



Benefits Briefing VOLUME 29

Perspectives on Thought Leadership, Employee Discount Programs, and
Employee Benefits Decision-Making from a Survey of Employers & Brokers
(Q3, 2016)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in July and August 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 (308 brokers and 305 employers).

This summary includes perspectives from brokers and employers regarding:

- Employee benefits-related thought leadership research,
- Employee discount programs, and
- Decision-Making for Employee Benefits (perspective of employers only)

Executive Summary

This report shares findings from both brokers and employers in the areas of employee benefits-related thought leadership research and employee discount programs. Additionally, it includes findings from employers only about decision-making for employee benefits.

When it comes to thought leadership research:

- The vast majority of both brokers and employers have read some type of employee benefits-related thought leadership research in the past year.
- Brokers tend to have read thought leadership material from carriers more often, while employers most often read thought leadership research from trade publications.
- In terms of usefulness of the employee benefits-related thought leadership research sponsors, industry organizations (such as LIMRA) had the highest percentage of brokers rating them as very useful. For employers, brokerage firms received the highest percentage of very useful ratings.
- We also asked brokers and employers to share their level of interest in specific thought leadership research topics. Both brokers and employers express the most interest in compliance and regulatory issues as a compelling thought leadership topic.

Regarding employee discount programs:

- We asked brokers to share with us what percentage of their clients offer a discount program through a medical or non-medical insurance benefits carrier or other association/company. For discount programs offered through either medical or non-medical insurance benefits carriers, approximately two-thirds of brokers stated that at least a portion of their clients offer a discount program to employees in those ways.
- About half of employers said that they offer an employee discount program. Most frequently, such discount programs are offered through another association/company.
- Interestingly, over half of the employers who offer a discount program say that less than half of their employees utilize the programs offered.
- Of the employers who say that their company offers an employee discount program, most indicate that they believe their employees to be fairly satisfied with the programs.
- Additionally, when this same group of employers was asked how valuable they think their employees perceive the discount program to be, the majority of employers stated that they believe their employees find the discount programs to be reasonably valuable.



Executive Summary (cont.)

Employer perspectives on Decision-Making for Employee Benefits:

- When employers (only) were asked if their company made any changes to non-medical benefits in the past three years, almost all employers indicated they had, with the majority saying it was a renewal with an existing non-medical benefit carrier.
- We then asked this group of employers who made changes to non-medical benefits whether they used a broker, agent, professional employment organization (PEO), or other advisor during the process. The vast majority who were asked this question said that they had. Additionally, we asked this same group of employers if their use of a third party (broker, agent, etc.) has recently changed or if they anticipate it to change and the vast majority said they that no changes had been made and they do not anticipate any.
- Finally, of the employers who made changes to non-medical benefits, about two-thirds said that the change had to do with life insurance and approximately another two-thirds said it involved dental insurance.

Thought Leadership Research

Both brokers and employers were asked about their opinions and experiences related to thought leadership research specific to the employee benefits industry.

Exposure to Thought Leadership Research Material

We asked both brokers and employers about their involvement with employee benefits-related thought leadership research. Specifically, we asked both groups if they have read any employee benefits-related thought leadership research publication in the past 12 months.

The majority of both brokers and employers stated that they have read some kind of employee-benefits related thought leadership research publication in the past year.

Sponsors of Thought Leadership Research

We then asked brokers and employers who said that they have read some kind of thought leadership research in the past 12 months to indicate from which sponsors they read the material.

Nearly three-fourths of brokers cited carriers as their source of thought leadership research; however, less than two-fifths of employers stated that carriers were the sponsor of thought leadership research they've read. In light of this gap, both brokers and carriers may want to be sure that their employer clients are aware of carrier-published thought leadership materials available in the marketplace.

Interestingly, trade publications were a popular source for both groups, with over three-fifths of brokers and over half of employers naming trade publications as the sponsor.

Usefulness of Thought Leadership Research Sponsors

Then we asked both brokers and employers to share how useful they find the employee benefits-related thought leadership from sponsors they've read.

The following table compares how brokers and employers rated the usefulness of particular thought leadership research sponsors. The sponsors are ranked by the percentage indicating “very useful.”

Usefulness of Thought Leadership from Various Sponsors

Rank	Brokers	Employers
1	Industry organizations	Brokerage firms
2	Trade publications	Industry organizations
3	Carriers	Trade publications
4	Brokerage firms	Carriers
5	Mass Media	Mass Media

What is Thought Leadership Research?

