



## Benefits Briefing VOLUME 21

Perspectives on Health Care Reform, Open Enrollment, Identity Theft Protection Insurance, and Non-Medical Insurance Providers from a Survey of Employers & Brokers  
(Q4, 2013)

National Employee Benefits Advisory Forum (NEBAF)

## Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in December 2013 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 447 brokers and 159 employers.

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

- Health Care Reform,
- Open Enrollment,
- Identify Theft Protection Insurance, and
- Non-Medical Insurance Providers.

## Executive Summary

This Briefing delves into both brokers' and employers' opinions on and experiences with Health Care Reform.

- Brokers and employers do not agree on the impact of Health Care Reform so far; most brokers reported that Health Care Reform has had a negative impact on their clients, whereas, most employers said Health Care Reform has had little to no impact on their company, including their most recent Open Enrollment period.
- When we asked both groups about health care exchanges, both brokers and employers were in agreement. Most brokers said they are not likely to recommend that their clients switch their medical insurance to exchanges in the next year, and most employers do not expect to switch their medical benefits to exchanges in the next year.

This report also shares findings from employers only on their most recent Annual or Open Enrollment period.

- When we asked employers how they would rate the overall process during their most recent Annual or Open Enrollment period compared to prior years, more than one in three indicated that their most recent process was better than their previous experiences, while most said it was about the same.
- When asked (unaided) about challenges they faced during their most recent Annual or Open Enrollment period, employers readily mentioned challenges such as employee engagement, rising costs, communicating about the ACA, etc.

Both brokers and employers conveyed their views and opinions on Voluntary Identity Theft Protection Insurance.

- Brokers show more interest in learning about this product. About half of brokers say they are interested in learning more about this benefit, compared to only about a third of employers.
- Slightly more than a third of brokers would be likely to recommend this product to their clients next year, and about a third of employers would likely consider offering this benefit at their company.
- Not surprisingly, current usage of Identify Theft Protection Insurance is low. About half of brokers reported less than 25% of clients currently offer this benefit. Consistent with that, about one in ten employers reported that they currently offer this benefit. Yet, positively, about one in five brokers feel that the percent of clients offering Identity Theft Protection Insurance has increased in the past three years.



## Executive Summary (cont.)

- Both brokers and employers cited LifeLock most commonly as offering this benefit. Yet, notably, about a third of both brokers and employers don't know which companies offer Identify Theft Protection Insurance.

Lastly, the Briefing explores brokers' and employers' opinions of and experiences with Non-Medical Insurance Providers.

- When we asked both brokers and employers about the key characteristics of top or leading providers of non-medical employees benefits products, both groups tended to cite the same attributes. Common themes were related to reputation of a company, pricing, range and flexibility in products and services, and customer service..
- We asked brokers only about the non-medical employee benefits providers they work with. Most brokers reported that they work with mostly the same "core" group of non-medical employee benefits providers today as they did five years ago, and most anticipate working with the same "core" of providers in the next five years.

## Brokers talking about Health Care Reform...

Here are brokers talking about the negative impact of Health Care Reform on their clients:

*"The compliance and communications creating so much extra work. Really didn't impact plans that much. Clients were annoyed at the additional ACA fees passed through to them."*

*"Health care reform has caused much uncertainty and has increased the cost of coverage and will cost companies more by carrying more subscribers that have waived coverage in the past."*

*"All but two of my clients thus far have incurred increases and in most cases higher deductibles/out of pocket max."*

*"The actual impact was much less than the indirect impact that the law, its delays and uncertain and unclear provisions had on my clients."*

*"The additional fees and provisions mandated by health care reform increased their costs. In addition, many have had to extend coverage to more individuals. Finally, HCR has greatly increased my client's administrative burdens."*

## Employers talking about Health Care Reform...

Conversely, here are employers talking about the impact of Health Care Reform:

*"We don't really have part-time folks, our coverage meets the affordable and minimum coverage standards."*

*"We have not had to make many plan design changes but the tax impacts will be high."*

*"We offer a great healthcare package at a good cost - most of our employees are full-time and qualify for coverage so health care reform has little to no impact on our organization."*

*"Mix of positive and negative that seem to balance each other. The uncertainty has been a big negative, but I didn't consider that."*

*"No impact as of yet. HR will have to do more work with tracking and reports. We will keep an eye on FT status employees, but most of the impact will be at the end of 2014 into 2015 unless things get delayed again."*

## Health Care Reform

We asked both brokers and employers various questions about their opinions on and experiences with Health Care Reform.

