



## Benefits Briefing VOLUME 27

Perspectives on MEOI for Group Life & Wellness Programs  
from a Survey of Employers & Brokers  
(Q2, 2016)

National Employee Benefits Advisory Forum (NEBAF)

# Executive Summary

## Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in March and April 2016 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 more than 600 group employee specialists (307 brokers and 305 employers).

This report includes findings from brokers and employers regarding their perspectives on the following topics:

- **Medical Evidence Of Insurability (MEOI), and**
- **Wellness programs.**

This Briefing explores brokers' and employers' experiences with and views on the medical evidence of insurability (MEOI) process for Supplemental, Optional, or Voluntary Group Life insurance.

- When asked questions about the MEOI process, a fifth of employers, and significantly more small employers, say they don't know or have experience in this area; therefore, the following results report on the four-fifths of employers who do have experience in this area.
- Brokers and employers indicate similar levels of satisfaction with the services and features Group Life carriers provide during the MEOI process. Only about a third of both groups report being highly satisfied.
- Both brokers and employers suggest ways that carriers could improve the MEOI process, ranging from faster turnaround on decisions to fully automating the process.
- When we asked both brokers and employers how they would rate the amount of effort it takes to administer the Group Life MEOI process, we find that employers expend less effort than brokers do.
- Both groups identified areas of the group life MEOI process that they find most cumbersome, including amount of paperwork/paper forms required, and tracking down/ coordinating status updates. These correlate closely to participants' ideas for improvements.
- We asked participants to what extent does requiring MEOI impact an employee's likelihood to apply for supplemental, optional, or voluntary Group Life coverage, if at all. Both brokers and employers agree that requiring an MEOI has at least some negative impact of an employee's likelihood to apply for supplemental, optional or voluntary Group Life coverage.

This report also shares findings from both brokers and employers with regard to wellness programs.

- While the vast majority of brokers have at least one client that offers a wellness program, beyond that, overall incidence is relatively low, with about half saying that less than a quarter of their clients offer a wellness program.
- About half of employers report offering a wellness program currently. The prevalence of wellness programs trends up with company size.
- Lastly, when we asked both groups how important various metrics are with respect to wellness programs, employees' awareness and understanding are selected as most critical.

## Brokers and Employers Talking about: Suggested improvements to MEOI

We asked both brokers and employers what a group life carrier could do to improve its MEOI process.

Here's what brokers said:

*"Some carriers do not communicate well to the agent on the status of the MEOI."*

*"Make online during the enrollment process. Make it easy for the individual to access the portal and site. Have a reminder system every few weeks to the applicant and the employer."*

*"Make the MEOI process electronic and more streamlined."*

*"Improve the turnaround time on decisions on approval or denial of the application."*

*"Clearer, more user-friendly applications for employees - sometimes confusing to blue collar employees - turnaround time in processing."*

*"Explain up front to clients what the process is completely."*

Here's what employers said:

*"Group carriers need to be more interactive with the applicants. The forms are cumbersome, and I think that there should be an easy portal so they can go in and privately submit what they need."*

*"Current lack of communication regarding submission and receipt of EOI paperwork. Delay in processing approval and/or notification of increased coverage."*

*"Make it simpler to understand for employees."*

*"Increased Customer Service."*

*"Make the form less intimidating - more inviting and friendly feeling."*

*"Quicker response, make the form easier to submit, who uses fax anymore?"*

## Medical Evidence of Insurability (MEOI)

We asked both brokers and employers about their experience with the medical evidence of insurability (MEOI) process for Supplemental, Optional, or Voluntary Group Life insurance. MEOI 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.

### Satisfaction with Group Life Carriers in the MEOI Process

We asked both brokers and employers how satisfied they are with the services and features group life carriers provide during the Group Life MEOI process.

About a fifth of employers say they don't know or it's not applicable. This is mainly driven by small employers, of which about two in five say have no knowledge or experience with the process.

Beyond that, **brokers and employers report similar and fairly low satisfaction levels; only about a third of brokers and two-fifths of employers say they are highly satisfied with group life carriers in the MEOI process.**

While it's good news that the two groups have consistent experiences and views, this indicates that there is substantial room for improvement in satisfaction with group life carriers. Brokers who can facilitate a better, easier MEOI process for their clients may be able to differentiate themselves.

