



## Benefits Briefing VOLUME 12

Perspectives on Current Offerings and New Choices  
from a Survey of Brokers (Q3, 2010)

National Employee Benefits Advisory Forum (NEBAF)

## Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in September and October 2010, to understand its brokers' 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 216 brokers.

The following pages include findings from brokers regarding their perspectives on:

- Identification cards,
- Billing practices for non-medical group insurance, and
- Supplemental life insurance.

## Executive Summary

This Briefing includes insights from brokers with regard to identification cards.

- Most brokers indicate that their clients' employees receive both medical and dental identification cards.
- Yet, despite this, most brokers do not feel strongly as to the importance of offering Dental ID cards when clients are selecting a carrier. Only about half say their clients often bring up the topic of Dental ID cards with regard to carrier selection.
- When it comes to alternatives to mailed ID cards, brokers show interest in two options: the benefit provider sends an email that contains a paper ID card and/or the benefit provider sends an email with a link to the provider's website with an option to print out an ID card online.

This report also presents views and opinions on billing practices for non-medical group insurance.

- In general, brokers report being very familiar with their employer clients' billing processes.
- For the most part, brokers indicate that their smaller clients tend to utilize the Summary Bill method, while larger clients are more likely to use the Self-Administered method of billing.
- Brokers tend to think that their clients who currently use Self-Administered billing generally would not be receptive to changing to the Summary Bill method; yet, they do feel there are a small number that may be receptive.
- About a third of brokers feel that their clients would perceive the Summary Bill method as very simple.
- Mainly, participants feel that an ideal billing statement should be easy to read and accurate. It should contain neither too much nor too little information.

Lastly, brokers provided feedback in the area of Supplemental Life Insurance.

- A worksite meeting/presentation is seen as the best way to help clients' employees understand the need for adequate life insurance coverage. A face-to-face consultation is the second most common response.
- Mail to home is named as the most preferred way to communicate educational materials about life insurance coverage to employees.
- Brokers generally think that their clients are not comfortable with carriers making life insurance coverage recommendations to their employees.

### Talking about the importance of Dental ID Cards

Here are Brokers talking about the importance of Dental ID cards in recommendations to clients:

*“Members are used to having an ID card for everything else. They show up at the dentist, dig for their card (or think their medical card will work) and then ultimately don't have it. Then they don't know what insurance they have. It causes confusion.”*

*“It provides the member with a level of confidence when they are asked at the dental office for verification of coverage. It also has valuable information for the dental office to call and verify benefits and pre-certify procedures.”*

*“The employees view them as extremely important and tend to think of them as “proof” of coverage. They feel more secure if they have that little piece of plastic in their hands. Then they don't bother the HR staff as much once they get them.”*

*“Employees like to have something that states they have benefits especially if there is a carrier change. In addition, most dental providers ask for a ID card so they can copy it. If an employee does not get one, they think the carrier or the HR department made an error.”*

## Identification Cards

We asked participants a series of questions around the topic of identification cards that may be provided to their client's members.

First, we asked for which benefits their clients' employees receive identification cards directly from the benefit provider. **The majority of brokers report that their clients' employees receive both medical and dental ID cards from the benefit provider.**

Not one participant said that their clients' employees do not receive ID cards for either medical or dental; this suggests that carriers providing ID cards is common practice in the marketplace.

### Dental ID Cards

When we asked brokers how **important the offering of Dental ID Cards** is in their recommendations when clients are selecting a Group Dental carrier, **most brokers are neutral on the topic.** For many, this does not seem to be of particular importance.

Among those who view the offering of Dental ID cards as important, common reasons mentioned include:

- Ease of administration at the dentist office
- Proof of coverage & coverage information
- Confidence and security of employees

We also asked brokers how often their clients typically bring up the topic of Dental ID cards in any context around carrier selection. **Brokers are split; slightly more than half say frequently or sometimes, while slightly less than half indicate rarely or never.**

It is clear that results are mixed as far as the perceived importance of and desired need for Dental ID cards. But, given the frequency with which clients discuss this with brokers, these results may indicate a need for further communication on the topic.

### Alternatives to Mailed ID Cards

We provided participants with a list of several alternatives to mailed ID cards. In general, interest in all options was moderate. Brokers showed the most interest in the following alternatives:

- ✓ Benefit provider sends an email that contains a paper ID card that can be printed out, and
- ✓ Benefit provider sends an email with a link to the provider's website with an option to print out an ID card online.

# Billing Practices for Non-medical Group Insurance Benefits

## Two types of billing for group non-medical insurance benefits:

**Self-Administered Billing:** The group insurance carrier provides blank bill forms with only the rates pre-populated. Each billing period, the Employer client (or third party administrator) completes the bill by filling in the number of covered lives, and calculates the total amount due.

**Summary Bill:** The group insurance carrier provides a pre-populated billing statement with the number of participants enrolled by benefit with the volume/rate calculation for the total premium due. The total number of participants would be provided to the Employer client (or third party administrator) each billing period electronically.

