



Benefits Briefing VOLUME 5

Perspectives on Current Offerings and New Choices
from a Survey of Brokers (Q1, 2008)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in April 2008, to understand its members' interest and experience regarding important employee benefits and some new approaches to the kinds of choices employers and employees may have in the near future.

The information in this report is based on an online survey taken by 228 brokers and 105 employers.

The following pages include findings regarding their perspectives on:

- Decision-making,
- Open Enrollment,
- Communications around enrollment, and
- Reactions to a new Personalized Enrollment Form.

Executive Summary

This Briefing includes insights from brokers *and* employers. In some cases, the views of employers differ from the views of brokers.

- Brokers and Employers agree that C-level executives are involved in the employee benefits decision-making process and both anticipate they will continue to be five years from now. Yet, brokers feel this trend has increased in the past five years, while employers say C-level executives have always been involved.
- Brokers and employers differ on the most important broker responsibilities. Employers name evaluating insurance carrier/provider organizations and monitoring/interpreting legislation as the most important capabilities brokers provide them, *whereas* brokers overwhelmingly think that assessing client benefits program/needs and designing/implementing group benefit plans to align with client benefits strategy are most important to employers.
- Employers say the following trends are not currently being adequately addressed by major benefits providers or consultants: Health and preventative care, CDHPs (including HSAs), Wellness programs, and Rising/High costs.

Open Enrollment

This report also presents information on what brokers are doing with regard to open enrollment.

- Most brokers say they are extremely involved in their clients' open enrollment process. Providing communications and education materials (PowerPoint presentations, customized forms, etc.) is the most common way brokers feel they differentiate themselves from their competition.
- For the most part, the responsibility of developing materials for the open enrollment process is split between brokers and carriers, each tending to develop certain types of materials. Despite this, brokers would like to see more involvement in the open enrollment process by providers.
- Participants respond favorably to a concept test about a personalized enrollment form. Most brokers agree that it would provide many benefits and advantages, most commonly it would help simplify enrollment for employees.

What Employers Are Saying

Employers verify brokers' perceptions of decision-making; 79% say that C-level executives are involved with the benefits decision-making process.

Although slightly different from brokers, most employers (57%) say that this hasn't increased in the past 5 years; instead, they say C-level execs have and will continue to make most benefits decisions.

How Employee Benefits Are Handled by Clients

When brokers were asked who the primary decision-maker is at the majority of their employer clients, the top two responses, with roughly one-third each, are the Director of HR (33%) and the CFO (30%). Three percent name themselves or another broker as the primary decision-maker.

C-Level Involvement in Benefits Decisions

The **vast majority** of brokers (91%) report that C-level executives are involved in benefits decision-making. About three-fifths say that compared to 5 years ago, **more** senior, C-level executives are involved in the benefits decision-making process today.

Brokers expect this trend to continue over the *next 5 years*. The same amount, three in five brokers, indicate they expect **more** senior, C-level executives to be involved in the decision-making process 5 years from now.

If not already, brokers may want to consider targeting C-level executives at their employer clients or be sure they are involved in order to keep pace with other companies. Keep in mind, however, that the employers who took part in the information exchange don't necessarily expect more senior level involvement in the next five years (see side bar).

Importance of Broker Capabilities/Responsibilities

Brokers rated the importance of various capabilities they provide for their clients and employers rated the same set of capabilities. While there is agreement on a number of capabilities, there are mismatches for several capabilities.

Rating highest (in importance) for brokers are **designing / implementing group benefit plans to align with client benefits strategy** and **assessing client benefits program/needs**; more than 90% of brokers think these are important or extremely important to their clients.

Brokers feel that conducting periodic evaluations of employee satisfaction with benefits programs is least important, rating this area the lowest in importance, on average.

As indicated above, there were several areas where employers rated the importance quite differently than brokers, indicating areas where brokers may have an opportunity to "close the gap" between service expectations of their clients. The table on the following page shows how brokers and employers rated 6 of the capabilities presented.