### Suggested Improvements for the MEOI Process

Next, we asked both groups, unaided, what a group life carrier could do to improve its MEOI process.

The majority of brokers and employers are able to identify ways in which carriers can improve the current MEOI process.

**Brokers' top mentions include** (in alphabetical order):

- Better, clearer forms / questions
- Educate employers more
- Faster turnaround
- Improve communication overall / communication on status of process / to all parties involved
- Keep brokers informed / up-to-date
- Make process completely online/automated/streamlined

**Employers name the following most commonly** (in alphabetical order):

- Better, clearer forms / questions
- Educate employers /make easier to understand

## Suggested Improvements for the MEOI Process (cont.)

- Faster turnaround
- Improve communication / communication on status of process
- More/better customer service available
- Make process completely online/automated/streamlined

See left sidebar on previous page for representative verbatim responses.

It's clear that many believe that the Group Life MEOI process could be improved.

## Effort to Administer Group Life MEOI Process

We asked both brokers and employers how they would rate the amount of effort it takes for themselves or their firm to administer the Group Life MEOI process.

Again, we see about one in five employers saying they don't know, most prevalent among small employers.

Beyond that, **employers report that they expend less effort on administering the MEOI process than brokers.** Nearly three-fifths of employers indicate that they/their firm expends little or low effort, compared to about two-fifths of brokers saying that they/their firm expends little or low effort. These results are not surprising, as brokers most likely are assisting clients and assuming some of the burden associated MEOI on their clients' behalf.

## Most Cumbersome Aspect of the Group Life MEOI Process

Next, we followed up and asked both groups, unaided, what is the most cumbersome aspect of the Group Life MEOI process, beyond the need to provide medical evidence.

Responses correlate to suggested improvements. **Brokers most commonly name the following** (in alphabetical order):

- Amount of paperwork / paper forms required
- Coordinating payroll deductions/confusion around payroll deductions
- Explaining the process to employers and/or employees
- Getting employees to complete the necessary information (fully and correctly)
- Tracking down / coordinating status updates
- Waiting for approval

About a fifth of employers say that nothing/not sure what is cumbersome about the process. Among those answering, the top mentions are **very similar to brokers'** (in alphabetical order):

- Amount of paperwork / paper forms required
- Helping employees understand the process/answering questions

## Brokers and Employers Talking about: the Most Cumbersome Aspect of MEOI

We asked both brokers and employers what is the most cumbersome aspect of the Group Life MEOI process.

Here's what brokers said:

*"Chasing down info for employees and finding out where the app is in process."*

*"Communication and information flow. I've found that employees get letters at home that they disregard or accidentally throw away. There have also been times that an employee will respond to the carrier and the carrier never acts upon the information, leaving the MEOI in limbo."*

*"Explaining to employees why they need to submit the medical evidence and having a single point of contact at the carrier to answer any employee questions."*

*"Getting the individual to submit the necessary information in a timely manner."*

*"Waiting for the response from the carriers to see if an employee qualified for more."*

*"The amount of paperwork involved."*

Here's what employers said:

*"Getting employees to actively participate, it would be better and easier if the process was made more enjoyable and interesting."*

*"Explaining why the insurance company needs this info."*

*"Knowing when someone has been approved so we know when to start charging their payroll."*

*"Maneuvering through the paperwork."*

*"Waiting for confirmation, determining the effective date, and charging the employee appropriately."*

*"Assisting with the forms because they are so confusing and unclear. Checking up on status when an employee has not heard anything for months."*

## Most Cumbersome Aspect of the Group Life MEOI Process (cont.)

- Getting employees to complete the necessary information (fully and correctly)
- Handling follow-up of outcomes, particularly denials
- Tracking down / coordinating status updates
- Waiting for approval

See left sidebar for representative verbatim responses.

We see very similar responses among brokers and employers, again, showing agreement between the two groups on their experiences and opinions in this area.

## Impact of MEOI on Likelihood to Apply for Additional Life Coverage

We asked participants to what extent does requiring MEOI impact an employee's likelihood to apply for supplemental, optional, or voluntary Group Life coverage, if at all.

Consistent with other MEOI questions, nearly one in five employers say they don't know or this does not apply. Again, we see this is driven by small employers.