### Impact of Health Care Reform

First, we asked brokers about the impact of Health Care Reform on their clients. **Roughly three in five brokers said that it has had a negative impact on their clients.**

We then asked brokers why they think it's had a negative impact. The most commonly mentioned reasons include: (See left sidebar for representative comments.)

- ✓ Additional administrative burden
- ✓ Additional compliance and regulations
- ✓ Confusion and uncertainty
- ✓ Cost increases, fees and taxes
- ✓ Rate and premium increases
- ✓ Required plan changes and coverage, limiting design plan flexibility
- ✓ Greater impact on small groups than others

We also asked employers about the impact of Health Care Reform on their company. **Different than brokers, most employers, more than three-fifths, report that Health Care Reform has had little to no impact on their company so far.** About one in three report a negative impact so far. (See left sidebar for representative comments.)

Then we asked employers about the impact of Health Care Reform on their most recent annual or open enrollment period. **Again, we see the majority of employers indicate that Health Care Reform had little to no impact on recent annual or open enrollment periods.** Roughly one in five said they felt a negative impact on recent annual or open enrollment.

These results show a disconnect in the views of brokers compared to employers. Yet, it's unclear whether brokers simply have a wider view seeing the experiences of many clients, or whether they have a greater understanding of the impact of Health Care Reform and what future holds. Either way, brokers are gaining critical experience that will be helpful in assisting and advising their clients down the road.

### Health Care Exchanges

We asked both groups about various exchanges providers, such as the following: state or federal (public) exchanges, a broker or consultant firm's exchange, a health insurance company's exchange, a traditional exchange (i.e. Liazon), or a technology vendor exchange. We asked brokers about the likelihood of recommending their clients switch medical benefits to these exchanges in 2014, and we asked

## Behind the Numbers: Exchanges

Beginning January 1, 2014, the Affordable Care Act mandated that companies with 50+ employees provide healthcare coverage for employees or stop offering their employees health insurance and pay a \$2000 penalty instead (leaving employees to find their own health insurance in health care exchanges).

In the past year, there has been much debate and conjecture as to whether employers would continue to offer medical benefits to their employees with arrival of the ACA and the emergence of health care exchanges of all types.

Yet, as reported in this Briefing's results (see Health Care Exchanges section) and other industry research, so far, employers are staying the course - they are not moving employees into health care exchanges, and do not anticipate doing so in the near future.

In 2012, Aon Hewitt conducted a study of 562 organizations; only 6% of large and mid-size employers indicated they plan to terminate their health plan in the next three to five years.<sup>1</sup>

The 2013 UBA Health Plan Survey, which was conducted among 10,551 employers, found that very few employers are "dumping" employees; a mere 3.5% of employers said they offered employees a payoff - a lump sum in exchange for the revocation of health coverage this year.<sup>2</sup>

<sup>1</sup> Aon Hewitt, *Corporate Health Care Exchange Survey: The Time is Now, Rethinking Health Care Coverage*, 2012.

<sup>2</sup> United Benefits Advisors, *2013 Health Plan Survey*, 2013.

## Health Care Exchanges (cont.)

employers about the likelihood of switching medical benefits to these exchanges in 2014.

**Both groups agree.** Most brokers indicated that they are not likely to recommend switching medical benefits to any of these exchanges in the next year, with one exception; some say they would recommend switching to their own company's exchange. **The majority of employers do not foresee switching medical benefits to any of these types of exchanges in the next year.**

Both groups show a reluctance toward switching medical benefits to health care exchanges in the next year. The good news is that brokers and employers are on the same page. It will be interesting to see whether these findings remain the same in the future.

## Open Enrollment

We also asked employers only about their most recent Annual Enrollment or Open Enrollment period.

### Rating of Process

We asked employers only how they would rate the overall process during their most recent Annual or Open Enrollment period compared to prior years.

**Positively, more than a third said their most recent process was better than their previous experiences**, while most (more than half) reported it was about the same.

We then also asked employers only the reason for their rating. (See left-hand sidebar on the following page for representative comments.)

Those who indicated a better experience cited the following reasons most commonly:

- Added/moved to (new) online process/system
- Employer or broker/another party spent time reviewing materials/changes/ACA in detail
- Limited/no changes to plans
- Process didn't change

These results demonstrate what types of things brokers can be helping with, providing, etc. to make their clients' Open Enrollment experiences better.

