



A Special Trends Report VOLUME 28

Perspectives on Voluntary Benefits, Including Voluntary Dental Insurance
from a Survey of Employers & Brokers
(Q3, 2016)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted a special online information exchange in mid-June 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 (305 brokers and 300 employers).

This summary includes perspectives from brokers and employers regarding:

- **Voluntary Benefits, and, specifically,**
- **Voluntary Dental Insurance.**

Executive Summary

In this Briefing, brokers and employers share their experiences with non-medical, non-pension voluntary benefits in general, followed by an in-depth focus on voluntary dental benefits.

We started by asking both groups about which types of employees are offered non-medical, non-pension voluntary benefits.

- On average, brokers reported that about two in three clients offer non-medical, non-pension voluntary benefits to their full-time employees. Beyond that, brokers indicated that far fewer clients (less than 15%, on average) offer voluntary benefits to part-time employees and retirees.
- The majority of employers said they currently offer non-medical, non-pension voluntary benefits to full-time employees. In an interesting departure from broker feedback, of those employers employing part-time workers, nearly two in five report offering them voluntary benefits. Very few employers say they offer voluntary benefits to retirees.
- For both brokers and employers, we see differences in responses based on company size: both brokers servicing larger companies, and larger employers, are more likely to say their clients/they offer voluntary benefits to full- and part-time employees, as compared to smaller brokers/companies.

This Briefing also provides a more in-depth look at brokers' and employers' use of and opinions around voluntary dental insurance.

- The vast majority of brokers indicated that they work with clients on voluntary dental insurance, and nearly all (87%) employers said that they offer employees voluntary dental insurance. Among employers, we see a significant gap by company size: smaller employers (those with less than 100 employees) are more than three times as likely (27%) as those with more than 100 employees (8%) to say they don't offer voluntary dental.
- When we asked both brokers and employers which carriers they are aware of for voluntary dental, both groups most commonly name Delta Dental, followed by MetLife. Guardian is named third most frequently by brokers, while Aetna is third most common among employers. As would be expected, brokers reported higher levels of awareness than employers with nearly all carriers.
- We asked brokers only how likely they are to recommend particular carriers when suggesting that a client offer voluntary dental insurance. Again, we see Delta Dental at the top of the list, followed by MetLife.



Executive Summary (cont.)

- Both brokers and employers agree on the most important attribute when recommending/offering a new voluntary dental insurance carrier – ease of administration. Beyond that, we see some differences; brokers cited past experiences with carrier as second most important, while employers name breadth of products as second most important.
- We asked both groups which carriers they think are best-in-class for key attributes when deciding which voluntary dental insurance carrier to recommend/offer. Both brokers and employers most commonly cited Delta Dental as best-in-class for key attributes.
- When we asked participants whether they recall seeing, hearing, or reading advertising for voluntary dental in the past 12-18 months, brokers are more likely than employers to say yes. Nearly three-fifths of brokers, but only about two-fifths of employers, say they recall seeing, hearing or reading advertising in the past 12 - 18 months.
- Among brokers and employers who said they recall seeing, hearing or reading advertising relating voluntary dental in the past 12 – 18 months, most brokers recall advertising from MetLife, followed by Delta Dental, while employers named MetLife and Delta Dental with equal frequency.

By the Numbers: Part-time Employment Results

We asked employers whether they currently employ any workers on a part-time basis.

Roughly four in five report that they currently employ part-time employees, with the remainder saying they do not.

Larger employers (those with more than 100 employees) are more likely to currently employ part-time workers than those with less than 100 employees.

Did you know? Part-time versus Full-time Employment in the U.S.

A recent report from the U.S. Bureau of Labor Statistics¹ detailed the number of U.S. employees by full-time and part-time designation. The study defined those working less than 35 hours per week to be part-time. According to this report, about 18% of the total employed workers age 16 and over are considered part-time.

Historically, the U.S. has experienced an increase in part-time employment after periods of recession, and the recent 2007 recession was no exception. The percent of employees in part-time positions increased from roughly 17% in 2007 to a peak of 20% in 2010. Current levels of part-time employment are lower than in 2010 but are not quite back to pre-recession levels.