Among brokers and employers answering, we find agreement on the impact of MEOI for additional Group Life. **The majority of both groups think that requiring an MEOI has at least some negative impact on an employee's likelihood to apply for supplemental, optional or voluntary Group Life coverage.**

Based on feedback and comments around the MEOI process above, it's not surprisingly to find that both groups think that the process has a negative impact on applications. It is truly in carriers' best interests to address the issues and complaints with this process.

## Wellness Programs

In the next section of the study, we asked both brokers and employers various questions about their experience with wellness programs. Generally, wellness programs are separate from and in addition to medical care coverage, and are defined as a coordinated and comprehensive set of health promotion and protection strategies implemented at the worksite, designed to encourage the health and safety of all employees.

## Prevalence of Wellness Programs

We asked brokers what percent of their clients currently offer a wellness program, and we asked employers whether they currently offer a wellness program.

## Employer-Sponsored Wellness Programs: A Top Priority

According to Prudential's *Ninth Study of Employee Benefits: Today & Beyond*<sup>1</sup>, which was conducted in June and July of 2015, a major priority for employers is to offer wellness programs to employees. These employer-sponsored wellness programs are designed to create healthier employees, which, in turn, should help to manage employee benefits costs.

The study explains that of 1,039 employee benefits decision-makers surveyed:

- 62% said that they are currently, or already have, increased the use of wellness programs.
- Of these employers, 63% reported success with adopting and implementing these wellness programs.

In addition to wellness programs, the study found that the majority of employers surveyed have started to implement other cost management approaches as well:

- 61% of employers cited implementing consumer-directed health plans.
- 59% of surveyed employers are sharing more of the contributory benefit costs with employees.
- 55% of employers reported providing return-to-work accommodations, while 45% state that they provide *stay-at-work* accommodations.

To read the details of the study, visit: [research.prudential.com](http://research.prudential.com).

<sup>1</sup> 9<sup>th</sup> Study of Employee Benefits, retrieved online 5/12/2016 at [http://research.prudential.com/documents/rp/benefits\\_and\\_beyond\\_2016.pdf](http://research.prudential.com/documents/rp/benefits_and_beyond_2016.pdf)

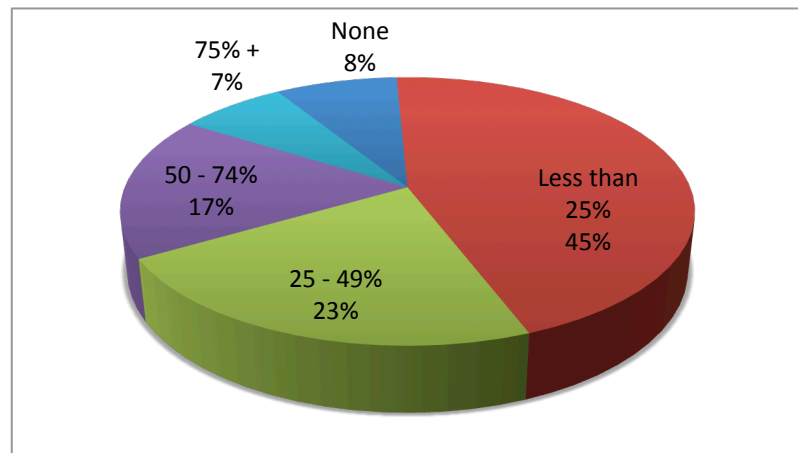
## Prevalence of Wellness Programs (cont.)

Nearly all brokers report that at least some percentage of their clients offer a wellness program – with only 8% saying none of their clients offer a wellness program.

However, most – nearly 70% – say that less than half of their clients offer a wellness program. In addition, nearly half report that under a quarter of their clients offer a wellness program. This suggests that there are opportunities for growth in this area.

The chart below shows the full breakdown of results among brokers.

