



## 1.3 Bridging the Deductible: Why GAP Insurance is a Smart Strategy for Small Businesses

Small businesses often face a tough balancing act: **controlling health insurance costs** while ensuring employees are protected from high out-of-pocket expenses.

We recently helped an **11-employee company** save **over \$11,000 annually**—all while dramatically reducing employee deductibles—by pairing a **High-Deductible Health Plan (HDHP)** with a **GAP insurance policy**.

This strategy is a proven way to **maximize savings for the employer** while keeping **employee costs predictable and manageable**.

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### What Is GAP Insurance?

**GAP insurance** is a **supplemental health policy** designed to cover the “gap” between what an HDHP pays and what employees owe out-of-pocket. Typically, it reimburses:

- **Deductibles**
- **Copays**
- **Coinsurance**
- **Hospital stays or surgeries**

Think of it as a **financial airbag**, softening the blow of large medical expenses before the HDHP kicks in. The best part? Coverage can be **surprisingly affordable**, often starting around **\$40/month for an individual**.

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## Benefits of GAP Insurance Strategies

- **Reduce Out-of-Pocket Exposure:** A \$7,150 deductible can feel more like \$2,000, making care accessible and less stressful for employees.
  - **Employer Cost Savings:** HDHPs have lower premiums, and when paired with GAP, employers can save thousands annually.
  - **Customizable Coverage:** GAP plans can cover inpatient, outpatient, ER visits, or even select prescriptions.
  - **Predictable Budgeting:** Simplifies forecasting while maintaining strong employee protection.
  - **Recruitment & Retention Tool:** Employees value affordable premiums and lower deductibles, improving morale and loyalty.
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## Considerations and Limitations

While GAP insurance is powerful, small businesses should be aware of potential challenges:

- **Claims Submission:** Employees may need to submit EOBs and receipts for reimbursement.
  - **Limited Mental Health Coverage:** Many GAP policies exclude behavioral health or therapy.
  - **Communication Complexity:** Employees require clear guidance to understand how GAP works with their HDHP.
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## Why This Strategy Works

Using a **PEO Master Aetna HDHP paired with GAP insurance** provides a textbook example of a **win-win benefits strategy**:

- **Lower employer premiums** without sacrificing coverage
- **Protect employees** from large deductibles
- **Provide affordable coverage** starting as low as \$40/month per employee
- **Build a cost-effective, competitive benefits package**

For small businesses, this combination strikes the **perfect balance between savings and employee satisfaction**, while helping HR teams manage renewals during Q4 efficiently.

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## Next Steps

Want to explore how **GAP strategies** could work for your business? We provide **free, side-by-side comparisons** tailored to your company.

**Email:** [suzanna@peofortheceo.com](mailto:suzanna@peofortheceo.com) to get started today.

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## Stay Tuned

In the next article in our Q4 series, we'll cover:

**“HRA vs. HSA: Smarter Cost Containment Strategies for Employers”**

We'll dive into the **differences, benefits, and best practices** for using HRAs and HSAs to **control healthcare costs while keeping employees happy**.

ICHRA Enrollment Tier	Medical Plan Enrollment Tier	Premium Amount	Employer Contribution Amount
Employee Only	Employee Only	\$1,028.17	\$1,025.20
Employee Only	Employee Only	\$447.72	\$444.62
Employee Plus	Employee Plus	\$1,699.19	\$1,699.19
Family	Family		
Employee Only	Employee Only	\$771.20	\$771.20
Employee Only	Employee Only	\$1,044.82	\$795.75
Employee Only	Employee Only	\$1,001.27	\$795.75
Employee Only	Employee Only	\$534.31	\$450.33
Employee Plus	Employee Plus		
Family	Family	\$1,676.55	\$1,608.32
Employee Only	Employee Only	\$533.58	\$456.04
Employee Plus	Employee Plus	\$959.20	\$959.20
Children	Children		
Employee Only	Employee Only	\$477.57	\$436.00
<b>Total</b>		<b>\$10,676.55</b>	<b>\$9,869.10</b>

Aetna PPO	GAP
Premium Amount	Premium Amount
\$561.00	\$45.00
\$561.00	\$45.00
\$1,700.00	\$128.24
\$561.00	\$45.00
\$561.00	\$45.00
\$561.00	\$45.00
\$561.00	\$45.00
\$1,700.00	\$128.24
\$561.00	\$45.00
\$1,145.00	\$74.50
\$561.00	\$45.00
<b>\$9,033.00</b>	<b>\$690.98</b>
<b>\$9,723.98</b>	

<b>Annual Savings</b>
<b>\$11,430.84</b>