



Benefits Briefing VOLUME 43

Perspectives on Experiences with Non-Medical Carriers,
& Retirement Benefits, From a Survey of Employers
(Q1, 2022)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in November and December 2022 to understand its members' experiences regarding various employee benefits-related topics.

Specifically, this summary includes perspectives from participants regarding:

- Experiences with non-medical carriers, and
- Retirement benefits

The information in this report is based on an online survey taken by 276 benefits professionals / HR decision-makers. To participate in this survey, employers were required to have 100+ employees, and offer at least one non-medical benefit to employees.

Executive Summary

This Briefing shares feedback from employers on their views of and experiences with non-medical carriers.

- Among a list of 20+ characteristics, participants indicated that the following are **most important to them when selecting a carrier for non-medical benefits**: Has fast response times, Offers a great employee experience, Benefits are easy to administer and manage, Has knowledgeable account executives, and Has a fast and easy claims process.
- Considering the same list of characteristics, employers were asked how well these characteristics describe non-medical carriers. In aggregate, employers report that **carriers best fit the following characteristics**: Has knowledgeable account executives, Has a strong reputation, Has a fast and easy claims service, Benefits are easy to administer and manage, and Has fast response times.
- Participants indicated that they most commonly experience the following **issues with non-medical carriers**: Employees having issues with processing claims, Inconsistent employee experience across different touch points, Difficulty contacting someone, Employees not being able to get in touch with someone from the carrier, and Costs of benefits being higher than expected.
- Nearly four in five report that **they are extremely satisfied/satisfied** with the way carriers have responded /handled issues when they've happened.
- Yet, the majority says that when issues do occur, it impacts **their relationship with a carrier**. Employees having issues with processing claims is the issue that has the greatest impact on the carrier-employer relationship.

The topic of retirement benefits is also covered in this report. *A subset of participants (about half) were asked questions about their company's retirement benefits.*

- Nearly all participants asked say their company offers a **defined contribution plan**. Not surprisingly, a 401K plan is most common.
- About one-third of those asked report that their company also offers a **defined benefit pension plan**.

To keep in mind when reading and interpreting results: to participate in the study, employers were required to offer at least one non-medical benefit and have 100+ employees.

Experiences with Non-Medical Carriers

We asked employers several questions about non-medical benefits carriers and their experiences with non-medical benefits carriers. For several of the questions, we randomly asked participants about two specific carriers that they indicated they currently work with.

For the purpose of this summary, we have reported results in aggregate.

Importance of Characteristics of Non-Medical Carriers

We provided participants with a list of 20+ characteristics and asked them how important each is in selecting a non-medical benefits carrier.

Employers rated the following as the top five characteristics that are most important when selecting a non-medical benefits carrier (listed in order of importance):

1. Has fast response times
2. Offers a great employee experience
3. Benefits are easy to administer and manage
4. Has knowledgeable account executives
5. Has fast and easy claims process

The following are rated least important (starting with the lowest scoring characteristic):

1. Specializes in a single product/benefit
2. Offers a broad range of products/benefits that are easy to bundle
3. Provides thought leadership I can use to have an impact in my business
4. Invests in building strong relationships/getting to know me
5. Integrates data across products for better employee outcomes

Interestingly, we find that two product related characteristics are at the bottom of the list. Employers indicate that neither specialization nor its opposite, broad product range, are particularly important to them. As we've seen in other studies, when it comes to products, quality is most important to employers.

How Well Characteristics Describe Non-Medical Carriers

We then asked participants to rate how well these same characteristics describe non-medical benefits carriers. As mentioned, we randomly asked participants to rate two specific carriers that they indicated they currently work with.

In total, **employers rate non-medical carriers as most often**

Talking About: Sources of Frustration with Non-medical Carriers

We asked participants, unaided, what the single biggest frustration they encounter with carriers is.

Employers most commonly mention they are frustrated with aspects of customer service. Here are examples of employers' responses:

"No local representative. Limited access to reps."

"Only average customer service and support with claims services for our employees. There have been problems with reporting and communication with claims."

"Customer service slow to respond or correct an issue. Finding solutions to employee issues - seems I am always having to get involved."

"Timely response for employees."

"Getting in touch with representatives regarding billing, reimbursements and coverage benefits."

"Slower response time due to staffing issues from COVID restrictions and Biden's economy."

"The biggest problem is not enough support."

"Turnover on their team, seems like we always have to work with new people."

