

The Bridge Between Benefit Choice and Cost Control

By Nick Park | Benefits Consultant | 9/1/2015

Recent reports indicate that the cost of health insurance will be on the rise in 2016¹, which will surely have plan sponsors scratching their heads and wondering if there's a better way.

Although rising healthcare costs predicted for 2016 may prompt a slew of headlines claiming that businesses will stop providing benefits and send their employees to federal or state exchanges, we predict that in most cases the opposite will be true. Most employers are committed to creating a good working environment and this has historically included providing access to group health insurance. They know that a decision to suddenly stop offering medical benefits runs the risk of damaging internal culture, alienating workers and slamming the brakes on recruitment efforts.

In fact, in its *Workforce Retention* study², the American Psychological Association (APA) makes it clear that benefits are very important to employees. Sixty percent of respondents said their benefits package is the primary reason they stay with their current employer.

But what do employees really want from their healthcare benefits? We've found that answer to be two things: **choice** and **affordability**. Of course, it's usually not simply a matter of choosing choice or affordability; for the employer and the employee, it's about finding a balance between the two. The intricacies of your particular workforce are an important factor in determining that balance.

We're constantly gathering data on how our clients' plan participants use their benefits and the challenges they encounter with their plans. Often, this information points to disconnects between the employer's intentions and the employees' needs. Bridging that gap will create happier employees and healthier organizations. But how do you do that? One simple and effective tool is an annual employee survey. This is a good way to show your workforce that their benefit needs and financial welfare matter.

Additionally, employee surveys often reveal a desire for additional health and financial protection, which can be achieved with a Voluntary benefits program. Voluntary benefits can fill core program coverage

gaps and help meet employee needs at various life stages. Affordability comes into play because Voluntary products can be offered at little or no cost to the employer while employees can enjoy group rates and/or discounts.

Does gender matter when it comes to appreciating health and welfare benefits? The answer, according to the APA study, is “no”; both men and women value benefits about the same. But age does seem to matter, which is logical when you think about it. Employees between the ages 35 and 44 are typically raising a family and are focused and concerned with pay and benefits. They might appreciate a Voluntary supplemental life policy or a college savings program. Older workers and those with chronic diseases may want Voluntary short- or long-term disability, critical illness and hospital confinement coverage.

Today’s risk environment is also driving interest in certain Voluntary benefits. (Think about the flurry of reports of stolen credit card information, identity theft and unauthorized access to personal health records). Insecurity about the security of personal data prompts an interest in identity theft plans offered at the workplace. So it follows that Voluntary options are vastly different from even a few years ago, primarily because of a wider array of new products and changing need.

In addition to products mentioned above, the following Voluntary offerings are trending:

- Specialized policies, e.g., cancer coverage
- Discount health programs
- Universal life with long-term care riders

- Excess liability—umbrella
- Legal
- Pet insurance
- Purchase programs
- Vacation programs

Once you determine your workforce’s benefit needs with your survey and add Voluntary products to your core plan, how do you implement and manage this expanded benefits program? Giving employees new choices without providing information and personal guidance almost always backfires. Benefits jargon can be very difficult to wade through, leading to a lack of understanding and ultimately to decisions that leave employees dissatisfied. And at open enrollment, they are already dealing with a lot of information.

Targeted employee communications, online support and personal advocacy go a long way to bridging the information gap and providing employees with the knowledge they need to be better benefits consumers.

Still, Voluntary products shouldn’t create more work for your HR staff. Your benefits broker should do all the heavy lifting, including market research, collecting and analyzing data, designing the program, providing employee education and communications, assisting with enrollment and securing carrier performance guarantees.

Cost savings can be driven through administrative efficiencies such as automatic payroll deduction and other payment options that ease the burden on busy HR staffs. And there are vendors who can provide and handle large group auto-draft deductions for

Voluntary payments. This option takes the reconciliation process completely off of Payroll's hands while employers receive group discounts and guaranteed issue. And even with minimum participation or enrollment requirements, participants can get a waiver of pre-existing condition on many of the Voluntary financial protection lines, such as accident, critical illness, hospital indemnity, medical bridge, and even universal life.

Responding to your employee survey with the right benefit offerings lets your workforce know you are invested in their wellbeing and that of their families. And Voluntary options provide the balance between cost and choice that everyone seems to want.

¹ Forbes, [Health Insurance Premiums Are Rising Faster Than Income](#)

² American Psychological Association, [Workforce Retention Study](#)

For more information, please call [1.877.426.7779](tel:1.877.426.7779)