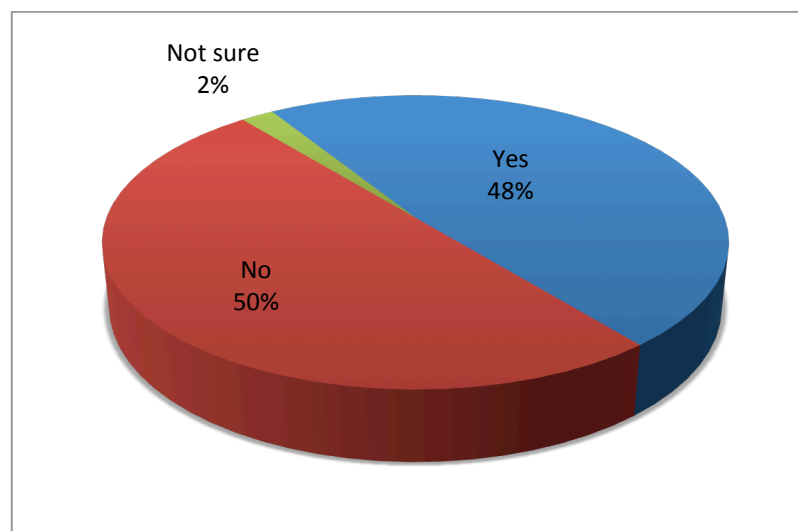
Percent of Clients Offering a Wellness Program



Comparably, about half of employers say they currently offer a wellness program; again, this shows opportunity for growth in this area. With recent popularity of these programs and research on their benefits, it's surprising that not more employers are utilizing these types of programs to help manage costs.

The chart below shows the breakdown of results among employers.

Percent of Companies Offering a Wellness Program





## Prevalence of Wellness Programs (cont.)

When we look at results by size of company, significant differences emerge. **Not surprisingly, the prevalence of wellness programs trends up with company size, with larger and mid-size companies more likely to offer wellness programs than small size companies.** Only about a quarter of small companies offer wellness programs, compared to more than half of mid-size and more than three-quarters of large companies.

These findings indicate an opportunity for brokers, particularly in the mid-size market, where clients might benefit most from these programs (compared to small companies where benefits might not outweigh administrative and other costs).

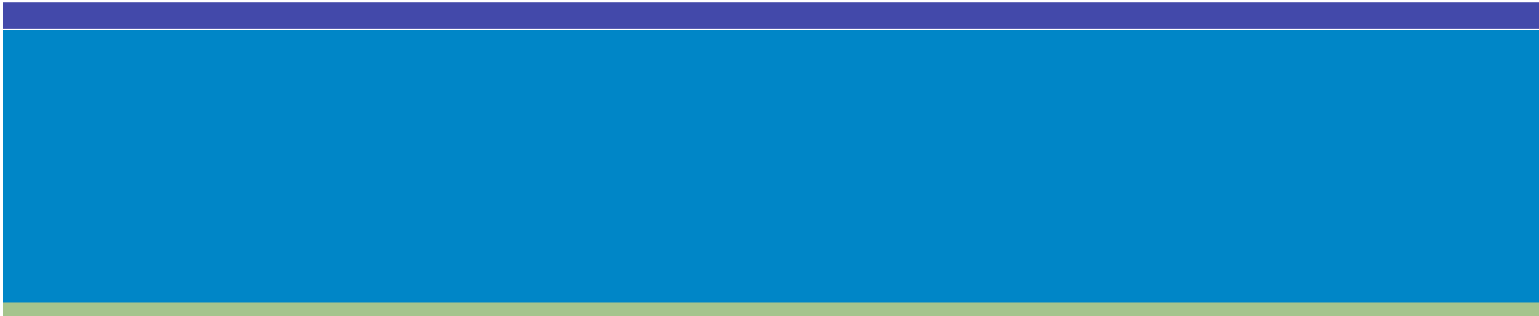
## Importance of Metrics for Wellness Programs

We asked brokers (those whose clients have wellness programs) and employers (those who currently offer wellness programs) about the importance of various metrics with respect to wellness programs, and found interesting similarities and differences when comparing responses between the two groups.

Both brokers and employers identify the metrics of **employee awareness and employee understanding** as very important, with more than four-fifths saying 'highly important'.

Beyond that, more brokers think that **employee participation** is highly important than employers do (more than four-fifths compared to roughly three-fourths). More brokers than employers also consider **rewards** (such as cash prizes) to be highly important (about two-thirds compared to about half).

Brokers may wish to explore these areas of disconnect with their employer clients, in order to better understand their needs and help employers construct strategies and communications that enhance employee awareness and understanding of, and participation in, wellness programs.



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