This recent increase in part-time employment has been a topic of economic concern. Most concerning is the increase in those who would like to be full-time but aren't due to lack of opportunities or cut hours, etc.; they are referred to as 'part-time due to economic reasons' (as opposed to those who are 'part-time due to non-economic reasons', meaning they choose to be part-time).

¹Economic News Release, Bureau of Labor Statistics, July 2016. Retrieved online on 7/10/16 at <http://www.bls.gov/news.release/empsit.nr0.htm>.

Voluntary Benefits Offered

We asked both brokers and employers questions about their experiences with non-medical, non-pension voluntary benefits in general (for example, life, dental, or vision insurance plans). We defined voluntary benefits as when an employee/retiree is responsible for paying at least some of the cost of their benefits provided through their employer/former employer.

Specifically, we asked both groups about which *types* of employees are offered non-medical, non-pension voluntary benefits. We broke down employee status into four different types:

- Full-time employees (more than 35 hours/week)
- Part-time employees (less than 35 hours/week)
- Existing retirees (those who have retired in prior years)
- New retirees (those retiring in the current year)

Voluntary Benefit Offerings Among Employee Type

We asked brokers what percent of their clients currently offer non-medical, non-pension voluntary insurance benefits to the various employee groups listed above.

Not surprisingly, brokers reported that clients most commonly offer non-medical, non-pension voluntary benefits to full-time employees. On average, brokers said that roughly two-thirds of their clients currently offer voluntary benefits to full-time employees. Far fewer offer voluntary benefits to other groups. When it comes to part-time employees (those who work less than 35 hours per week), brokers said that only about 10% of their clients offer voluntary benefits, and less than 5%, on average, of clients offer voluntary benefits to retirees.

When we look at results by brokers' client size, we find that brokers with larger clients (100+ employees) are more likely to report that a higher percentage of their clients offer voluntary benefits to both full and part-time workers, as compared to brokers who primarily service clients with less than 100 employees.

We also asked employers to which employee groups they currently offer non-medical, non-pension voluntary insurance benefits. In addition, we asked only those employers who indicated they currently employ workers on a part-time basis whether they offer voluntary benefits to part-time employees (see left side bar for results).

The chart on the following page illustrates employers' responses.

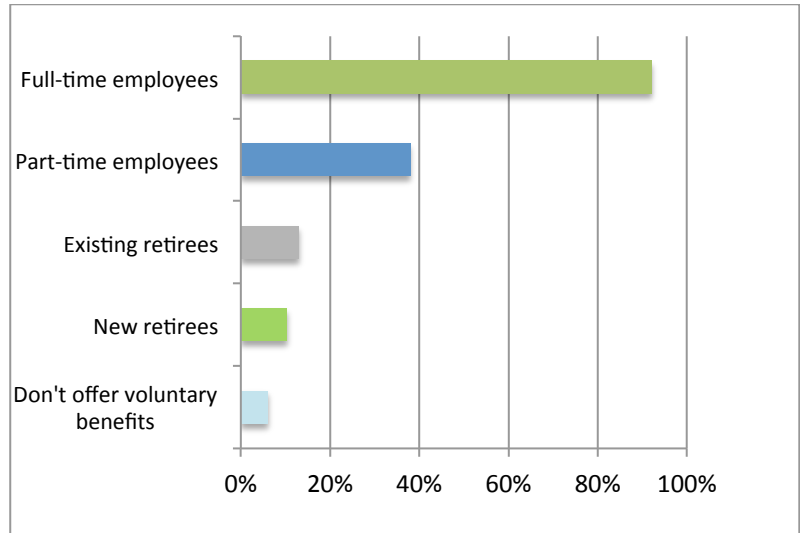
Consistent with broker responses, employers most commonly report that they offer non-medical, non-pension voluntary benefits to full-time employees; **almost all employers stated that voluntary benefits are offered to full-time employees.**

While almost all employers said that they employed part-time

Voluntary Benefit Offerings Among Employee Type (cont.)

employees, less than half of those offer voluntary benefits to part-time employees. For new and existing retirees, about 1 in 10 employers said that voluntary benefits were offered to each group.

