

# Simplifying benefits terminology for employers

Because your organization's benefits package is critical to your employees' happiness and well-being, this insurance glossary breaks down some of the key terms you need to know.

## **Ancillary vs. supplemental benefits**

Ancillary benefits are primarily those most known and requested by employees in addition to employer-sponsored health plans. They can include group dental, vision and life insurance, and employer-paid short- or long-term disability.

Supplemental benefits are also employer-sponsored, but are optional and paid for by employees through payroll deduction. These benefits cover an array of categories (e.g., pretax deductions for qualified expenses, theft protection and health benefits such as employee-paid dental, etc.). Supplemental health benefit categories often include coverage for critical illness, cancer, accidents and others.

## **Ben-admin**

Short for "benefits administration technology," ben-admin is used in the industry to refer to benefits management – establishing, offering and maintaining the benefits packages offered to employees. Because this can be difficult for all types and sizes of employers, multiple services and electronic tools have been developed to help businesses with this task. HR solutions companies, brokers and insurers have all developed some level of solutions, which vary in capacity and cost to employers.

## **Broker vs. career agent**

A broker is a representative who "shops" from a variety of insurance companies on behalf of the employer. An agent, on the other hand, can exclusively represent one provider (or the partner products authorized by that provider) or be independent and act as a shopper for employers.

## **Core benefits**

Core benefits, also known as basic benefits, often vary from employer to employer. While some employers may only include a health plan as their core benefit, others may include health, dental, vision and life insurance as core benefits.

## **Enrollment platform**

It's the technology that helps administer open enrollment and keeps track of employees' benefits selections. The industry has started to combine ben-admin and enrollment capabilities into single platforms that vary in capabilities, reliability and cost.

### **Group vs. individual underwriting**

Group underwriting is designed for employers that want to leverage the power of headcount, spreading risk for the insurance company. This usually makes it easier for all employees to get insured, whether it is in the form of lower rates or simply being able to obtain coverage.

Individual underwriting should always be considered because it tends to favor smaller groups, especially ones with younger and healthier employees. It's smart to compare since both platforms have developed competitive features that may benefit a small business.

### **Guaranteed issue**

Implies that coverage is guaranteed without completing a questionnaire or medical exam. Most guaranteed-issue clauses come with specific requirements or limitations, which vary from insurer to insurer.

### **Guaranteed renewability**

Refers to the rule that as long as premiums are paid, the insurer cannot drop the covered person. Pairing guaranteed renewability with rate stability is a favorable combination for employees.

### **Minimum-participation requirements**

They're the conditions or requirements established in order to issue desired coverage. They may include a condition in order to receive a lower rate, a qualification for a specific product or feature, or a minimum number or percentage of committed participants.

### **Underwriting**

Underwriting is how insurers assess whether or not they are willing to take on the risk of insuring an individual or group of people. Can include questionnaires or medical examinations. When terms like minimum or simplified are used in underwriting, it means there will be a lower number of questions or steps to qualify for insurability.