



Benefits Briefing VOLUME 18

Perspectives on Employee Benefits Billing and Evidence of Insurability
from a Survey of Employers and Brokers (Q4, 2012)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in November and December 2012 to understand its participants' 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 366 brokers and 165 employers.

The following pages include findings from brokers and employers regarding their perspectives on all or some of the following:

- Employee Benefits Billing, and
- Evidence of Insurability for Group Life.

Executive Summary

This Briefing includes insights from brokers and employers related to employee benefits billing.

- Both brokers and employers agreed that list bill is the most preferred method of billing for employer-paid benefits, employee-paid benefits, and shared cost benefits.
- When we asked both groups which carriers or vendors they work with who provide both an employer-paid and an employee-paid benefit to them, participants identified many different carriers/vendors; no one received the majority of responses.
- Both brokers and employers reported that they are highly satisfied with the current billing methods used by their carriers/vendors providing both employer- and employee-paid benefits.
- Brokers and employers agreed again when we asked about their preferred billing schedule; both groups named monthly billing as most preferred, over more frequent options.
- When it comes to how they receive their bill, there are some differences between the two groups. Brokers named three methods with similar frequency of preference - online via website, online via mail, or mail, while the vast majority of employers indicated they prefer it be online, either via email or website.
- We asked *employers only* about the format of their current billing. Most employers said they currently receive a single bill containing the total of both employer- and employee-paid benefits owed. Most employers also reported that this format is what they prefer.
- We see similar results when we asked *employers only* about the format in which they pay their bills. Again, employers tend to make one single payment covering both employer- and employee-paid benefits, and they prefer this method.
- Both brokers and employers identified EFT/ACH as their preferred method of paying bills, followed by check and then credit card.

Both brokers and employers also provided their views and opinions on Evidence of Insurability for Group Life.

- Many employers reported a high level of satisfaction with their carrier's Group Life Evidence of Insurability process.
- Roughly one in three brokers reported being highly satisfied with the services and features provided generally by Group Life carriers during the Evidence of Insurability process.
- When asked about the importance of services/features of Evidence of Insurability, brokers and employers concurred, and named the same four features as most important.

Employee Benefits Billing

Brokers and employers were asked various questions about their preferences for and experiences with employee benefits billing.

Billing Preferences

We asked both brokers and employers which method of billing their clients/they prefer for the following types of benefits: employer-paid, employee-paid, and shared cost.

Brokers and employers agreed on the preferred billing method for all three types of benefits asked about. Brokers reported that most of their clients would prefer *list bill* for all three types of benefits, and employers substantiate their view, with most saying they prefer *list bill* for all three.

Beyond list bill, self-applied premium bill and electronic payroll deduction bill file were named less commonly.

This suggests that, when possible, brokers should try to facilitate the use of list bill for their clients.

Carriers Used for Both Employer- and Employee-Paid Benefits

We asked both groups which carriers/vendors they work with who provide both an employer-paid and an employee-paid benefit to their client/their company.

No one carrier or vendor stood out as the most commonly used for either group; instead, and perhaps not surprisingly, many carriers/vendors were named.

Here are brokers' top five mentions (shown in alphabetical order):

- Blue Cross/Blue Shield
- Guardian
- Lincoln Financial
- MetLife
- Unum

These are employers' top five mentions (shown in alphabetical order):

- Blue Cross/Blue Shield
- Cigna
- Delta Dental
- MetLife
- Unum

We see some similarities between the two lists above; both groups named Blue Cross/Blue Shield, MetLife, and Unum as the most common carriers/vendors used for both employer-paid benefits and employee-paid benefits. Beyond that, other top mentions are different.

By the Numbers: Carriers Used

We took a look at *employers' responses* for carriers / vendors they work with that provide their company with both an employer-paid and an employee-paid benefit, by company size category.

Both small (less than 500 employees) and mid/large (500+ employees) company sizes named three of the same carriers / vendors most commonly: Blue Cross/Blue Shield, Delta Dental, and MetLife.

Beyond that, we find that mid/large companies are more likely than small companies to name Cigna and Liberty Mutual (they are also marginally more likely to say Delta Dental than small companies), while small companies are marginally more likely to cite Unum as a carrier / vendor they work with.

Brokers and Employers talk about ways billing could be improved...