Employers Talk About Unmet Trends

Employers had the opportunity to tell us what employee benefit trends that they feel are not being adequately addressed by major benefits providers or consultants. These represent areas that brokers might be able to differentiate themselves in their clients and prospects minds. Frequently mentioned trends include: Health and preventative care, CDHPs (including HSAs), Wellness programs, and Rising/High costs. Here is how a few employers spoke about these issues:

"The self sufficiency of a person to care for their health financially and through the use of technology and on-line consultations, wellness and other available lifestyle choices to impact their health long term, which would then impact their financial health. No one is giving the 'full life picture'."

"Healthcare costs, and specialty treatments for disorders that are being discovered and new treatments that are developed, i.e. sleep apnea; TMJ; smoking cessation."

"Evidence on the success or lack of success for CDHP and truly controlling costs."

"HSA's and the companies not understanding how they work or how to explain them to employees."

"Wellness programs are not being discussed by brokers although they seem prevalent in press."

"An increase in the coverage from providers as they continue to increase their rates. Coverages seem to grow smaller as costs grow higher."

"One trend I see is the pricing of products increasing exponentially year over year, yet strategies for addressing the cost increases appear to be based on studies completed two to three years prior to the plan year for which we are preparing."

Those saying 'very important'

Capability	Brokers	Employers
Design/implement group benefit plans to align with client benefits strategy	97%	78%
Assess client benefits program or needs	92%	72%
Offer employee communications services and enrollment support	78%	59%
Deliver financial analysis/expense mgmt. strategies including benchmarking	74%	77%
Evaluate capabilities of insurance carrier/provider organizations	72%	82%
Monitor and interpret legislation	69%	81%

Relative to employers, brokers feel aligning group benefit plans to strategy and assessment of client benefits programs are more important—for assessment there is a 20% point difference.

Two items, rated as more important by employers, *may indicate opportunities for brokers to differentiate themselves* by meeting under-met needs:

- Evaluate capabilities of insurance carrier/provider organizations
- Monitor and interpret legislation

Open Enrollment – Broker involvement and process

Brokers report significant involvement in their clients' annual enrollment process; more than half say they are **extremely involved in the process**.

Yet, most (56%) only begin working on their clients' open enrollment 2 to 3 months in advance. About one-third (37%) begin working 4 to 6 months in advance.

Enrollment Support Provided by Brokers

Brokers rated various types of enrollment support that they provide to their clients on its effectiveness.

About Communication Materials

Brokers discuss communication materials:

"We provide full color employee benefit brochures, PowerPoint presentations, universal enrollment forms, election forms, email blasts and all communication pieces. We also have the capability to provide call center and online enrollment in house."

"We provide introductory letters to employees, tailored benefit packages including preprinted enrollment forms for ancillary products, and we personally conduct enrollment meetings."

"Provide the client a choice of in-person, webinar, tele-conference or DVD's for all eligible employees. Develop personalized benefit brochures and enrollment guidelines. HSA education to include banking arrangement enrollment process assistance. And develop healthcare trends information to educate employees on healthcare costs, wellness programs, RX utilization & benchmarking information."

About Benchmarking Information

Brokers discuss benchmarking information:

"We provide onsite support during the enrollment meeting and follow up if anyone was out during the meetings. We make comparisons for ee's with dependent coverage to individual policies checking to see which is cheaper."

"As actuaries, we develop the premiums which allow us to also provide examples for the employees of the annual savings or costs of moving from one plan to another (especially with respect to HRA and HSA plans). We also provide insight into communicating the cost to the employer vs. the cost to the employee."

"I provide materials, presentations and benefit and carriers comparisons. Also I would provide industry statistical figures."

