

Redesign and Save

*Help Your Clients Control the Cost of
Their Benefits Plans with a Redesign
That Includes Voluntary Benefits*



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For years, business owners, HR directors and administrators have sat anxiously at their desks awaiting “the call.” They dread hearing the news (usually bad) about the annual cost increase of their major-medical plan. Though cost is certainly a valid concern, the underlying issue is not the medical plan itself—it’s the overall plan design of the company’s benefits package.

Let’s start by taking a look at the cost of health insurance, the bane of most employers’ existence today. The cost of providing medical insurance to workers and their families has risen 113% in the past 10 years, according to the 2011 Kaiser Family Foundation/HRET Employer Health Benefits Survey. Employees shouldered premium increases of 131% for family coverage during this same time period. While everyone awaits the rollout of healthcare reform and the establishment of exchanges, controlling the cost of employer healthcare plans looms over the heads of business owners.

Plan Redesign Is the Key

The key to controlling employer healthcare costs lies in the benefits plan. Consequently, plan-design changes are becoming more prevalent in today's benefits landscape. Employers are eliminating benefits, offering benefits with a choice of coverage levels and costs, and passing on higher deductibles, co-insurance and out-of-pocket expenses to their employees. In fact, the number of employers covered by a health benefits plan with at least a \$1,000 deductible has doubled in the past five years.¹

These plan-design options can relieve much of the cost burden from the employer and represent some of the most viable solutions available currently. But the downside is that the higher costs are passed along to the employee, creating greater exposure and financial risk for benefits not covered by the plan.

And offering a benefits plan that's not competitive in the marketplace represents a real risk to employers. A 2011 LIMRA survey showed that benefits are the most important factor to employees when considering a job change with a comparable salary.² Sixty-two percent of employees rank benefits number one—ahead of other factors such as employer stability, paid leave and even competitive salary increases.

A better solution is to redesign the company's benefits plan to include voluntary insurance benefits. By first shifting to a medical plan with a higher deductible and coinsurance amount, employers are able to save money through lower premiums. The savings can be quite significant. For instance, it's not uncommon, in my experience, for employers to switch from a \$250 deductible plan to a \$2,000 deductible and achieve savings of 25% on their healthcare benefits costs.

The next step is to supplement the newly designed medical plan with the addition of voluntary benefits, which offer employees help with the higher deductibles, coinsurance and the out-of-pocket medical costs. Though voluntary benefits are typically employee-paid, many employers find they can pay for all or part of these additional benefits from the cost savings they realize from redesigning their plans. By offering employees a soft landing with a voluntary product, employers are able to take the edge off the change in medical coverage and improve morale.

Don't Overlook the Importance of Benefits Communication

When redesigning a benefits plan, employers need to make sure their benefits communication to workers is clear and effective. Self-educated delivery gets very low participation and sometimes leads to dissatisfaction from workers who do not understand what their plan does and does not cover. That's where personal benefits counseling can really make a difference.

Choosing a voluntary carrier that offers complimentary one-to-one counseling as part of its enrollment services can help employees understand why changes were made to their benefits and the new options available to them. A provider that can enroll all employee benefits, including core benefits, also removes a major hassle for the employer.

In fact, surveys of employees who meet individually with benefits counselors during their enrollments prove the effectiveness of the one-to-one method. Virtually all employees (97%) surveyed by Colonial Life say personal benefits counseling improved their understanding of their benefits and that this type of communication is important (98%).³

Employers also find value in one-to-one benefits counseling. Almost 60% of employers believe personal benefits counseling sessions can strongly improve employees' understanding of their benefits and their coverage needs.⁴

Personal benefits counseling can also increase employee participation during benefits enrollments.⁵ An Eastbridge Consulting Group study found the average voluntary benefit participation rate for face-to-face enrollments is 46% higher than the participation rate for self-enrollment. That translates into 46% higher commissions for you.

Don't Waste Any More Time or Money

Healthcare costs will continue to climb, and there's no need for your clients to wait any longer for a viable solution to curbing their benefits costs. Check out the opportunity that awaits them with a benefits plan redesigned to include voluntary products. **HIU**

¹ Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2010

² LIMRA, Navigating the Employee Benefits Marketplace, 2011

³ Colonial Life Benefits Post-Enrollment Survey, January to December 2011

⁴ Colonial Life, Life Insurance and Disability Insurance Survey, October 2011

⁵ Eastbridge Consulting Group Inc., "Voluntary Participation Rates," Spotlight Report, August 2010