Employers' Voluntary Benefit Offerings by Employee Type



When we look at results by employer size, we see similar trends as we did among brokers. Larger employers (those with 100+ employees) are more likely to say they currently offer voluntary benefits to full-time and part-time employees, than are employers with less than 100 employees. Very large employers (those with 5000+ employees) are more likely than those employing fewer than 5000 to currently offer voluntary benefits to existing and new retirees.

While voluntary benefits are becoming more commonly offered (also see left sidebar on the next page), these offerings are primarily only accessible to full-time employees. Brokers and employers may want to consider the benefits (such as employee loyalty and retention, fewer employee absences, etc.) of extending these offerings to other types of employees.

Voluntary Dental Insurance

Both brokers and employers were asked about voluntary dental insurance in more depth. We defined voluntary dental insurance as when an employee covers at least some of the costs of dental insurance provided through their employer (partially or completely).

Prevalence of Voluntary Dental Insurance

First, we asked brokers whether they work with any clients on voluntary dental insurance, and we asked employers whether they offer voluntary dental insurance.

Did you know? Trends in Voluntary Insurance...

Benefits Selling and Eastbridge Consulting have conducted annual surveys regarding voluntary benefits since 2013. Their 2015 survey², reported on BenefitPro's website and conducted among roughly 300 producers (representing a combination of employee benefits brokers, "traditional" voluntary brokers, enrollment companies and agents), concluded that voluntary insurance is now "front and center" for many brokers, regardless of the type.

The study asked participants if the number of voluntary/worksite cases they write annually has changed over the past one to three years, and nearly three-quarters said it has increased. Close to one in four characterized the increase as significant.

The five most popular voluntary products currently being sold by brokers are (in alphabetical order):

- Accident Insurance (not AD&D)
- Critical Illness Insurance
- Dental Insurance
- Short-Term Disability Insurance
- Term Life Insurance

As we've seen in our recent online exchanges among NEBAF members, this report concludes that voluntary insurance is becoming both more popular and more common.

² *Voluntary Goes Mainstream*, BenefitsPro, Retrieved on 7/15/16, <http://www.benefitspro.com/2015/07/02/voluntary-goes-mainstream>

Prevalence of Voluntary Dental Insurance (cont.)

Nearly all brokers said that they work with clients on voluntary dental insurance. Similarly, almost all employers said that their company offers its employees voluntary dental insurance.

Not surprisingly, however, a closer look at employer responses reveals differences based on company size. For smaller employers (those with less than 100 employees), almost one-third stated that their company does not offer employees voluntary dental insurance. This is much different from larger employers (those having more than 100 employees), among which only about one in ten report that they do not offer voluntary dental.

Awareness of Carriers for Voluntary Dental Insurance

We provided participants with a list of sixteen employee benefits providers and asked them which they know offer voluntary dental insurance.

Not surprisingly, brokers are aware of nearly all providers asked about, and significantly more than employers.

Brokers most commonly name the following carriers (in order of number of responses):

1. Delta Dental
2. MetLife
3. Guardian
4. UnitedHealthcare
5. Principal

The carriers that employers are most aware of for voluntary dental insurance include (in order of number of responses):

1. Delta Dental
2. MetLife
3. Aetna
4. Blue Cross / Blue Shield
5. Cigna

Brokers and employers are fairly well-aligned in their responses and indicate similar awareness when it comes to the top two carriers – both groups report being aware of Delta Dental and MetLife most commonly. Beyond that, we see brokers identify Guardian, UnitedHealthcare, and Principal most often, while employers select Aetna, BCBS, and Cigna most commonly.

Brokers may want to understand these differences in awareness of providers and their services, and keep clients up-to-date on carriers, as well as their products and capabilities.

Recommending Carriers for Voluntary Dental Insurance

We asked brokers only how likely they are to recommend particular carriers when suggesting that a client offer voluntary dental insurance.

Dental Insurance: Market Share

According to recent industry reports by IBIS Worldwide, the dental insurance industry currently has what would be considered a medium level of market share concentration. Yet, the industry has experienced increased concentration in the past five years, with more mergers and acquisitions. Delta Dental, MetLife and Aetna are reported to maintain the largest shares of the market.

Recommending Carriers for Voluntary Dental Insurance (cont.)