How Well Characteristics Describe Non-Medical Carriers (cont.)

fitting the following characteristics (listed in order of 'how well describes' score):

1. Has knowledgeable account executives
2. Carrier has strong reputation
3. Has a fast and easy claims service
4. Benefits are easy to administer and manage
5. Has fast response times

Positively for carriers, they rate well in areas that employers consider to be most important, with the exception of 'offers a great employee experience'.

Frequency of Experiencing Issues with Non-Medical Carriers

We asked participants how frequently they experience various issues or problems with their non-medical carrier(s). Again, we randomly asked participants to answer about two specific carriers that they indicated they currently work with.

In aggregate, participants most commonly say they experience the following five issues with their carriers (in order of frequency):

1. Employees having issues with processing claims
2. Inconsistent employee experience across different touch points
3. Difficulty in contacting account executives / getting in touch with someone
4. Employees not being able to get in touch with someone from the carrier for support
5. Costs of benefits being higher than expected

The following issues still happen, but are the five least common, among those asked about (starting with the least common):

1. Carrier M&A activity getting in the way of doing business
2. Difficulty understanding and ensuring compliance with regulatory requirements
3. The carrier does not work with the ben admin / benefits partners that we use
4. Carrier does not understand my business or industry
5. Carrier has been unable to evolve benefits in a post-COVID environment

Not surprisingly, employers report the most issues with carriers in day-to-day type of experiences, such as claims and customer service, whereas, less frequently they experience issues around broader company activities or qualities.

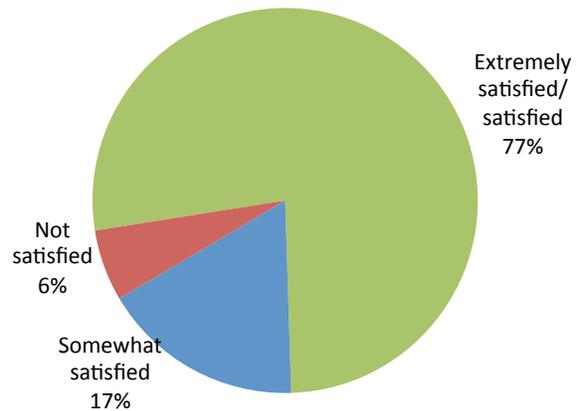
Satisfaction with Issue Resolution

We followed-up and asked participants how satisfied they've been with the way carriers have responded/handled issues when they've come up.

More than three-fourths say they are extremely satisfied/satisfied with the way carriers have responded /handled issues. Only 6% report being not satisfied. See results in chart below.

This is very good news for carriers. They are meeting or exceeding expectations in issue resolution.

Satisfaction with Issue Resolution



Impact of Issues on Carrier Relationship

We then asked participants to what degree various issues impact their likelihood to switch carriers or not expand their relationship with a carrier.

The majority tells us that when they experience issues with a carrier it impacts, to some degree, their relationship with that carrier. Issues that have the greatest impact on a carrier relationship include:

- Employees having issues with processing claims
- Employees not being able to get in touch with someone from the carrier for support
- The carrier's systems do not work or communicate well with my systems
- Difficulty in contacting account executives / getting in touch with someone
- Inconsistent employee experience across different touch points

Some of those issues that happen most frequently also tend to have the greatest impact, or perhaps, it's that they happen more frequently and so, have a greater impact.

Retirement Benefits

We asked a subset of participants (about 150) questions about their company's retirement benefits.

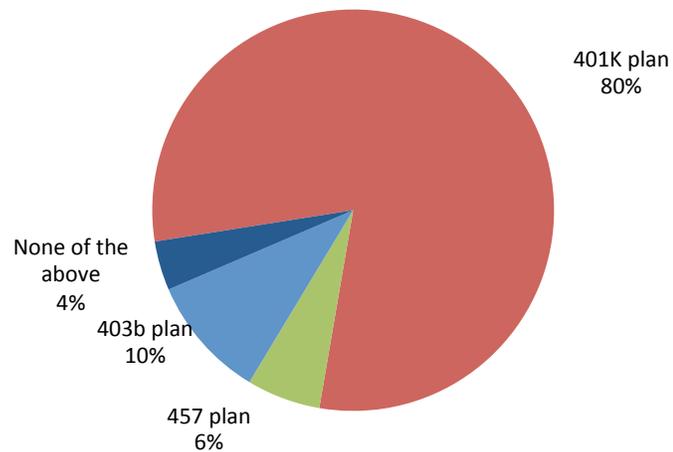
Defined Contribution Offerings

We asked employers whether and what type of defined contribution plans their company currently offers.

