

# Cafeteria Plans: Evaluating The Options

Once, employee benefits were a fixed menu, with no choices among appetizer, soup, and entree. Your employer provided a dinner, if you were lucky, and you accepted the benefits on the list.

Today, things are a little different. Many employers now offer flexible or "cafeteria" benefit plans under which you can choose among a variety of options. Those options often include many different kinds of benefits as well as specific kinds of a single benefit. For example, your employer might present a menu including health benefits, additional life insurance, extra vacation, or child care. Then, on the health benefit front alone, there might be three to six different plans. Or, in variations on the theme, your employer might offer basic benefits plus supplemental benefits based on employee contributions.

Why these new choices? Because employers have found them to be cost effective. With so many two-career couples, single-choice plans meant paying for unnecessary benefits. Or, as a study by the Employee Benefit Research Institute put it - Why should an employer pay health benefits for an employee whose spouse already provides the family with full coverage?

Cafeteria plans may be cost-effective for employers, but they're also a plus for employees, allowing tailor-made benefits to suit a particular individual or family need.

Cafeteria plans can present a bewildering choice. What do you do? If you're the sole breadwinner in your family, the choice is relatively easy. Simply look at your most pressing needs and see how they can best be met by the various options. If you're one of two breadwinners, however, you must look at both your employers' options and the benefits provided to your spouse.

If your spouse is covered by a comprehensive health plan, for instance, you might trade some of the duplicate basic benefits under your own company's health plan for supplemental dental benefits or child care or extra vacation days. One way to eliminate basic benefits from your own health plan is to choose a plan with the highest possible deductible, knowing that your spouse's comprehensive plan will pay most of the bills.

Or, if one employer offers traditional health insurance and the other offers membership in a health maintenance organization (with all-inclusive health care at a fixed, pre-paid fee), you could consider a couple of choices: If you have small children, you might elect the health maintenance organization because regular checkups will be covered; under traditional health insurance, bills are often not paid unless the patient is ill. Or, if you want to consult specialists outside the HMO network, you could elect traditional health insurance under one spouse's plan and an HMO under the other. With cafeteria benefits, it's truly possible to have the best of all possible worlds.