



## Benefits Briefing VOLUME 6

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

National Employee Benefits Advisory Forum (NEBAF)

## Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in 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 87 employers.

The following pages include findings from these employers regarding their perspectives on

- Factors that influence carrier selection for Group Dental insurance,
- Interest in a new dental service concept,
- Wellness programs, and
- Issues around open enrollment.

## Executive Summary

This Briefing reports the views of employers, and where applicable, brokers' views.

In the area of Dental Benefits,

- Employers rank cost/price as the most important decision-making factor when selecting a carrier for group dental insurance. The reputation of the carrier and employee service delivery are other factors that weigh heavily in the decision.
- When presented with a new concept about a 24-month dental product (rather than the typical 12-month), both employers and brokers respond positively. Nearly half of employers say they would be very interested. Most brokers agree they would recommend it to their clients and most believe their clients would be interested.

Trends in Wellness Programs are also presented.

- Most employers tend to philosophically support mandatory wellness programs, but only about one in ten currently offer a mandatory wellness program.

In addition, this report shares insights on several issues around open enrollment.

- The majority of employers report having only one open enrollment period; nearly three in four say it is 'very unlikely' that they would have more than one enrollment period in the next 12 months.
- Employers feel that their employees do not have positive feelings when selecting benefits during open enrollment. Confused, frustrated, and annoyed are the top three emotions that employers associate with their workforce.
- About three-quarters of employers are spending money on open enrollment communications, yet, they are not spending very much – about one in three spend less than \$5 per employee. About one-quarter indicates that their company doesn't spend anything.
- The top challenge for employers related to open enrollment, by far, is controlling benefit costs. Educating employees and making benefit decisions are other common challenges among employers.

# Group Dental Carrier Selection

Employers ranked in importance various factors that may influence their decision when selecting a carrier for Group Dental insurance.

## Factors Influencing Selection – And Their Importance

Participants allocated 100 points to several decision factors. The point allocations are indicators of perceived importance – the higher the allocation, the greater the importance.

Not surprisingly, **cost/price** of a carrier's product is the most important decision factor, leading other factors by a significant margin. Employers rank the carrier's account team last in importance, with an average of only 5 points. The Table below presents the average point allocations for the six factors asked about.

Results indicate that, while cost is very important to them, employers do take **several factors** into account when selecting a carrier for Group Dental. Both carrier reputation and employee service delivery receive an average of nearly one-fifth of the total point allocation.

Average (Mean) Point Allocations

Cost/Price	32
Overall Reputation of the Carrier	19
Employee Service Delivery	17
Product or Service Portfolio of the Carrier	15
Employer Service Delivery	12
Account Team	5

## More Specific Decision-Making Factors

We then asked participants to rank various sub-factors within five of the categories above (excluding the cost/price category) – reputation, employer and employee service delivery, portfolio, and account team.

Please see the left sidebar for results. Employers again demonstrate the importance of costs to them; three out of five cite a **competitively priced plan** as an important element of the product or service portfolio.

Also, **strong network access** stands out as being an important factor; more than two-thirds think that it is important when selecting a carrier for Group Dental.

## The specifics on what's important in deciding on a Group Dental Carrier

Listed are the top three factors that influence Group Dental Carrier selection within each category.

### Reputation of a carrier:

- 1<sup>st</sup> - Overall Reputation of the Carrier
- 2<sup>nd</sup> - Existing Business Relationship
- 3<sup>rd</sup> - Financial Strength/Stability

### Employee Service Delivery:

- 1<sup>st</sup> - Strong Network Access
- 2<sup>nd</sup> - Accuracy of claims payments
- 3<sup>rd</sup> - Two items were tied: Performance of a carrier's Customer Service Reps. and Ease with which employees can reach a Customer Service Rep.

### Product or Service Portfolio:

- 1<sup>st</sup> - A competitively priced plan
- 2<sup>nd</sup> - Ability of carrier to meet employer's needs for benefit plan designs
- 3<sup>rd</sup> - Network discounts

### Employer Service Delivery:

- 1<sup>st</sup> - A Consultative Approach
- 2<sup>nd</sup> - The Carrier's Admin. Capabilities
- 3<sup>rd</sup> - Website capabilities to manage administration

### Account Team:

- 1<sup>st</sup> - Trustworthiness
- 2<sup>nd</sup> - Expertise/Strong Dental Product Knowledge
- 3<sup>rd</sup> - Overall Account Team

# 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 interest. Overall, response is favorable. Most employers (44%) say their company would be **very interested**.

Common reasons for interest include: the flexibility of the plan, employees not having to delay care because they've reached their maximum, and ensuring a rate guarantee for two years. Some employers do express concerns with employees managing their care over a two-year time period and possibly hitting their maximum too early in the two-year plan.

Brokers also seem to **like the concept**. For this information exchange, we provided them with the same description and asked their level of agreement with two statements. Of the almost 160 brokers who participated, more than half 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%)

We also asked brokers what size of company would benefit from this offering. They tend to think this concept would best fit **smaller-size companies** (those with less than 1,000 employees).