The carriers that brokers are most likely to recommend to clients when it comes to voluntary dental insurance are (listed in order of likelihood):

1. Delta Dental
2. MetLife
3. Guardian
4. Principal
5. Cigna

Not surprisingly, the list of carriers that brokers are most likely to recommend to clients for voluntary dental insurance is similar to the list of carriers with which brokers are most aware.

Most Important Attributes of Voluntary Dental Insurance Carriers

We asked participants about various attributes and to identify those that are most important when recommending/offering a new voluntary dental insurance carrier.

Brokers selected the following attributes as most important (in order of importance rankings):

1. Ease of administration
2. Past experience with the carrier
3. Smooth implementation
4. Breadth of products
5. Comfort level with the carrier's account person/team

Employers most commonly identified the following as most important (in order of importance rankings):

1. Ease of administration
2. Breadth of products
3. Smooth implementation
4. Past experience with the carrier
5. Simple billing processes

Results show that brokers and employers agree on what's most important when it comes to recommending/offering a new voluntary dental insurance carrier – ease of administration.

Both groups also agree that past experience with the carrier, breadth of products, and smooth implementation are also important, although the degree of importance of these attributes varies slightly between the groups.

One interesting difference is that brokers want to feel comfortable with the carrier's account person/team, while employers are more likely to value a simple billing process.

Talking about: Best-in-Class Voluntary Dental Insurance Carriers

We asked both brokers and employers to explain why they consider a particular carrier to be best in class for key attributes that they look for when deciding which voluntary dental insurance carrier to recommend/offer.

Here's what brokers said:

I use Assurant as my carrier of choice because I have been dealing with them for many years. Not only have their rates been extremely competitive, networks accommodating, the experience of the employees and employers has also been very positive in all aspects from the administration to enrollment to the ongoing reenrollment. I have some clients that have been with Assurant for well over 15 years.

The reason that I prefer Delta Dental over any others is the breadth of providers that they have in multiple areas, the overall options that they have are greater than basically any other carrier out there, they are a trusted brand and the most well known, so there's that comfort level by the HR person, and the plans that they have are simply stronger as far as deductible and benefits.

Here's what employers said:

I think Delta Dental is the best because of their experience, their ability to work with dentists, and their ability to respond to employees quickly. They are the easiest carrier that I've ever worked with for dental insurance. They know the needs of the employers and what it takes to make fast claims, fast turnaround, and really making sure people are happy.

Aetna because of their network and the availability of participating dentists in my area. Also, because of the familiarity that most of our employees know of Aetna. It's been an easy transition for us, everyone's happy with the benefits and the network.

Top Carriers for Key Attributes of Importance

Next, we asked both brokers and employers which carriers they think are best-in-class for the attributes that are most important when deciding which voluntary dental insurance carrier to recommend/offer.

The chart below shows the most popular responses for the five top-rated attributes, shown in the previous section, among brokers.

Best-in-Class Carriers for Top Attributes: Brokers

Key Attribute	Carrier
Ease of administration	Delta Dental
Past experience with the carrier	Delta Dental
Smooth implementation	Delta Dental
Breadth of products	MetLife
Comfort level with the carrier's account person/team	Delta Dental

Among brokers, **Delta Dental is commonly named as a leader in top attributes.** MetLife is also viewed as strong for its breadth of products.

As seen in the chart below, **similar to brokers, employers tend to commonly cite Delta Dental as best-in-class for the various key attributes.** Employers also include MetLife in this list of best-in-class voluntary dental insurance carriers when it comes to smooth implementation (although tied with Delta Dental).

Best-in-Class Carriers for Top Attributes: Employers

Key Attribute	Carrier
Ease of administration	Delta Dental
Breadth of products	Delta Dental
Smooth implementation	Delta Dental / MetLife
Past experience with the carrier	Delta Dental
Simple billing processes	Delta Dental

Delta Dental clearly has a very strong reputation and presence in the voluntary dental market.

A Look Back: Advertising Recall for One-to-One Enrollment

In a recent exchange, we asked brokers and employers whether they recall seeing, hearing or reading advertising for a voluntary benefits carrier related to one-to-one enrollment, or worksite enrollment, in the past 12 - 18 months.

In the report, *NEBAF Benefits Briefing Volume 26*, we shared that nearly three-fifths of brokers and roughly half of employers said that they recalled advertising for a voluntary benefits carrier relating to one-to-one enrollment in the past 12 - 18 months.

