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Understanding the Role of GAP Plans

In the complex landscape that exists within healthcare, individuals often encounter unforeseen expenses that can put a substantial strain on their financial well-being. To help their workers better prepare for these situations, employers can install GAP health insurance options as a valuable component of their employee benefit package.

As its name implies, GAP plans can help fill the gaps left by traditional health insurance plans. While traditional plans typically cover a portion of medical expenses, individuals are often responsible for deductibles, copayments, and other out-of-pocket costs. GAP insurance steps in to alleviate this financial burden by providing additional coverage for expenses not fully covered by primary health insurance.

Typically purchased alongside high deductible health plans (HDHPs), GAP policies allow individuals to receive coverage on medical expenses before their deductible has been met. For many individuals with these high deductible plans, paying a small monthly premium for GAP insurance can potentially lead to significantly lower medical expenses.

To understand how GAP health insurance operates, it may be helpful to consider a scenario where an individual has been hospitalized due to a medical emergency. Their primary insurance covers a majority of eligible expenses, but leaves roughly 20% of total costs, which includes deductibles and copayments, as out-of-pocket expenses. By having GAP insurance plans in place, some if not all of the out-of-pocket costs could be covered, reducing the individual's financial liability.

As healthcare costs continue to rise, an investment in GAP health insurance can provide invaluable security and peace of mind, ensuring that individuals are adequately protected against unforeseen medical expenses. However, although very beneficial to supplement an existing comprehensive medical program, it is important to realize that GAP plans do not meet the requirements of the Affordable Care Act (ACA) and as such should not be used as the sole source of medical coverage for an individual.

The Electrical Association of Philadelphia offers its members access to My Benefit Advisor as a solution for employee benefits, including voluntary offerings. For more information about My Benefit Advisor, visit our website at <https://eap.mybenefitadvisor.com> or contact Ray Keough at (610) 684-6932.