The **three most effective types of support**, according to brokers, are (in order, based on the % saying 'very effective'):

- Provide presenters for group meetings (76%)
- Lead benefit education meetings (72%)
- Provide enrollment materials (such as forms, brochures) (71%)

Most brokers say they would like to see benefits providers offer support for their clients' enrollment process in all areas asked about, with the exception of managing the entire enrollment process (only 33% would like provider support). The top three areas are:

- Providing enrollment materials (such as forms, brochures) (80%)
- Providing marketing materials (such as posters or fliers) (79%)
- Providing presenters for group meetings (65%)

Thus, there appears to be a significant appetite among brokers for support from benefit provider organizations.

Who Develops Enrollment Materials?

The development of materials tends to be split between brokers and carriers. For the most part, clients are less involved with developing materials for their enrollment process than brokers and carriers.

The majority of brokers (more than 60%) say **they develop** the following materials:

- Materials for the management of the entire benefits enrollment process
- Materials for leading benefit education meetings
- Communications materials (such as letters to employees, or text for emails to employees)
- Materials for group meetings
- Materials for training for client personnel

The majority (more than 60%) say **carriers develop** the following materials:

- Materials for the on-site enrollers
- Enrollment materials (such as forms, brochures)
- Marketing materials (such as posters or fliers)
- Materials for Benefits Fairs at client locations

What Differentiates Brokers During Open Enrollment?

Brokers were asked what activities performed during open enrollment differentiate them from other brokers. Most responses are related to: communication materials, participation in enrollment meetings, and benchmarking/financial information.

About Enrollment Meetings

Brokers discuss Enrollment Meetings:

"We do all the employee meetings and keep the carriers in the background. Carriers come and go but as a broker I want my client and their employees to develop a relationship directly with our agency. I want the employees to feel comfortable enough to contact us with all their concerns allowing us to be their personal advocate. We even have employees who recognize our staff outside of the workplace and feel comfortable enough to approach them in grocery stores, shopping malls, etc. We want them to understand "we are their employees" and they can utilize our services at all times."

"As many meetings as the group desires and they determine the time of day or night the meetings are held. We are the direct contact for employees with enrollment questions so the group can be removed from the process all together"

"We conduct actual meetings for each line of coverage as most carriers do not provide a rep for these meetings anymore. Prepare PowerPoint that shows summary of benefits for each line of coverage as well as employee contributions. If carrier is present, I will pass out enrollment packets and help with paper work completion."

Brokers most commonly mention **providing communications and education materials** to their clients. Many specifically say that they customize these materials and/or enrollment forms as a value-add to their clients, while others say they create PowerPoint presentations for their clients.

Many participants also say they either **conduct the enrollment meetings themselves or attend all meetings**, no matter the time of day or place. Some conduct follow-up one-on-one meetings with employees.

Lastly, many brokers provide financial analysis and benchmarking information.

Biggest Challenges for Brokers and their Clients

Brokers identified the biggest challenges to their clients surrounding the annual enrollment process. Some common themes are:

- Employee attendance at enrollment meetings
- Leaving sufficient time for the process
- Collecting enrollment forms (with correct, complete information)
- Rate increases / balancing the amount paid by the company and the amount paid by the employee
- Educating employees on the costs vs. the value of benefits and having them understand their benefits
- Dealing with changes of plans/carriers, and communicating changes to employees
- Effective communication and education, particularly dealing with multi-site locations
- Lack of resources, manpower to spend on the enrollment process

When brokers were asked about the biggest challenges they face themselves, responses are very similar to the challenges faced by employers, and many brokers mention that their clients' biggest challenges are their biggest challenges. Key ideas include:

- Getting clients involved in the process, particularly having them make timely decisions about plans (to leave enough time for the process)
- Engaging employees, getting them to attend meetings and educating them (particularly on the value of their benefits)
- Dealing with and communicating rate information and/or rate increases
- Collecting enrollment forms, and other paperwork
- Coordinating their own busy schedules, handling multiple clients

Concept Test:

A Personalized Enrollment Form

A non-medical group insurance carrier is introducing a Personalized Enrollment Form to its customers. This new form will enhance the buying, enrollment, and implementation experience.