### Top Challenges

We also asked employees only about the biggest challenges their organization faced during their most recent Annual or Open Enrollment period.

## Employers talking about reasons for their rating...

Here are employers talking about the reasons for their rating of their most recent Annual Enrollment or Open Enrollment process:

*"No significant changes made is easier but none of them are ever really easy."*

*"We made a concerted effort to get boots on the ground to as many of our sites as possible. The communication packages were enhanced, and we made better efforts in teeing the changes up with subsequent notifications to employees."*

*"We were more prepared and able to have more group and individual meetings with employees to explain their options."*

*"We received a better response. The process was moved from paper to online applications."*

*"It is always pretty smooth for us. We have it down to a science. We anticipated the challenges we would have due to Healthcare Reform so we worked on this all year with our broker to ensure we had adequate time to make our decision and then educate our employees."*

*"It went smoothly but it also went well last year. We had more questions than years before but we had our broker to speak to employees and that helped."*

*"We have a lot of experience and we continued our existing plan."*

## Top Challenges (cont.)

The most common responses were:

- Changes to providers and vendors
- Communicating / educating employees
- Employee engagement
- Explaining the ACA and its impact
- Keeping costs down / dealing with increasing prices
- Problems with online enrollment systems

It's clear that employers are challenged by many facets of Open Enrollment and would benefit from help in these areas.

## Identity Theft Protection Insurance

We also asked both brokers and employers about Voluntary Identity Theft Protection benefits. These are benefits designed to provide online personal information protection with an extensive level of digital security. Typically, the employee would pay the full cost of the benefit, but it would be available via reduced group rates.

### Interest in Learning About Identity Theft Protection

First, we asked both groups about their interest in learning more about this offering.

**Brokers show more interest in learning about this product, than employers do.** About half of brokers say they would be interested in learning more about this product, compared to roughly a third of employers.

When asked about their clients, **only about two in five brokers think that their clients would be interested** in learning more about this product.

Identity Theft Protection Insurance is an area of interest for many brokers, suggesting an opportunity for carriers to help brokers become more familiar with this offering.

### Interest in Recommending/Offering Identity Theft Protection

Then we asked brokers about their likelihood in recommending this product in the next year, and we asked employers the likelihood of considering offering this benefit.

**Here, we see similar responses between brokers and employers.** About a third of brokers reported they would be likely to recommend this product to their clients next year, and a third of employers said they would likely consider offering this benefit at their company.

This indicates that Identity Theft Protection Insurance could be an area of potential growth in the future.

## Snapshot: Voluntary Theft Protection Insurance

A July 2013 report by Towers Watson assessed how employers develop their voluntary benefits strategy and decide on voluntary benefits offerings.

This report identified several voluntary benefits as "emerging" products, just beginning to capture employers' attention. One of these was identify theft insurance. Six percent of 320 employers said they are offering identify theft insurance in 2014, and 14% indicated they are considering it for 2015.

## Current Use of Identity Theft Protection

We asked brokers what percent of their clients currently offer Voluntary Identity Theft Protection to their employees.

Half of brokers reported that between 1% and 24% of their clients currently offer Voluntary Identity Theft Protection Insurance. **Yet, more than one in three say that none of their clients currently offer this benefit.**

Employers' responses support these results. When we asked which insurance products employers offer to their employees, **only roughly one in ten employers indicated that they currently offer Voluntary Theft Protection Insurance.** We find no significant difference between small and larger employers in this area.

Given the positive interest in and response to Voluntary Theft Protection by both brokers and employers, these findings above reiterate a clear opportunity – for brokers to recommend this product to their clients and for employers to offer this product.

We also asked brokers only whether the percent of their clients offering Voluntary Theft Protection Insurance has increased, stayed the same or decreased over the past three years.

**Roughly one in five brokers said that the percent has increased,** while about half said the percent has remained the same. This may indicate a slight upward trend in this offering in the past few years.

## Providers of Identity Theft Protection

We provided both brokers and employers with a list of companies and asked them which they know provide Voluntary Identity Theft Protection Insurance.