We defined employee benefits-related thought leadership research as the publishing of articles, videos, or any other form of original research content regarding trends in, and topics having to do with, the employee benefits industry.

Thought Leadership Research: An Example

The LIMRA thought leadership article, “Using Behavioral Economics to Market Life Insurance,”¹ shares key findings from a LIMRA research study that was conducted to see if a different approach to life insurance sales would be effective. Specifically, the research was conducted to see if the principles of behavioral economics, when applied to presenting life insurance coverage to consumers, could help encourage consumers to make rational decisions about life insurance.

Using behavioral economics, the researchers tested marketing messages that capitalized on certain biases consumers (inherently) have towards life insurance. The messages were geared towards peoples’ tendency to avoid loss, live in the present, and follow the crowd, and ended up having a positive effect on peoples’ perception and decision-making when it comes to life insurance.

The content of this thought leadership research article focuses on one of the topics that many brokers and employers said would be of interest to them, which is enrollment trends (as seen on the next page). Both brokers and employers could ultimately use the information from this thought leadership study to help employees make rational, informed decisions when it comes to life insurance coverage.

¹ *Using Behavioral Economics to Market Life Insurance*, LIMRA Insights, April 2016. Retrieved online on 9/9/16 at http://www.limra.com/uploadedFiles/limra.com/LIMRA_Root/Posts/PR/Thought_Leaders/_PDF/LIMRA-Landry-Douglas-INNM0416.pdf

Usefulness of Thought Leadership Research Sponsors (cont.)

As shown in the table on the previous page, **industry organizations (such as LIMRA) had the highest percentage of brokers** giving a rating of “very useful” when it comes to sponsors of employee benefits-related thought leadership research. Conversely, **for employers, brokerage firms received the highest percentage of “very useful” ratings.** Interestingly, mass media had the lowest percentage of both brokers and employers who rated it “very useful.”

It's not surprising to see that participants find industry organizations to be very useful. These organizations also tend to be, or perceived to be, more independent and impartial than other sources of information.

Thought Leadership Research Topics of Interest

Next, we asked both groups which employee benefits-related thought leadership topics they are interested in reading about.

The table below shows the top ten topics for each group, listed in order of percentage of brokers and employers who indicated interest.

Topics of Interest

Brokers	Employers
The latest in Compliance and Regulatory issues	The latest in Compliance and Regulatory issues
New products	New products
Employer benefits objectives	The ROI for offering benefits
Enrollment trends	How benefits are linked to loyalty
Financial concerns of employees	Financial concerns of employees
The ROI for offering benefits	Enrollment trends
Different demographic segments of employees and their attitudes toward benefits	Employer benefits objectives
The need for insurance and benefits protection	Different demographic segments of employees and their attitudes toward benefits
How benefits are linked to loyalty	Industry-specific themes
Interest and prevalence in benefits	Interest and prevalence in benefits

As illustrated in the table above, the two topics that received the highest percentage of those indicating interest were the same between brokers and employers: **compliance & regulatory issues and new products.** This alignment between brokers and employers underscores the fact that there is a critical interest in information on

Talking About: Monthly Updates about Employee Benefits-Related Thought Leadership Research

Both participant groups were asked how interested they would be in receiving monthly updates with new and recent survey results on employee benefits-related thought leadership research.

The results were similar between each group, as just about half of both brokers and employers stated that they would be interested in receiving monthly updates with new and recent survey results on employee benefits-related thought leadership research.

We asked both brokers and employers why they would be interested in these monthly updates and this is what they shared:

Brokers:

"We are in a very active role of providing guidance and leadership for many employers and to have knowledge based research to back up our presentations is always valuable for our business."

"We are a small local agency. We need thought leadership from external sources to stay on top of industry changes and challenges."

"Today's broker cannot just sell or even service client accounts. Knowledge and industry insight is key to maintaining a competitive edge. Access to emerging information and trends is a necessity. Having that information pushed to me rather than me having to chase it is a bonus."

Employers:

"You can never get enough information in your macro environment on healthcare, retirement plans and their constant evolution. You have to be ahead of the changes in the benefit world."

"I am always interested in ways that we can offer great benefits to employees and still be cost effective."

"Monthly updates would keep me up to speed on the latest trends and developments, and assist in our strategic approach to benefits throughout the year instead of just at open enrollment planning."

