Why You May Want to Consider a Benefits Broker...

Savvy employers have turned to benefits advisors and brokers for guidance, recommendations and resources to deliver world-class benefits for decades. However, it's fair to say that in recent years, an increasingly complex health insurance landscape has made benefits advisors and brokers even more valuable to organizations.

Brokers of today offer much more than spreadsheets on dollar costs and premiums. They have become strategic partners to employers, not only crafting strategies to maximize diminished benefit budgets, but also delivering expertise on everything from health care reform and wellness programs to effective benefit communication initiatives.

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MAKE DOLLARS AND "SENSE"

Businesses that use benefits brokers don’t pay more for employee benefits purchased through a broker than purchasing the coverage directly from an insurance company. Insurance providers set aside a small portion of the premium to pay brokers a commission, which covers the selling of the plan and much of the servicing required. Furthermore, brokers have an incentive to offer excellent customer service to their clients because commissions continue only if a plan is renewed.

Despite the clear advantages to utilizing a broker or benefits advisor, more than one-third (34 percent) of companies do not currently use one. For HR executives or business owners weighing the pros and cons of engaging a broker, the 2012 Aflac WorkForces Report examined the practices of hundreds of companies and uncovered research-based outcomes that can help make the decision clear.
KEEP CURRENT ON HEALTH CARE MARKET CHANGES AND LEGISLATION

Few other industries have undergone the degree of change and complexity experienced in health care. New legislation, along with rising health care costs and frequent design changes to plans, has more than complicated benefits programs. The Aflac report found that 51 percent of companies named “understanding the changing health care landscape” as one of their top two challenges this year.

With heavy workloads, the ability for most HR executives to keep up with all this change is nearly impossible. On the contrary, the livelihood of benefit advisors and brokers often depends on keeping abreast of these changes. The very nature of their role as advisors to organizations requires them to have a deep understanding of market dynamics.

IMPROVE COMMUNICATIONS, EMPLOYEE ENGAGEMENT AND DECISION-MAKING

One concern that continues to haunt companies and HR decision-makers is the lack of employee participation and understanding about their benefits. Without efforts to improve this issue, investments in benefits programs will remain unleveraged. On the other hand, communicating benefits effectively to workers, and going one step further to marketing them, will foster higher participation, higher job satisfaction and drive cost-savings.

Aflac research has demonstrated that employees simply aren’t as engaged in their benefit decisions and choices as they ought to be, or want to be. Four out of 10 workers agree they need to be more engaged in making benefit decisions. Employers share this sentiment, with 56 percent agreeing that workers need better engagement.

More often today, brokers are taking on the marketing and communication of benefits to employees, helping to drive better decision-making and engagement overall. In fact, half of all employees agree/strongly agree that they would be more informed about health insurance choices if they sat down with an insurance consultant during enrollment.

The Aflac report found that companies that utilize a broker communicate much more frequently throughout the year about benefits compared to companies not using a broker. In fact, companies that aren’t using a broker are more likely to only communicate at open enrollment and during the new hire/onboarding process, which is not sufficient enough to drive employee engagement in benefits.

“MORE OFTEN TODAY, BROKERS ARE TAKING ON THE MARKETING AND COMMUNICATION OF BENEFITS TO EMPLOYEES, HELPING TO DRIVE BETTER DECISION-MAKING AND ENGAGEMENT OVERALL.”
LEVERAGE BENEFITS TO DRIVE JOB SATISFACTION

When it comes to boosting job satisfaction, the Aflac report uncovered a clear correlation between satisfaction with benefits and overall job satisfaction. Consider the fact that 71 percent of workers who indicate they are extremely or very satisfied with their benefits package, also say they are extremely/very satisfied with their job. This compared to only 33 percent who say they are extremely/very satisfied with their job, but who are dissatisfied with their benefits package.

Brokers and benefits advisors make a big impact in helping ensure employee satisfaction with benefits. According to the Aflac report, employees are more satisfied with their overall benefits package at companies who utilize a broker, compared to those who work for companies not using a broker or benefits advisor. Furthermore, companies that use brokers are more likely to say their benefits program meets the needs of its workers extremely/very well than those not utilizing a broker.

In part this is due to a greater incentive for brokers and/or benefits advisors to secure employee enrollment and renewals in policies. Also, these experts utilize tools and solutions to help measure worker satisfaction and preferences when it comes their benefit choices. For example, companies using a broker are more likely to survey employees about benefits satisfaction and preferences about benefit options on an ongoing basis than those organizations not using a broker.

PROMOTE YOUR BENEFITS PACKAGE TO ATTRACT TOP TALENT

Although the country remains in an employer’s market with high unemployment, the need for companies to compete for top talent to drive innovation, productivity and market leadership has not wavered. Nor has employees’ reliance upon and expectation for excellent benefits. In fact, employees are arguably more demanding of robust benefits packages to offset a relative halt in pay raises, promotions and bonuses.

As organizations strive to meet the challenges of today’s environment, how its benefits stack up against competitors can greatly impact its ability to attract talent to the company.

Using a broker can provide insight into how a company’s benefits program stacks up against others in its industry. Also, the Aflac report found that tapping into a benefits advisor or broker can help create more competitive benefits plans. For example, companies that utilize a broker are more than twice as likely to say their benefits package is significantly more competitive than their peers, compared to companies not utilizing a broker.
TAKE ADVANTAGE OF WELLNESS AND PREVENTATIVE CARE PROGRAMS

With higher health care costs, employee wellness is of upmost importance. For many companies, health costs consume 50 percent or more of their corporate profits. In fact, the indirect costs of poor health, such as an absence from work and reduced work productivity, can result in two or three times the amount of direct medical costs. One study found that at least one-fourth of health care costs incurred by working adults are attributed to changeable health risks, such as tobacco use, diet and lack of exercise.

A common roadblock for many organizations is not having the time, resources or expertise to adequately implement and manage a wellness program, despite the clear benefits of doing so. A benefits advisor or broker can remove these roadblocks, paving the way for companies to reap the rewards of wellness.

In fact, according to the Aflac report, one-third (32 percent) of companies that use a broker have a wellness program, compared to only a quarter (25 percent) of companies that do not use a broker. Perhaps more important, companies using a broker are more likely to say their wellness program is a success than those companies without a broker overseeing their wellness initiative.

ADDED VALUE OF BENEFITS BROKERS

Benefits brokers can help HR executives understand and manage the market dynamics impacting their benefit program design, maintenance and delivery, as well as consult on a host of other benefits solutions including:

» Recommending healthcare financing options that are best suited to each company, such as fully insured, self-funded, HRAs, HSAs, etc.
» Assisting clients with claims processing and documentation
» Supporting employers with billing issues
» Keeping insurance companies informed about employee adds and changes
» Analyzing the performance of the medical plan and uncovering areas of high utilization

For more information on the Aflac WorkForces Report, visit aflac.com/insights.

SOURCE

1 2012 Aflac WorkForces Report, conducted by Research Now, January 2012.

Aflac herein means American Family Life Assurance Company of Columbus.