



Benefits Briefing VOLUME 6

Perspectives on Current Offerings and New Choices
from a Survey of Brokers (Q2, 2008)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in early August 2008, 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 159 brokers. Where appropriate, we also compare the views of brokers with employers.

The following pages include findings from brokers regarding their perspectives on

- Dental benefits for retirees,
- Specific features of dental plans,
- Interest in a new dental service concept, and
- Communications from carriers.

Executive Summary

This Briefing includes insights from brokers *and employers* with regard to Dental Benefits. In some cases, the views of employers differ from the views of brokers, and in some cases they agree.

- Brokers and Employers agree that it is unlikely employers will be offering voluntary dental plans to retirees. Yet, they differ in opinion as to the barriers to these dental plans. Brokers are more likely to cite administrative burden as a barrier, *whereas* the top concern for employers seems to be the lack of retirees.
- Brokers and Employers tend to agree on the barriers to group contracts. Having to bill individuals and administrative responsibilities are the top two responses (in order) among both groups.
- Brokers and Employers differ in their level of familiarity with Dental Maximum Rollover. Brokers tend to be familiar with the concept, while Employers tend not to be. Yet, for the most part, both groups agree that Dental Maximum Rollover would be valuable and would have an impact on their recommendation/selection of a Group Dental Carrier.
- Both Brokers and Employers seem to be neutral on the idea of carriers naming their plans and features. More Employers than Brokers would expect a name to identify tiers/levels of products/service features.
- When presented with a new concept about a 24-month dental product (rather than the typical 12-month), both brokers and employers respond positively. Most brokers agree they would recommend it to their clients and most believe their clients would be interested. Employers confirm brokers' views; nearly half say they would be very interested. Brokers think the concept would be best suited to smaller-size companies (less than 1,000 employees).

This report also presents information on brokers' views regarding communications from carriers.

- If carriers were to share information and help brokers with their current challenges around enrollment, most participants say they would prefer to receive help and information via in-person seminars. Web seminars are the second most commonly preferred method.

Dental Benefits

Offering dental plans to retirees seems to be **more uncommon than common**; the majority of brokers (63%) say that their clients do not offer dental benefits to their company's retirees. Among the roughly one-third that do, participants are fairly evenly split as to who pays – the employee, the employer, or costs are shared between the two.

What Employers Are Saying

Employers verify brokers' perceptions of potential future voluntary dental benefits offerings for retirees. For the most part, employers do not plan on offering voluntary dental plans to retirees; 90% report being very unlikely.

Dental Plans as a Voluntary Benefit to Retirees

When we asked brokers how likely their clients are to offer their retirees a voluntary dental plan, brokers overwhelmingly say it is **very unlikely** (72%).

Brokers seem to understand their clients' stance with respect to voluntary dental plans (see side bar).

Why Not Offer Retiree Voluntary Dental Plans?

Despite the fact that both brokers and employers, for the most part, cite retiree voluntary dental plan offerings as unlikely, the two groups vary widely on the barriers to offering these benefits. We asked both about potential barriers, providing them with the same list.

Brokers identify **administrative burden to their clients** most commonly as a barrier to offering voluntary dental to their clients' retirees, yet many fewer employers see this as a burden.

Three other areas where brokers are more concerned than employers:

- 1) Contractual obligation for retirees
- 2) Lack of obligation to retirees
- 3) It will be too costly for retirees to pay

Both brokers and employers agree that the **lack of retirees** tends to be a barrier (this is the top response among employers).

As mentioned, there are several areas where brokers and employers responded quite differently, indicating possibly several things:

- There may be a potential communication gap between employers and brokers, and/or
- There may be more potential for voluntary benefits among retirees than brokers perceive

The table on the following page shows what brokers and employers view as barriers to voluntary dental plans for retirees. Listed are the 7 most frequently mentioned barriers by brokers (bolded numbers indicate relatively large differences between broker/employer views).

What helps improve a retiree dental plan?

Brokers whose clients currently offer retiree dental benefits were asked to what extent the following items improve a retiree dental benefits plan. The percentage saying significantly improves:

- 63% for a fully turnkey offering (when processes are put in place so the employer essentially does not have to do any work in all facets of implementing and administrative this plan)
- 63% for the company does not have to hold the contract/be responsible to retirees
- 42% for greater plan flexibility

Thus, if considering a retiree dental plan, brokers may want to look for these attributes.

What Employers Are Saying

When it comes to barriers to group contracts, brokers and employers agree.

Employers also cite ‘having to bill individuals’ most commonly (55%) as a significant barrier, followed by ‘administrative responsibilities’ (48%).

Barrier to voluntary dental plan fore retirees	Brokers	Employers
Administrative burden on client	68%	35%
Client does not have enough retirees to consider offering	55%	54%
Clients feel that they do not want to be contractually responsible for retirees	49%	38%
Clients feel that they do not have an obligation to retirees to offer dental benefits	46%	37%
I am more concerned with active employees benefits	27%	38%
Clients are concerned to offer additional retiree products beyond dental (e.g., medical, etc.)	19%	20%
Clients believe it will be too costly for retirees to pay	19%	9%

As a follow-up, we asked those brokers and employers who selected the ideas of contractual responsibility and obligation as barriers above, how important it would be to them, if a dental carrier were to administer a benefits plan so they or their clients had **no contractual responsibility or obligation**.

Perhaps consistent, given the responses above, brokers are **much more neutral** on this idea, while employers rate it much lower in importance (23% of brokers compared to 62% of employers say very unimportant).

This emphasizes that employers have multiple concerns surrounding voluntary benefits offerings, the most important being the lack of actual retirees; and brokers may be overestimating employers’ concern over contractual responsibility and obligation.