Thought Leadership Research Topics of Interest (cont.)

these topics.

Beyond that, the topics of interest between brokers and employers vary somewhat.

Most Interesting Leadership Research Topics

For those brokers and employers who indicated interest in thought leadership topics, we asked them to rank those particular thought leadership topics based on their level of interest.

The following is a list of employee benefits-related thought leadership topics that brokers identify most frequently as most interesting (listed in order of interest rankings):

1. The latest in Compliance and Regulatory issues
2. Employer benefits objectives
3. New products
4. Financial concerns of employees
5. Enrollment trends

Employers most frequently cited the following topics as most interesting (listed in order of interest rankings):

1. The latest in Compliance and Regulatory issues
2. The ROI for offering benefits
3. Financial concerns of employees
4. How benefits are linked to loyalty
5. New products

Both brokers and employers most frequently cite compliance and regulatory issues as the most interesting thought leadership topic. From there, the lists vary slightly between both groups in terms of particular topics and level of interest, but we do see that both groups are also most interested in new products and financial concerns of employees when it comes to thought leadership topics.

Employee Discount Programs

Brokers and employers were asked about discount programs provided to employees through an insurance carrier. Discount programs were defined as programs in which employees are automatically enrolled, that helps them save money on purchases such as computers, cars, cell phone services, etc.

Prevalence of Employee Discount Programs among Brokers

We asked brokers to share with us what percentage of their clients offer a discount program through a medical or non-medical insurance benefits carrier or other association/company.

Prevalence of Employee Discount Programs among Brokers (cont.)

When it comes to a discount program offered through a medical insurance benefits carrier, approximately two-thirds of brokers stated that at least a portion of their clients offer a discount program to employees that way. About the same percentage of brokers said that a portion of their clients offer a discount program through a non-medical insurance benefits carrier.

We also asked brokers how often a carrier includes a discount program in their quote for a non-medical product bundle. About three-fifths said that a quote is sometimes/about half the time included, **while approximately one-fifth reported that a quote is included always/most of the time.**

Finally, only about one-third of brokers indicated that a portion of their clients offer a discount program through another association/company.

Prevalence of Employee Discount Programs among Employers

We also asked employers if their company offers a discount program through a medical or non-medical insurance benefits carrier or other association/company.

Roughly half of employers reported that they offer a discount program to their employees. About one-third said a discount program is offered through another association/company (not an insurance benefits carrier). Furthermore, nearly one-fifth indicated that a discount program was offered to employees through a non-medical insurance carrier, and a little more than 10% reported that a discount program was offered through a medical insurance carrier.

Is there an opportunity here for brokers? With only half of employers offering discount programs to employees, brokers may benefit from understanding why some employers do not offer these programs and whether they might want to do so.

Employer Communication Regarding Discount Programs

For those employers who said that their company offers a discount program to employees, we asked them how often they/their company or their discount program provider communicate with employees about program availability.

The most common frequency cited was annually, with nearly two-fifths of employers saying that is how often their employees receive communications about discount program availability. The second most commonly cited frequency was quarterly, with about one-fifth of employers stating that's how often the communications were provided.



Product Focus: Types of Non-Medical Benefits Involved in Change

We asked employers who have added, switched, or renewed non-medical benefits in the past three years to indicate the specific non-medical benefits involved.

The following is the list of non-medical benefits that employers said they added, renewed, or switched carriers for in the past three years (listed in order of highest percentage of employers):

- Life insurance
- Dental insurance
- Disability insurance
- Vision insurance
- Critical illness, accident, hospital indemnity or other supplemental medical product

Utilization of Employee Discount Programs

We asked those employers whose company offers a discount program about the approximate percentage of employees who currently utilize the discount program(s).

Interestingly, over half of the employers who were asked this question shared that less than half of their employees utilize the discount program(s) offered.

Utilization may be tied to frequency of communications. By increasing communication with employees about discount program availability, employers may see more employees utilize these benefits.

Perceived Employee Satisfaction with Discount Programs

We also asked this same group of employers (those whose company offers a discount program to its employees) about their employees' satisfaction and perceived value of the discount programs offered. First, we ask employers how satisfied their employees are with the discount program(s) in which they are currently enrolled.

