



Benefits Briefing VOLUME 5

Perspectives on Current Offerings and New Choices
from a Survey of Employers (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 105 employers and 228 brokers.

The following pages include findings regarding their perspectives on:

- Employer Decision-making,
- Retiree Dental Benefits, and
- Marketplace trends not addressed by benefits providers.

Executive Summary

This Briefing includes insights from employers and brokers.

In the area of Dental Benefits,

- The majority of employers say they do not offer dental benefits to their retirees, and nearly all think it is unlikely they will offer voluntary dental benefits to their retirees. Employers report many barriers and concerns to offering retiree voluntary dental plans; the most common complaint is not enough retirees.
- Overwhelmingly, employers say they are not familiar with Dental Maximum Rollover plans. Yet, most think the feature would be valuable, and about half say it would have some impact of their choice of a carrier.

With regard to decision-making and assessment of the capabilities that brokers and consultants provide:

- Employers report that C-level executives have and will continue to be involved in the employee benefits decision-making process.
- Employers and brokers 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 in the marketplace by major benefits providers and consultants: Health and preventative care, CDHPs (including HSAs), Wellness programs, and Rising/High costs.

Dental Benefits

Currently, four of five employers say their company **does not** offer its retirees dental benefits of any sort. Among those that do, the retiree usually pays for part, if not all, of the cost.

Dental Plans As a Voluntary Benefit to Retirees

For the most part, employers **do not** foresee offering their retirees a voluntary dental plan at this time. The vast majority (90%) say it is unlikely they will offer such a plan.

Why Not Offer Retiree Voluntary Dental Plans?

A lack in the number of retirees tends to be the main reason for this (cited by more than half). Other common barriers to voluntary dental plans for retirees include, in order (with more than one-third each):

- More concern with active employees' benefits (38%)
- The company does not want to be contractually responsible for retirees (38%)
- The company does not have an obligation to retirees to offer dental benefits (37%)
- Administrative burden (35%)

As a follow-up, we asked those employers who identified contractual responsibility and company obligation as barriers, how important it would be to them if a dental carrier were to administer a benefits plan so they had **no contractual responsibility or obligation**. Most rate this as unimportant or not at all important.

Barriers to Group Contracts

We asked employers to rate various items as to how much of a barrier they are to holding a group contract.

Having to bill individuals rates the highest (55% see it as a significant barrier). **Administrative responsibilities** is a close second with 48%.

Affiliation/endorsement conflicts are last on the list with most employers (55%) not seeing this as a barrier at all.

Barriers to Group Dental Contracts

The following are comments about other barriers companies face in holding a group contract:

“Financial responsibility for retiree premiums if they fall behind in payments or fail to pay.”

“We would be more interested in retiree medical than dental - prioritizing of benefits available.”

“We don't offer retiree health benefits. I wouldn't open the door to other retiree benefits without retiree health first. No interest in going down that path.”

“Non-group dental plans are available at prices comparable to group plans, so there is little reason for us to put something else out there.”

“We do not currently offer retiree benefits due to the size of our company and the cost of the benefits. Few employees make it to retirement because there are only a few professional positions.”

What is Dental Maximum Rollover?

A dental benefit feature that lets employees roll over a defined portion of their unused annual maximum based upon certain criteria.

Dental Maximum Rollover

The majority of participants (73%) are **not familiar** with Dental Maximum Rollover plans. Only a mere 3% say they are extremely familiar with the feature. However, most employers (58%) think that a Dental Maximum Rollover plan would be **very valuable** to a dental benefits plan.

This is clearly an area where employers could use further education from brokers and carriers as many feel that this rollover feature is beneficial.

Further, nearly two-thirds of employers say that a Maximum Rollover would have **some impact** on their company's selection of a Group Dental Carrier. About one in five say it would have no impact.

Naming Features/Plans

We asked participants to rate how valuable it would be for carriers to name their plans and features.

Most employers **are neutral**; only about one-quarter think this would be very valuable.

When a carrier does name their dental plan or feature:

- 65% of employers expect the name to describe the offering or service
- 62% of employers expect the name to identify tiers/levels of product service features (e.g. gold, silver, etc.)
- 53% of employers expect the name to identify a product family and indicate a selection of dental product offerings with similar features

Responsibilities within Employee Benefits

C-Level Involvement in Benefits Decisions

Nearly four-fifths of employers indicate that C-level executives are involved with the benefits decision-making process.

According to most employers (57%), this hasn't increased in the past 5 years; instead, they say C-level execs have always and continue to make most benefits decisions.

Employers **do not** expect this trend to change in the next 5 years.

Brokers & Open Enrollment

We asked Brokers what they thought the biggest challenges their clients faced during open enrollment were. 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

Further engaging brokers and carriers in the process may help alleviate some of these issues.

Importance of Capabilities Provided by Brokers

Employers rated the importance of various capabilities that they receive from their brokers.

The top two most important capabilities to employers are: **evaluating insurance carrier/provider organizations** and **monitoring/interpreting legislation**; more than four-fifths of employers rate these as very important.

Conducting evaluations of employee satisfaction is lowest on the list, with about two-fifths rating it as very important.

We asked brokers the same question in a similar exchange. The following table shows how employers and brokers rated 6 of the capabilities presented.

Those saying 'very important'

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

The vast majority of brokers feel that *assessing client benefits program/needs* and *designing/implementing group benefit plans to align with client benefits strategy* are very important to employers.

Relative to employers, brokers are *underestimating* the importance of evaluating carriers/providers and help with legislation, while they are greatly overestimating the importance of aligning group benefit plans to strategy, assessing client benefits programs, and offering communications/enrollment services.

This indicates there is a possible communication gap between employers and brokers. Realizing that this gap might exist should enable employers to help their brokers provide them the best service.

Talking About Unmet Trends

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'."

"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."

"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."

Employers Talking About Hot Topics

Here's what participants 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."

New Technology

We asked employers to select the top three communication vehicles, thinking about new technology, that would be most effective for communicating with employees about employee benefits.

Nearly all employers (96%) cite **interactive web tools** as one of the top three technological communication vehicles. Employers also rank virtual benefits consultants highly which might indicate that this is a trend to watch. The table below shows how employers ranked several of the vehicles presented.

% Ranking Vehicle as First

Communication Vehicle	#1
Interactive web tools	63%
Virtual benefits consultants	24%
Interactive messaging	5%
Podcast	2%

Trends Not Being Addressed

We asked employers what employee benefits trends in the marketplace are not being addressed by major benefits providers or consultants.

For those who responded, some frequently mentioned trends include: Health and preventative care, Consumer Driven Health Plans (CDHPs), Health Savings Accounts (HSAs), Wellness programs, and Rising/high costs.

Hot Topics in Employee Benefits

What Employers Want Information On

We asked employers what employee benefits topics they would like to see addressed in future information exchanges. The two most popular topics employers would like to hear about include: CDHPs including HSAs, and the rising cost of healthcare.

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

We also asked Brokers what employee benefits topics they would like to see addressed in future information exchanges. The topics were similar and include: 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.



National Employee Benefits Advisory Forum
Sponsored by Center for Strategy Research, Inc.
101 Federal Street, Suite 1900
Boston, MA 02110
(617) 451-9500
nebaf@csr-bos.com

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