Not surprisingly, the majority indicates that their company offers a 401k plan. Other types of defined contribution plans are far less common. See results in the chart below.

A mere 4% report that their company doesn't offer any defined contribution plan. Of note: to participate in the study, employers were required to offer at least one non-medical benefit and have 100+ employees; this should be kept in mind when interpreting these results. The types of companies meeting these qualifications are more likely to be offering retirement plans, in general.

Defined Contribution Offerings



About two-thirds of participants (those whose company offers a defined contribution plan) report that they have a lot of influence or are the final decision maker in their company's defined contribution plan design.

Defined Benefit Pension Plan Offerings

We also asked employers whether their company currently provides or maintains one or more defined benefit pension plan offerings for employees.

Nearly one in three say their company currently provides and/or maintains a DB plan. See results in the chart on the next page. Based on DC plan results, this third most likely offers both a DC and DB plan to employees.

Did you know? T. Rowe Price's 2022 "U.S. Retirement Market Outlook" Study¹

Late last year, T. Rowe Price published its first "US Market Retirement Outlook" Study reporting on current trends in the retirement industry. The report is a compilation of results of various research studies.

The study presents three key trends:

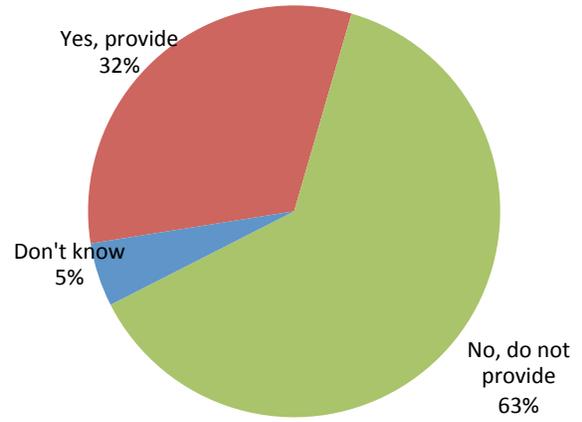
- The widening retirement savings gap is playing a significant role in shaping the retirement landscape. According to the study, this gap - the difference between what is being accumulated vs. what is needed - is now almost an estimated \$4 trillion.
- Financial wellness is now considered a critical solution to helping workers and retirees meet their goals. About three in five industry professionals expect the demand for financial wellness programs to grow.
- Capital markets are most likely entering a new era of lower expected returns.

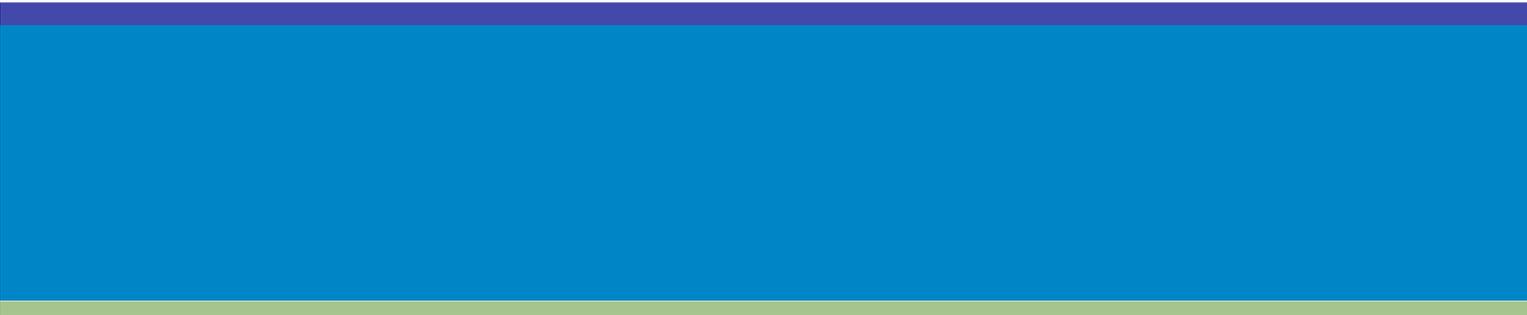
These trends will put even more pressure on employers to help employees prepare for retirement.

¹ <https://www.troweprice.com/financial-intermediary/us/en/insights/articles/2021/q4/retirement-market-outlook.html>

Defined Benefit Pension Plan Offerings (cont.)

Defined Benefit Pension Offerings





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