Barriers to Group Contracts

Participants rated various items as to how much of a barrier they are to holding a group contract.

Having to bill individuals rates the highest (65% see it as a significant barrier). **Administrative responsibilities** come in second with 54%. Affiliation/endorsement conflicts are last on the list with most brokers (43%) not seeing this as a barrier at all.

What is Dental Maximum Rollover?

A dental benefit feature that lets employees roll over a defined portion of their unused annual maximum based upon certain criteria.

Dental Maximum Rollover

Two in three brokers are **very familiar** with Dental Maximum Rollover plans. This contrasts sharply with percentage of employers who are very familiar (12%); conversely, 73% of **employers report being not very familiar** with Dental Maximum Rollover plans. This is clearly an area where employers could use further education from brokers and carriers.

Most brokers (54%) feel that the Dental Maximum Rollover feature would be **very valuable** to a dental benefits plan. Despite their lack of familiarity, employers also tend to agree (58%).

For nearly all brokers, a Maximum Rollover feature **impacts, to some level**, their recommendation of a Group Dental Carrier. For employers, about three in four say it would have at least some impact on their company's selection of a Group Dental Carrier.

These results show that Dental Maximum Rollover is viewed very positively by employers and with further education, it could become an even more valued feature.

Naming Features/Plans

We asked brokers and employers to rate how valuable it would be for carriers to name their plans and features.

Responses by the two groups are very similar; most are **neutral**.

We also asked both groups what they would expect when a carrier does name their dental plan or features. The table below compares their responses. More employers tend to expect a name to identify tiers or levels of service than brokers do, while more brokers, as compared to employers expect a name to be unique (bolded numbers indicate relatively large differences between broker/employer views).

Expectations for naming dental plan/features	Brokers	Employers
The name describes the offering or service	64%	65%
The name identifies a product family and indicates a selection of dental product offering with similar features	57%	53%
The name identifies tiers/levels of product/service features (e.g., gold/silver/platinum)	54%	62%
The name promotes the brand	23%	23%
The name is unique	21%	11%

Dental Service Concept

Concept Test: Views on a 24-month service concept

Participants were given a description of a new 24-month dental service concept (see description in left panel of this page) and asked their level of agreement with several statements. Overall, response is **favorable**. More than half of brokers say they strongly agree with the statements.

- I would recommend this offering to my clients (52%)
- I believe my clients would be interested in this offering (55%)

Employers were also asked about the concept in the August information exchange. Most (44%) say their company would be very interested.

When asked what size of company would benefit from this offering, brokers tend to select smaller-size companies (those with less than 1,000 employees). The top responses named by half of participants or more include:

- *Less than 50 (64%)*
- *50 to 249 (79%)*
- *250 to 499 (64%)*
- *500 to 999 (56%)*

Communication from Carriers

Brokers have indicated in previous research that they face challenges with things like timing, cost increases, employee engagement, etc. during the enrollment period. We asked brokers if a carrier wanted to share information about how to help solve these **enrollment issues**, how would they prefer to receive that information.

In-person seminars are the most commonly preferred way brokers would like to receive enrollment assistance and information from carriers, named by 40%. Web seminars (33%) and white papers (25%) came in second and third, respectively.

Concept Test:

A New Dental Service Concept

A product offering that would provide benefits to clients over a 24-month period, rather than the typical 12-month period.

This plan would allow clients to give their employees broader flexibility to use their benefits when needed.

Did you know...

Employers participating in the August exchange indicated how much their company spends annually per employee (including dependents) on open enrollment communications.

More than half spend less than \$10 per employee, and interestingly, about one in four do not spend anything on open enrollment communications.

How do workers feel about selecting benefits?

In August, we asked employers which emotion best characterizes their workforce as they select benefits during open enrollment.

The majority of employers think their employees have negative feelings. The top response was **'confusing'**, named by 42%. About one-fifth said **'frustrated'** or **'annoyed'**.

Although brokers may be aware of this challenge, it does present both a need and an opportunity for them to help employers.

Talking about Frustrations with Carriers

Here are Brokers talking about frustrations with carriers and/or things carriers could do to make them more successful:

“Customer service by the carriers seems to have gone down. Carriers are increasing premiums, reducing benefit options and reducing their staffs. They expect more from the clients yet their customer service is continually diminishing. In a time where healthcare services and providers are so negatively viewed by the public, carriers are doing very little to change public opinion. Improving overall customer service would help.”

“The issues I have with insurance carriers is their lack of response time and follow up. I realize most if not all companies are running “lean and mean” and we are all taking on additional responsibilities that spread us too thin. Carriers need to get back to basics in regards to providing better response times and making sure their internal structure works.”

“I have found the sense of urgency and ownership of problems or issues has diminished significantly among carrier account management personnel. I see too much of the “that’s not my job” attitude which leads to our service personnel having to transfer around the carrier office to find the person who can address the issue. It would be far preferable if the carrier representative would take the information, determine who is best qualified to address the issue and then forward to that person for follow up with our service team.”

“My biggest frustrations include 1. Missed deadlines for proposals 2. Lack of timely response to requests for information, service, etc. 3. Proposals that do not respond to specific RFP requests.”

“Too many individuals involved in transactions which increases likelihood of mistakes, omissions.”

How Carriers Can Help

We asked Brokers about their biggest frustrations with carriers and what carriers could do to make brokers more successful.

The most popular areas for improvement are:

- Customer service, in general
- Communication issues – trouble finding the right contact person, too many contacts, lack of response, etc.
- RFPs – more complete and timely responses
- Greater flexibility in plan design
- Rate changes – need to be proactively communicated, happen too often, lack of supporting data for
- Internal, administrative inefficiencies



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