Here are brokers talking about what would make them very satisfied with their current billing methods:

"The client wanted it separate but the carrier couldn't accommodate the request. Then, the billing was incorrect and it took 6 months to fix."

"It is timely and accurate always."

"Allow more online access."

"Easier to read billing statement."

"Simplified computer billing and simplified change system (adds and terms)."

"Few errors on bill."

"I would like to see more hands on help from the carrier. They are not always readily available to help with billing issues, claim issues."

"That their billing system was easier to work with. My client frequently has problems with the adds and terms of the multiple lines of coverage."

Here are employers talking about what would make them very satisfied with their current billing methods:

"Billing is correct and timely."

"It is hard to compare the bill to our internal payroll excel. It would be great to be able to export the bill and manipulate the data to fit our needs."

"More accuracy of the billing statement. Changes to member statuses are duplicate billed the following month and I have to be the one to adjust it."

"Better response time when we have questions or concern."

"Easier website navigation - not through the TPA."

Carriers Used for Both Employer- and Employee-Paid Benefits (cont.)

We also looked at employer responses to this question by company size. Not surprisingly, we find some similarities and some differences between small size companies and mid/large size companies. See left side bar on previous page for details.

Satisfaction with Current Billing Method

We then asked brokers and employers how satisfied they are with the current billing method available through the carriers/vendors that provide both employer-paid and employee-paid benefits to their clients/themselves.

For the most part, both brokers and employers reported high levels of satisfaction with the current billing methods used by their carriers/vendors.

These findings are positive in two ways: that both groups are highly satisfied, and that brokers show a clear understanding of their clients' needs and opinions.

Ways to Improve Satisfaction with Billing

We also asked participants what would make them 'very satisfied' with the current billing method.

While both brokers and employers are generally happy with billing, they did offer suggestions for ways in which billing could be improved. Both groups tend to name similar suggestions, such as: more accurate billing, easy to understand/simpler billing, timeliness of billing/fixes/etc., greater detail in billing, better summaries and consolidation (where possible), greater flexibility, better customer service in fixing errors, and use of more or better electronic capabilities.

See left sidebar for representative quotes from both groups.

Preferred Schedule for Billing

We asked brokers and employers which bill schedule their clients/they prefer.

- ✓ **Brokers and employers agreed that monthly billing is the most preferred schedule for billing**, rather than more frequent billing schedules such as semi-monthly, weekly or bi-weekly.

Brokers reported that the majority of their clients prefer monthly billing schedules. Employers validated brokers' opinions; the majority said they prefer monthly billing.

Again, this demonstrates that brokers have a good understanding of their clients' needs with regard to billing.

Preferred Channel of Receiving Bill

We asked both brokers and employers what their clients' / their preferred channel for receiving their bill would be.

Brokers reported that their clients have various preferences; they think about one in three would prefer to receive their bill by each of the following channels – online via website, online via email, or mail.

Nearly all employers we surveyed indicated they would prefer to receive their bill online, either via website or email. Close to zero employers selected mail as preferred.

These results suggest a possible disconnect between brokers' views and employers' preferences. Brokers may want to make sure they have a clear understanding of how their clients prefer to receive their bills.

Format Bill is Presented In

We asked employers only about the format of their current billing from carriers providing their company with both employer-paid and employee-paid benefits.

When it comes to the bill format they receive, **most employers reported that they receive a single bill where the total contains the amount of both employer- and employee-paid benefits owed.** Roughly one in ten said they receive a single bill segmenting employer-paid benefits from employee-paid benefits.

When we asked them what format they prefer for their billing, more than half of employers named **a single bill where the total contains the amount of both employer- and employee-paid benefits owed.** Yet, about one in three said they would prefer a single bill segmenting employer-paid benefits from employee-paid benefits.

These results show a small gap in preferences and highlight a possible need. While many employers are receiving their bills in their preferred format (one single bill with a total of all benefits owed), there are a number of employers who would prefer to receive a single bill segmenting employer- and employee-paid benefits.

Bill Payment Submission Format

Again, we asked employers only how they submit payment for their bills to carriers/vendors who provide their company with both employer- and employee-paid benefits.

When it comes to the paying the bill, **nearly all employers said they pay one payment that covers both employer- and employee- paid benefits.** Very few employers make separate payments for employer- versus employee- paid benefits.

