

## Amidst Health Care Reform and Consumerism, Choices and Options for Coverage are Crucial

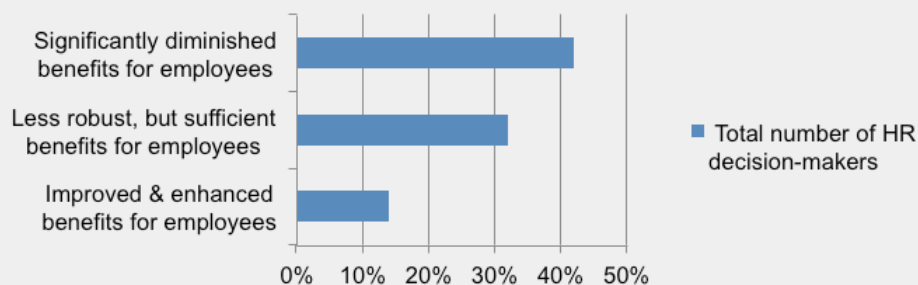
**In today's environment, employers are trying to provide superior health care coverage while dealing with budget cuts, increasing costs, and helping workers to more effectively manage their health care.**

For many organizations, supplemental or voluntary benefits address a number of concerns and challenges that have surfaced as a result of the uncertainty of health care reform. Offering voluntary benefits can enhance the perceived value of an employer's core benefit plan. Employees who have supplemental insurance can use the benefits to help pay for out-of-pocket costs major medical insurance doesn't cover.

The ability to enhance current benefits for employees is of even greater importance given employers' views on potential outcomes of health care legislation. As noted in the chart below, 42 percent of employers believe that health care reform will result in significantly diminished benefits for employees. Forward-thinking companies can anticipate and make adjustments to their benefit plans, given this expected outcome. Incorporating voluntary or supplemental plans now can help fill in gaps of coverage or replace core benefits as changes are made to comply with reform.

These measures will not only maintain employee satisfaction with benefits options, but will also help differentiate the company from competitors who choose to cut back on benefits.

### What is the most likely outcome of health care reform legislation?



"2011 Aflac Workforces Report," a study conducted by Harris Interactive for Aflac, September 2010.

**The challenges organizations face when it comes to rising health care costs are not lost on their employees. According to the recent Aflac WorkForces Report, 38 percent of employees believe rising health care costs have had a very strong/strong impact on their company's ability to offer a top benefits package, and 43 percent say it has impacted their ability to keep insurance costs low.**

**Despite the intentions of health care reform legislation, many workers (41 percent) disagree strongly or somewhat with the statement "I will have greater control over my health care decisions due to health care reform."<sup>1</sup>**

### **Employees Want More Benefits Options**

HR decision-makers who choose not to offer voluntary plans that could help workers with the financial obligations of unexpected health events may not understand that employees are interested in such options. The Aflac study found that 66 percent of employees say that if their employers did not provide the type and level of health insurance they desired, they would be willing to apply for additional insurance products to ensure adequate coverage.<sup>1</sup>

When asked why adding voluntary insurance plans would be important to them, the top three reasons given by employees were:

- "It offers me more options when it comes to health care coverage."
- "To meet my needs."
- "To give me more comprehensive insurance coverage."

The recession has not only affected consumers' wallets, it has also influenced how workers view their income-protection

strategies. More ways to bolster protection from unexpected medical expenses are now a must-have for many employees. In fact, 41 percent of employees are doing or have already done something to prepare themselves or their family for possible changes to the health care system.<sup>1</sup>

Adding voluntary insurance products not only increases an employee's insurance options, it helps give a policyholder peace of mind and financial security. In the event of an illness or injury, policyholders receive cash benefits to help pay for daily living expenses, such as rent, gas, groceries, day care and other necessities. Because cash benefits are always welcome, the added protection voluntary insurance offers will continue to be in strong demand.

### **How to Best Put Voluntary Insurance Benefits to Work in Your Organization**

Voluntary benefits will continue to rise in popularity among employers as they fulfill the need for more choices to cover things that major medical was never intended to cover.

Here are a few voluntary insurance policies: critical illness, short-term disability, accident,

<sup>1</sup>"2011 Aflac Workforces Report," a study conducted by Harris Interactive for Aflac, September 2010.

dental, life, and more. There are a number of ways companies can incorporate voluntary benefits into their existing packages:

**As a complement to existing employer-paid benefits.**

Organizations may add voluntary short-term disability insurance to employer-paid disability coverage that's already in place. This enhances their current benefits offerings without adding additional costs, and also satisfies workers' needs for additional disability coverage.

**Restructure current employer-paid benefits to include employee buy-up options.**

Some businesses will design voluntary insurance plans that feature an employer-

paid core plan, while giving employees the option to "buy up" to broader, more comprehensive coverage through voluntary options.

**Replace some employer-paid benefits with voluntary insurance plans.**

To avoid eliminating benefits coverage altogether due to cost constraints, employers can replace company-funded insurance with voluntary options. This allows businesses to retain coverage options at no direct cost to their bottom lines and, at the same time, help protect workers. For example, many companies that have dental and vision benefits as part of their comprehensive plans have found they can cut those expensive benefits and replace them with voluntary dental and vision plans that interested employees can purchase.

## Conclusion

Although some aspects of the new law are already in effect, much of the law will be phased in over the next several years, and regulations to implement those parts of the law may not be published for some time. Of course, during that time the law will likely continue to evolve. Facing so much uncertainty, developing a plan to manage health care costs might seem overwhelming.

Now is the time for HR professionals and benefits decision-makers to seek out health care benefits strategies that can be counted on to soften the impact as their employees are asked to pay more of their own health care costs. This includes voluntary insurance solutions that have no direct cost to the company, but offer workers choice regarding additional coverage that best suits their needs.