While very few employers stated that their employees were very satisfied, there were also even fewer employers who stated that their employees were very dissatisfied; the vast majority of responses fell somewhere in between. **The majority of employers indicated a fair amount of satisfaction** among employees when it comes to the discount programs in which they are currently enrolled.

We then asked these employers how valuable they think their employees perceive the discount program(s) to be.

Similar to employee satisfaction with discount programs, very few employers said they believe their employees find the program(s) to be very valuable, but very few employers also said they think their employees do not find it valuable at all. Again, **most employers who were asked this question provided responses that indicate they believe their employees find the discount programs to be at least reasonably valuable.**

Decision-Making for Employee Benefits

We asked employers only some questions about decision-making for employee benefits and who they work with when making decisions.

Changes Made to Non-Medical Benefits

We asked employers to indicate what actions their company has taken in the past three years with respect to non-medical benefits such as dental, life, disability, or accident insurance. The chart below shows the results.



Changes Made to Non-Medical Benefits (cont.)

Talking About: Employers' Recent and Future Use of a Third Party for Non-Medical Benefit Change

After we asked employers whether their use of a broker, agent, professional employment organization or other advisor has changed recently, or if they anticipate this changing in the next 12-24 months, we asked for the reason behind their answer.

For those employers who said there has not been a recent change and/or they do not anticipate a change, here are some of the reasons they provided:

"We love our broker and really appreciate her help with the process of evaluating, shopping, educating and enrolling."

"We have worked with our Broker for at least 12 years and are very happy with our relationship. They provide great compliance assistance and are very helpful during the renewal process."

"We have a very long-term and successful relationship with our benefits consultants for those plans that we use one."

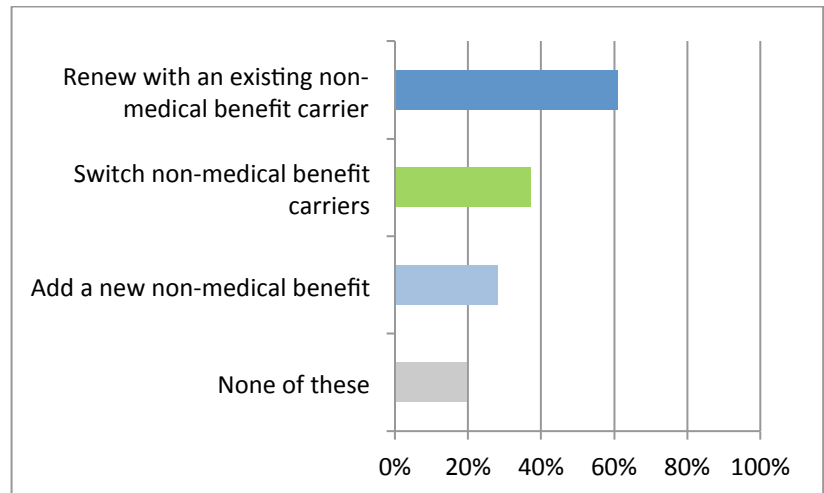
For those employers who said there has been a recent change and/or they do anticipate a change, here are some of the reasons they provided:

"Dynamics of company are changing and need broker with more experience and creativity."

"We have not had very much success in the relationship with our current broker. They are not able to keep up with our growing needs."

"Since ACA existed, our status as a large group as has changed to a small group. Hence, we will not get the discount that we once received in the past."

Percentage of Employers by Type of Change Made



Over half of employers said that their company has renewed with an existing non-medical benefit carrier in the past three years. About two-fifths have switched non-medical benefits carriers.

3rd Party Involvement in Non-Medical Benefit Changes

The employers who indicated that they've either added a new non-medical benefit, switched non-medical benefit carriers, or renewed with an existing non-medical benefit carrier, were then asked a series of questions regarding that process(es).

First, we asked these employers whether their company used a broker, agent, professional employment organization (PEO), or other advisor during the process.


The vast majority of employers who were asked this question indicated that they did use one of those third parties.

Then we asked the same group of employers whether their use of a broker, agent, professional employment organization or other advisor has changed recently or if they anticipate this changing in the next 12-24 months.

Roughly three-quarters of employers who were asked this question said their use of a broker, agent, professional employment organization or other advisor has not changed recently and/or they do not anticipate it changing in the next year or two.

See the left sidebar for reason why employers have changed or not changed their use of a broker, agent, professional employment organization or other advisor.

In summary, these results indicate that third parties are a valued and integral part of the non-medical benefits decision-making.



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