When we followed-up and asked them how they prefer to pay their bills, the majority named **a single payment that covers both employer- and employee- paid benefits.**

Employers talk about the Evidence of Insurability Process...

Here are employers talking about what Group Life carriers could do to improve the Evidence of Insurability process:

"State exactly what will be expected, full physical, medical records required. Is vaguely stated and employees do not realize what underwriting is requiring."

"It process is very cumbersome. It should be completely electronic and seamless with the enrollment process."

"Make the EOI shorter and more to the point. Enrollees are discouraged from applying for coverage higher than the guaranteed issue because the paperwork is so daunting."

"Quicker response to EOI applications would be great. Last year they took over two months to approve additional life insurance for some employees and the payroll deduction process was completely thrown off."

"Have it electronic/online and have the decision made more quickly."

"Responses being more timely and keeping us advised in a more consistent basis of status of EOI."

Preferred Method of Payment

We asked both brokers and employers about their clients'/their preferred method of paying bills.

Both brokers (for their clients) and employers (for themselves) **identified the same order of preference for paying bills:**

1. EFT/ACH
2. Check
3. Credit card

Interestingly, about one in five brokers said they didn't know what form of payment their clients would prefer.

Brokers responses suggest some knowledge and understanding of their clients' payment preferences. Yet, there are a number of brokers who could learn more about their clients in their area.

Evidence of Insurability (EOI)

We asked both groups about their opinions and experiences with Group Life Evidence of insurability.

Evidence of Insurability (EOI) is the process by which employees, who are applying for life insurance benefits above a pre-set limit, respond to certain health or behavioral questions, and if necessary, submit medical information or participate in an exam

Employer Satisfaction with Group Life EOI Process

We asked employers only how satisfied they are with their carrier's Group Life Evidence of Insurability process.

In general, employers reported being happy with their carriers in this area. **More than half said they were highly satisfied with the EOI process.** These findings are very favorable for carriers; yet, there is room for improvement.

See left sidebar for representative quotes from employers on what carriers could do to improve the Evidence of Insurability process.

Broker Satisfaction with EOI Features for Group Life

We asked brokers only how satisfied they are with the services and features that Group Life carriers provide during the Group Life Evidence of Insurability process.

About a third of brokers indicated being highly satisfied with the services and features, while others reported moderate to low levels of satisfaction.

These findings indicate that brokers feel there is room for improvement in the services and features provided by Group Life carriers. In the next section, we explore which services and features are most important to both groups.

Brokers talk about the Evidence of Insurability Process...

Here are brokers talking about what Group Life carriers do particularly well during the Evidence of Insurability process:

"Carriers with an online application for E of I rather than the paper forms. This speeds up the process and prevents incomplete applications."

"Mailing directly to employees and following up if they do not receive anything back."

"The best carriers are those that process the EOIs quickly and provide explanations for any denials."

"Their EOI questions are very straight forward and simple. They want to write the coverage."

"Ability to log on the website and check status and be able to let the our group know when it has been completed."

"Explain the process so employees understand what to expect."

"Being able to coordinate with online enrollment system, automatic follow with employees that require EOI, automatic updates to employers regarding open/pended and approved forms."

Broker Satisfaction with EOI Features for Group Life (cont.)

See left sidebar for representative quotes from brokers on what carriers are doing particularly well during the Evidence of Insurability process.

Importance of Services / Features in the Group Life EOI Process

We asked both brokers and employers their opinions about a list of twelve features and services related to Group Life Evidence of Insurability.

We asked brokers how influential these features/services are in their decision to recommend a Group Life carrier to their clients, and we asked employers how influential these are in their decision to select one Group Life carrier over another.

Brokers and employers agreed on the most important features/services; both groups named the following features and services as most important (in order of importance):

1. Real time notification/access for Employees to complete Evidence of Insurability form
2. Evidence of Insurability status notifications and reminder communications to employees
3. Employee eSignature (allowing Employees to provide an electronic signature, versus requiring a paper signature)
4. Having the ability to provide Employee communications across three channels (paper, online, email)

Brokers and employers are on the same page when it comes to features and services important for Group Life Evidence of Insurability. It's clear that as both groups assess Group Life carriers and their offerings, these features and services will be influential.



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