



Benefits Briefing VOLUME 3

Perspectives on Current Offerings and New Choices
from a Survey of Employers (2Q07)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in late June, 2007, to understand its members' interest and experience regarding important employee benefits and some new approaches to the kinds of choices employers and employees may have in the near future.

The information in this report is based on an online survey taken by 67 benefits decision-makers.

The following pages include findings from these benefits decision makers regarding their perspectives on

- addressing employee's needs,
- information and sources to support employee life events,
- meeting employee benefits needs,
- management and administration of group disability benefits, and
- voluntary benefits.

Addressing Employees' Needs

Benefits decision makers were asked how their firms meet and address employee benefits needs.

Brokers Are Primary Information Sources

To get information regarding employee benefits and workplace trends, employers rely on a variety of sources, including brokers (82%), the Internet (66%), and benefits providers/insurance carriers (63%). Only around one out of five respondents relies on consultants or third-party administrators (TPAs).

Brokers are the primary information sources for 61% of respondents; at the other end of the spectrum, only 2% of respondents rely on TPAs.

Responsibilities: What's Tedious, What's Fulfilling

Respondents were asked to choose, from a selection of 20 common responsibilities, the three most tedious. The most frequent choice is **reconciling** billing with insurance carriers (39%), followed by employee **hiring/termination/retirement** (28%), and being up-to-date on government regulations **compliance** (27%).

When asked to describe the most fulfilling responsibilities, responses varied: employee relations was frequently mentioned, with descriptions such as training, interacting with employees, employee recognition, new programs for employees, and overall assistance to employees. Many respondents felt accomplishing success in one of the tedious responsibilities — such as improving employee benefits, recruiting, or keeping costs down — is fulfilling. One respondent even says, "There are not three. All of my responsibilities are fulfilling."

HR Responsible For Benefits Communications

Asked who is responsible for benefits communications, over 80% of respondents state that the company Human Resources team is responsible. Mentioned as well, but not as often, are consultants and/or brokers (33%) and insurance carrier(s) (24%).



Information And Sources To Support Employee Life Events

For a number of life events reported by employees, respondents were asked to state the **type** of benefit-related information, and the **source** of the information, provided to employees. (The life events are: birth of child, change in marital status, promotion, salary change, change of address, child's college graduation, and death in the family.)

For some of these life events — promotion, change in salary, change of address — the majority of respondents **do not provide information** to employees.

The life events that do lead to information being provided are birth of a child, change in marital status, child's college graduation, and death in the family. For the aforementioned events, the most common type of information offered is **benefits information**, such as life insurance, disability insurance, and the like.

Mentioned most often as being the sources for the information are **benefits providers/insurance carriers** and **internal company documents**.

Meeting Employee Benefits Needs

Respondents were asked to think about the concerns of their employees regarding basic financial security, work, and life goals, and rate the degree of each concern. From the employer perspective, employees' top three concerns regarding their financial security are:

- Being financially able to make ends meet (75%),
- For the employee and/or their family, having appropriate health insurance (67%), and
- Feeling secure in their jobs (60%).

Asked which benefits providers offer products and services that best meet the needs of employees in their particular industries, respondents frequently mention **Aetna, Blue Cross/Blue Shield, CIGNA, Guardian, MetLife, Principal Financial, and United Health Care**. Interestingly, a large number of employers (one out of four) feels that, based on their particular industry, there is **not any specific carrier** that addresses the needs especially well.

Asked why a benefits provider best meets their needs, based on particular industry, respondents mention service, price, responsiveness, and positive experiences that the providers consistently meet the needs.

Talking About Why Benefits Providers Best Meet Employers' Needs (For a Particular Industry)

"In our experience of contracting services for our employees, these companies provide a high level of service and concern for our workforce while maintaining good rates."

"Good pricing, quality company, variety of options."

"All the major carriers can offer the same services; it just comes down to how much it will cost."

"I believe they do NOT because they are all money driven — not benefit driven. They try to provide as little as possible for as much money as the market will bear."

