you may not need to use the vision insurance as often as dental. You should make sure that a regular eye checkup wouldn't be covered by your medical insurance, as well! You may also want to calculate the cost of a vision exam at your local optical center (don't forget places like Target who employ certified optometrists!), and add up your costs (i.e. how often you need exams, glasses, and contacts).

Flexible and Health Savings Accounts

Sometimes Flexible or Health Savings Accounts will be offered alongside your medical benefits packages. If you enroll in one of these accounts, you are usually allowed to put money in it that is taken out of your paycheck pre-tax (so it's not as much of a hit to your wallet!) to pay for your healthcare costs (prescriptions, doctor appointments, etc.). It's sort of like a checking account, but just for specific expenses.

Each type of account is different, and you can evaluate which one is right for your needs. You should also check if your employer will make any contributions to the FSA or HSA on your behalf - that's extra money!

Short/Long Term Disability Insurance

Should you need to take an extended time away from work due to an injury or surgery, your employer's short term disability insurance will cover your wages (at full or partial rates) for all or part of the time you need off. You may need to pay a small monthly premium for this insurance.

Long term disability insurance would kick in if you were permanently unable to work and usually lasts for a designated amount of time based on your age. Again, you may need to pay a small premium.

Life Insurance

We know it's hard to think about - especially while you're young - but you will want to be able to provide funds for your loved ones should you die, and Life Insurance does just that. Oftentimes employers offer subsidized life insurance at a lower cost, and at the very least it may be a nice supplement to a more comprehensive insurance plan. Usually these plans cost a few dollars a month and provide tens of thousands of dollars in coverage.

Accidental Death and Dismemberment Insurance

As morbid as it is, if you happen to die in an accident, this type of insurance will provide extra coverage and funding to your beneficiaries. But, it will only pay out if you die of unnatural, accidental causes. While you likely wouldn't opt to pay extra for this insurance, if your employer offers it for free, you should take it.