## Talking about receptiveness to the Summary Bill Method

Here are participants talking about why their clients would be receptive to moving from Self-Administered to Summary Bill:

*“It could lessen their involvement if they could receive a bill that already has everyone accounted for, rather than putting the burden on them to complete the information.”*

*“It’s online and can do a quick review.”*

*“Easier audit trail, some clients complain about complexity of self-billing.”*

Here are participants talking about why their clients would NOT be receptive to moving from Self-Administered to Summary Bill:

*“There is usually a very good reason why they are self billed and once they are used to self billing it’s hard to move them away from it. It’s usually more accurate for the client too since its based on their HRIS or payroll system and easier to keep track of.”*

*“Detailed bills listing covered persons are fine for small employers that wish to verify individual coverage records with the carrier. However, larger employers can calculate the coverage volumes quickly and a carrier based system would slow the process.”*

We asked brokers about their experiences with and opinions of their clients’ billing practices for non-medical group insurance benefits (e.g. group life, dental and disability).

Currently, **more than half of brokers report being very familiar with their employer clients’ billing processes** for group non-medical insurance benefits.

## Types of Billing

We then asked participants which type of billing method their clients generally use. Please note that we asked specifically about two types of billing – *Self-Administered Billing* and *Summary Bill* (see left-hand column for descriptions). **Results tend to vary by client size:**

- **Smaller clients** (100 employees or less) are more likely to use Summary Bill.
- Mid-size clients (101 – 500 employees) are mixed – about half tend to use Summary Bill and about half utilize the Self-Administered method.
- And, **larger companies** (500+ employees) are more likely to use Self-Administered.

It appears that size of company is a driver of the type of billing processes used. Yet, it is unclear whether clients are aware of the pros and cons of the various processes, and suggests that they may benefit from more information on their options.

## Moving from Self-Administered to Summary Bill

When we asked brokers how receptive they think their clients that currently self-administer would be to move to the Summary Bill method, **the majority feel employers would be neutral or not receptive to the idea.** Yet, a small number may be receptive.

Among those who think their clients would be receptive to changing, the most common reasons include: accuracy, reduced timing and reduced costs associated with billing.

Those who think their clients would not be receptive to changing most commonly cite reasons such as: they want control, they have existing systems in place, and they do not want to change.

This seems to be an area worth some attention by carriers and brokers. Employers who would be receptive present an area of opportunity for possible increased efficiency.

### Talking about desired characteristics of an 'ideal billing statement'

Here are participants talking about their top three characteristics of the ideal bill:

*"Always correct, easy to change same-day/month, live billing."*

*"Completely accurate, easy to reconcile, up to date with all of the changes."*

*"Easy to sort, simple to understand, summary to pay."*

*"Simple, correct, timely."*

*"Easy to understand. Detailed listing of covered employees and cost per employee. Ability to add or terminate employees."*

*"Flexibility of receiving the bill (email, mail, logon and download). Ease of understanding the bill. Ease of making corrections to the bill."*

## Perceived Simplicity of the Summary Bill Method

We asked brokers how simple they think their employer clients would perceive the Summary Bill approach to be. **Overall, roughly one-third indicate that their clients would think this method is very simple.**

This again hints that there is the possible opportunity for moving some clients to the Summary Bill approach.

## Desired Characteristics of a Bill Statement

Brokers cite the following characteristics most commonly as desired for an 'idea bill':

- *Able to make changes*
- *Accurate*
- *Clear, concise and simple*
- *Easy to read*
- *Online*
- *Timely*

We also asked participants **how much detail they think their clients desire in their non-medical group insurance billing statement; most are middle of the road.** They do not think their clients desire a lot of detail, but they think clients require some level of detail.

When asked what the **most important detail to be included on the billing statement** is, brokers commonly mention details such as rates, volume, premiums, coverage levels and an accurate list of employees.

This information may present brokers with ideas for assisting their clients further and ensuring that their billing statements meet their needs. For example, brokers may want to be sure that their clients billing statements are easy to read, understand, etc.

## Supplemental Life Insurance

Lastly, we asked brokers about their opinions around supplemental life insurance.

### Understanding Supplemental Life Insurance

When we asked participants the best way to help their clients' employees understand the need for adequate life insurance coverage, the **top response was in a worksite meeting/presentation** (mentioned by half).

## Understanding Supplemental Life Insurance (cont.)

About one-third think a face-to-face consultation is the best way to communicate with employees about supplemental life insurance.

We then asked participants which ways they think their clients prefer their employees to receive educational information about the level of life insurance coverage their employees need. More than half answered **mail to home**; about two-fifths said email and about a third think a call center/helpline is preferred.

## Recommendations for Life Insurance Coverage by Carriers

In general, brokers think that their clients are **not that comfortable with carriers making life insurance coverage recommendations to their employees**. Roughly one in four brokers feel their clients are ‘not at all comfortable’ with the idea.

These findings are most likely not surprising, but do highlight an area of need for employees.

## Closing the Gap Between Available Coverage & Recommended Coverage

We provided brokers with a list of approaches and asked which one they think their clients would be willing to implement, in order to help close the gap between the coverage available at the workplace and the recommended coverage based on employees’ needs.

About two-thirds of brokers indicate that **employers would be willing to implement ‘general recommendations regarding available options’**. Nearly two in five say employers would be willing to ‘schedule an appointment onsite’ and/or ‘refer employees to an agent’ in order to close the gap between coverage available and recommended coverage.

These results are positive, in that they seem to suggest that employers would be willing to take action to help employees best meet their life insurance needs.



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