Talking About “One-Stop-Shopping”

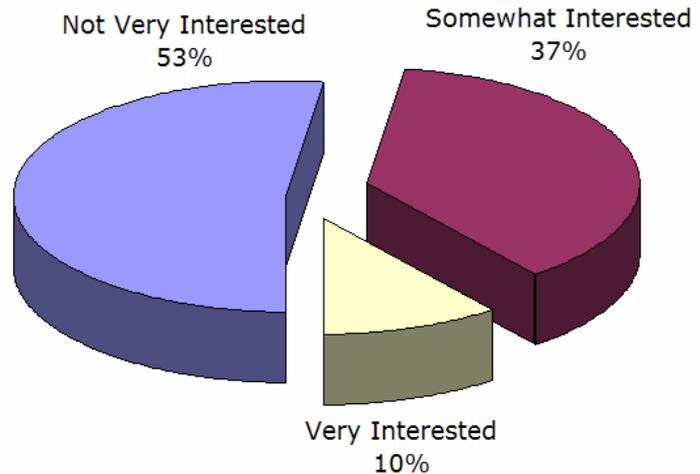
“If truly integrated and managed in house and while maintaining privacy of information, this would relieve a lot of time and effort coordinating programs and return to work efforts.”

“Could save time but would want to evaluate each product and service.”

“Don’t believe any one company is best in class at everything.”

Management and Administration of Group Disability Benefits

Respondents were asked to rate their interest in working with a company who coordinates the administration (management, tracking, and reporting) for all absence-management-related products and services (such as Short-Term Disability, Long-Term Disability, Family Medical Leave, disease management, workers compensation, and others).



Just over half of respondents (53%) were not interested in working with such a company, while one in 10 respondents indicated they were very interested.

Respondents who were somewhat or very interested in working with such a company were subsequently asked about “**one-stop-shopping**” — specifically, how likely they would be to consider purchasing absence-management-related products and services given the following alternatives:

1. One company offers and manages **all products and services**;
2. A company specializing in Group Disability benefits **offers a coordinated solution** in partnership with a third party who specializes in absence management related products.

For both options, the majority of responses are “middle-of-the-road”; that said, about a quarter of respondents are likely or highly likely to consider one company offering and managing all products and services.

The main reasons given for consideration for either scenario are similar: the advantages of easing the process — administration, use, and management.

Voluntary Benefits

Voluntary Benefits Heighten Company's Appeal

Employers ranked the importance of a number of factors that influence the **decision to offer employee-paid benefits** in the workplace. The top three factors are:

- Helping to attract, motivate, and retain top talent (mentioned by just over half the respondents),
- Being competitive in the marketplace, and
- Rounding out the benefits package offered to employees.

Interestingly, making sure that employees have adequate insurance protection — ostensibly the reason for having benefits in the first place — is in fifth place, behind controlling health and welfare costs.

Carrier Selection: The Three R's

Asked what's important when **selecting a carrier** for employee-paid benefits, the three most frequently cited factors are:

- The carrier's **reputation** and credibility (including name recognition, mentioned by nearly three out of five respondents),
- Broker **recommendations**, and
- Existing **relationship** with carrier.

Respondents were then asked to choose from a list of 10 firms the carrier they perceive is the leader in voluntary benefits.

AFLAC, MetLife, and Unum-Provident are the three most frequently mentioned carriers. No other carrier is cited by more than one in 15 respondents. Common reasons given for the choices include name recognition, quality of services and products, and favorable cost.

Talking About Voluntary Benefits Carriers

"Most recognized provider due to their promotional efforts." [AFLAC]

"They have a wide variety of benefits to choose from, they are well known, strong financially and prior experience working with them." [MetLife]

"Offer a variety of products all in one place." [Unum-Provident]

"BCBS is considered the Cadillac of insurance." [Blue Cross Blue Shield]

National Employee Benefits Advisory Forum
Sponsored by Center for Strategy Research, Inc.
101 Federal Street, Suite 1900
Boston, MA 02110
(617) 451-9500
nebaf@csr-bos.com

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