Key features include:

- Allows employees to use only one form.
- Enables employees to focus on “buying” decision.
- The option to address privacy concerns of employers and employees.
- Displays monthly, bi-weekly or weekly costs.
- Speeds up enrollment process.

Employee Enrollment Communications

When deciding which group insurance carrier to recommend for non-medical benefits, brokers think that employee enrollment communications and materials are more important for clients with **200+ employees**, than those with less than 200 employees.

Less than three-fifths of brokers (55%) cite communications/materials as important or extremely important for clients with less than 200 employees, while more than two-thirds (68%) say they are important or extremely important for clients with 200+ employees.

Concept Test: Thoughts on a Personalized Enrollment Form

Participants were given a description of a personalized enrollment form (see description in left panel of this page) and asked their level of agreement with a series of statements. More than half of brokers say they agree or strongly agree with all statements.

Those **most commonly** agreed upon:

- Will simplify the enrollment process for **employees** (81%)
- Will simplify the enrollment process for **employers** (78%)

Thus, the concept as written is expected to simplify the enrollment process, which is something that would likely lead to higher levels of participation (see below).

Those **least commonly** agreed upon are:

- Will increase participation levels in voluntary coverages (58%)
- Would be a differentiating enrollment service factor in the group insurance industry (56%)

While fewer brokers agree with the above two points, a majority feel that participation levels would increase and the concept would benefit sales and promotions by being seen as different.

Medical Insurance

Importance of Products & Services to Employers

Brokers rated the importance of various products and services to their clients.

Providing prescription drug benefits rated the highest, with 94% of brokers saying it's important or extremely important to their clients.

Talking about Hot Topics

Here are Brokers talking about the topics of interest:

"Health Savings Accounts & other Consumer Driven plans, Performance of Investment Accounts in HSAs, Wellness Programs - ideas & boiler plate."

"Wellness and what employers are doing. Is the employer offering a medical plan through a carrier that includes wellness programs integrated within, using an outside vendor for wellness programs which may or may not be integrated with the medical carrier, working on wellness internally with communication & contests, or doing nothing."

"With the presidential race heated up and everyone talking about health care and universal health care, I would like to know how this will impact insurance carriers and broker offices."

"Employer portals, on-line enrollment capabilities offered by various vendors. What is important in these offerings, what is the interest level on the part of employers and what is the cost of them."

Here's what Employers had to say:

"Medical plan design, CDHP Plan successes and horrors, medical trend management, Rx plan design."

"More information exchange with samples of what others use for AE communication materials/presentations for their employees. With the complexities of offering HSA's and HRA's, employees seem more confused now than ever on how their benefits work."

"How other public companies are dealing with the ever rising cost of health care."

"The rising cost of Health Insurance products. Many of my employees pass on our Health Insurance due to the cost to them. We have a great product, but still it's too expensive for them."

Providing ideas for **reducing cost** of health insurance and offering a network of medical providers with **discounted pricing** are also perceived by brokers to be very important (with 90% and 86%, respectively)

Brokers think providing vision care benefits (24% saying important or extremely important) and maintaining personal health records for employees and their covered dependents (21%) are the products/services lowest in important to their clients.

Hot Topics in Employee Benefits

We asked Brokers what employee benefits topics they would like to see addressed in future information exchanges.

The most popular topic areas are:

- Consumer Driven Health Plans (CDHPs), particularly Health Savings Accounts (HSAs)
- Wellness Programs – issues of implementation, effectiveness, ROI
- Universal Healthcare
- Online enrollment technology, capabilities, employer portals

What Employers Want to See Addressed

We asked employers the same question. The two most popular topics employers would like to hear about include: CDHPs including HSAs, and the rising cost of healthcare.

Other common themes are: Wellness programs, Medical plan design, in general, and COBRA.

These are potential areas for brokers to provide their employer clients with more and better information and education. They present another opportunity for brokers to differentiate themselves.



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