Brokers top responses were (in order of mentions):

1. LifeLock
2. Identify Guard
3. Equifax

Employers most commonly mentioned (in order of mentions):

1. LifeLock
2. Equifax
3. Identify Guard

Comparing the two lists, we see they are similar and the two groups both identify **LifeLock most commonly as offering this benefit.**

Yet, notably, **roughly one in three brokers and one in three employers said they don't know,** and couldn't name which carriers provide Voluntary Identity Theft Protection insurance. This finding demonstrates a need for additional education among both groups.

## Brokers talking about Characteristics of Leading Providers...

Here are brokers talking about what makes an insurance carrier a top or leading provider for non-medical insurance employee benefits:

*"They have a great product line including Voluntary benefits and name recognition."*

*"Great name recognition, great service, great claims paying, great financial strength."*

*"Broad spectrum of products, good contracts, A+ rated."*

*"Most competitive pricing, flexibility of benefit design, great customer service."*

*"Rates are competitive, value added service and strong plans."*

## Employers talking about Characteristics of Leading Providers...

Here are employers talking about what makes an insurance carrier a top or leading provider for non-medical insurance employee benefits:

*"Flawless implementation, flexible, competitively priced and excellent customer service."*

*"Very responsive service and support; good website; courteous staff; decent rates; make my job a little easier and deliver good products and services to my employee base."*

*"For our associates name recognition means a lot and from an employer perspective, they have great customer service and easy administrative tools to use."*

*"Full breadth of options, competitively priced, multi-year arrangements."*

*"They spend a lot of money on marketing. Everyone knows their brand."*

## Non-Medical Insurance Providers

We also asked both groups about their experiences with and opinions of providers of non-medical employee benefits products.

### Characteristics of Leading Providers of Non-Medical Insurance

We first asked both brokers and employers (unaided) what makes an insurance carrier a top or leading provider, specifically related to non-medical insurance employee benefits, such as group life, dental, disability, or other accident and health products.

**Brokers' and employers' responses were very similar.** The two groups agreed on key characteristics of leading providers. The most common responses named by both groups were: (See left-hand sidebar for representative comments.)

- Competitive pricing
- Excellent/great customer service
- Good products and services, flexibility in design
- Has a large market share
- Lack of issues, easy to do business with
- Name recognition, lots of advertising
- Wide array of products and services

It's clear that to be a leading provider of non-medical insurance, a carrier must be well-rounded and able to deliver in many areas.

### Brokers' Use of Non-Medical Insurance Providers

We asked brokers only how the mix of providers they work with (when it comes to non-medical insurance employee benefits) has changed over time.

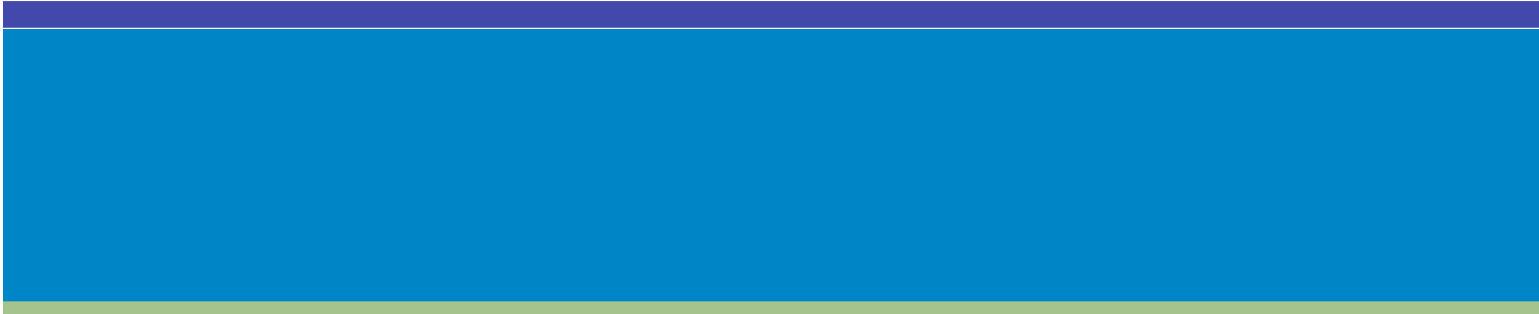
**The majority said they work with mostly the same "core" group of providers today as they did five years.**

We also asked brokers only about how their top five providers for non-medical insurance employee benefits will change over the next five years.

Again, most brokers respond in the same way; **they expect to work with mostly the same "core" group of providers in the next five years.**

This suggests that establishing and building relationships with brokers is important for providers.





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