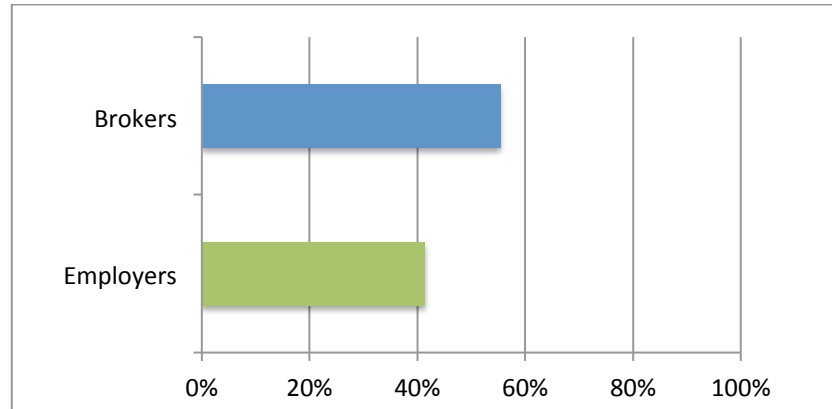
These results are fairly consistent with advertising recall for voluntary dental (as reported in the right column) in percentage recall, and also in that brokers are more likely than employers to recall advertising.

Advertising Recall for Voluntary Dental

We asked both groups whether they recall seeing, hearing, or reading advertising for voluntary dental products in the past 12 - 18 months.

The chart below shows the results for each group. **Brokers are more likely than employers to recall seeing, hearing or reading advertising for voluntary dental products in the past 12 – 18 months.**

Advertising Recall in the Past 12 - 18 Months



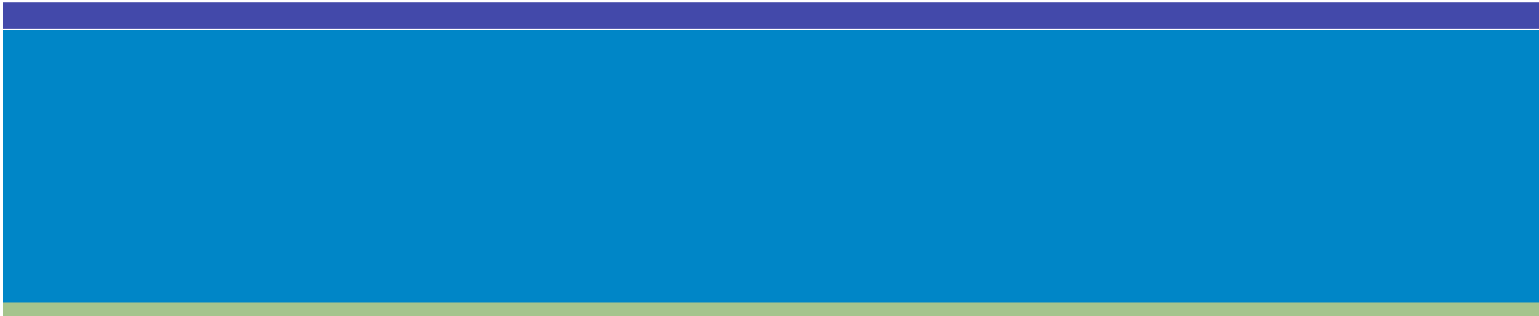
The higher advertising recall among brokers may suggest that more carriers are targeting brokers over employers when advertising voluntary dental insurance. Or, it could simply mean that brokers are more in tune to advertising as part of their role for their clients.

Top Carriers for Advertising Recall

Brokers and employers who said they recall seeing, hearing or reading advertising relating to voluntary dental in the past 12 – 18 months were asked which carriers' advertising they recall.

The most commonly cited carrier among brokers for advertising recall was MetLife; nearly 7 out of 10 brokers saying that they recall seeing advertising from MetLife relating to voluntary dental insurance in the past 12 - 18 months. The second most commonly cited carrier for advertising recall was Delta Dental, followed by Guardian.

Similarly, **among employers, Delta Dental and MetLife were the two most commonly cited carriers** when it comes to voluntary dental advertising recall. The third most frequently cited carrier among employers, however, was Aetna.



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