## Wellness Programs

### Employer Support of Wellness Programs

To keep healthcare costs in check and encourage employees to live healthier lives, a growing number of companies are adopting mandatory wellness programs.

Two in three employers indicate **some level of support for mandatory wellness programs**. How this support translates into action varies among employers:

- 32% say their company supports some mandatory wellness programs philosophically, but they have concerns about employee reactions.
- 19% say their company supports mandatory wellness programs philosophically and has plans to adopt at least 1 wellness program in the next 18 months.
- 14% say their company strongly supports mandatory wellness programs philosophically and offers at least 1 mandatory wellness program.

## 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.

### Talking About Interest in the Dental Concept

Here is how a few employers who expressed interest in the new dental concept responded to the idea:

*"We have many employees who exceed the annual maximum one year but then have small claims the following year. Having the maximum spread over 24 months would enable them to have more of the major services covered and still have preventative services and smaller claims covered during the 2nd half."*

*"I can think of many employee situations where the annual max is reached during a 12 month period, the 24 month period would be more conducive to employees receiving the appropriate dental care when needed."*

*"The weakness in most dental plans is that one cannot complete dental work as it is needed - only as it is qualified for dental insurance. Dental work is expensive and coverage is not high -- this type of coverage would off set some of the weakness in standard dental coverage."*

*"Flexibility is a high priority for members. Often times, treatment is delayed in order to straddle a plan year, which causes frustration! I think this would be an employee satisfier."*

## What are you spending on open enrollment communications?

We asked employers how much their company spends annually per employee (including dependents) on open enrollment communications.

More than half spend less than \$10 per employee, and about one in five spend between \$10 and \$50. Interestingly, about one in four do not spend anything on open enrollment communications.

Given employers' perceptions about their employees' feelings during open enrollment (results reported in the right-hand column), this may be one area for employers to reassess.

## Employers Name Additional Open Enrollment Challenges

Employers provided additional challenges to open enrollment, which include:

- Lack of employee access to computers
- Language barriers
- Too many forms/paper/documentation

A **small number of employers** (13%) say that their company does not support mandatory wellness programs and does not offer them. About one in five provided an 'other' option, most commonly - their company supports and/or offers wellness programs, but doesn't agree with them being mandatory.

These results seem to indicate that wellness programs continue to be a growing trend.

## Open Enrollment

Most employers tend to have **one open enrollment period** in a given year. When we asked participants how likely it is that their company would have more than one benefits enrollment period in the next 12-month period, the majority (71%) said 'very unlikely'. Slightly more than one-quarter says 'somewhat' or 'very likely'.

## How Employees Feel About Selecting Benefits

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 says 'frustrated' or 'annoyed'.

This clearly presents both a need and a challenge for employers. Brokers and carriers may need to become more involved and helpful with the open enrollment process.

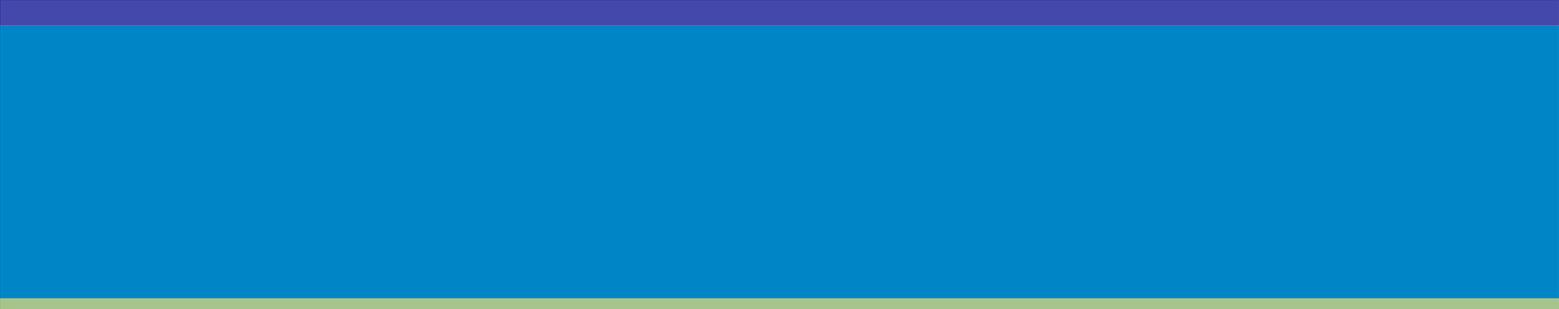
## Challenges with Enrollment Process

Participants reviewed a list of twelve potential challenges with regard to open enrollment and selected the top 5 most relevant to them.

**Controlling benefit costs** is the overwhelming top choice, with 72% of employers selecting it as their top challenge (86% rank it in the top 3). The next most relevant challenges, that employers indicated were in the top 3, are:

- Educating employees (39%)
- Making benefits decisions (35%)
- Communicating plan information (29%)
- Communicating the value of benefits (23%)
- Employee engagement (22%)

If they aren't already, employers may benefit by communicating these challenges to brokers and carriers and working with them to address these challenges.



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