



# A Special Broker Trends Report

Perspectives on Employee Benefits Strategies & Communications, Brokers' Business Experiences & Current Concerns, and Health Insurance

April 2015

National Employee Benefits Advisory Forum (NEBAF)

## Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted a special online information exchange among **brokers only** to understand their opinions and experiences regarding employee benefits and recent industry trends.

The information in this report is based on an online survey conducted during December 2014 & January 2015, which was completed by more than 800 employee benefits brokers.

This exchange contains similar questions to a previous special online exchange conducted in December 2013, and where possible, findings are compared to last year's results, completed by nearly 600 brokers.

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

- Employee Benefits Strategies,
- Employee Benefits Communications,
- Their Business Experiences & Current Concerns, and
- Health Insurance.

## Executive Summary

In this report, brokers share their insights and opinions in the area of employee benefits strategies.

- Among various suggested possible strategies, nearly all brokers reported that they always/often recommend the following to their clients: activities to encourage employee participation in benefits, increasing the effectiveness of benefits communications, and reducing benefits costs through plan design optimization. Brokers least commonly recommend that their clients provide education to help employees achieve financial security.
- When it comes to adapting recommended strategies with client size, brokers are more likely to say they recommend the following to mid-size and large clients than they are to small clients: providing a wide array of voluntary benefits, providing benefits designed to help employees balance work and personal lives, outsourcing HR administration, and providing education to help employees achieve financial security.

Brokers also shared their opinions on the topic of employee benefits communications.

- We asked brokers about the effectiveness of various communication activities in driving participation in employee benefits. The majority of participants identify traditional methods of communication as most effective. Consistent with last year's results, group in-person meetings, one-on-one in-person meetings, and confirmation of benefits enrollment elections are rated most effective.

This Briefing also includes information on several areas of brokers' businesses.

- We asked brokers to rate their level of concern with various business, economic, legal and regulatory trends. Brokers identify keeping up with legal, regulatory, and compliance issues as their top concern. They also report a higher level of concern with clients' increased demands for administrative services this year compared to last year.
- Less than half of brokers reported that they have clients who are providing benefits to employees working outside the U.S., while slightly more than half said they do not.

Lastly, brokers provided their thoughts on health insurance.

- Brokers with mostly mid-size and large clients are more likely than those with mostly small clients to think that their clients are highly committed to offering/continuing to offer health insurance coverage in the future.

## Employee Engagement: More Important Than Ever

Unum recently conducted its 5<sup>th</sup> annual *Unum Employee Education and Enrollment Survey*<sup>1</sup> among 1,890 employed adults. Their results highlight the importance of benefits education and communications. Some key findings include:

- Employees who rate their benefits education highly also feel better about their workplace.
- Employees who believe their benefits were effectively communicated are more likely to feel they are valued at work.
- Employees with fewer than two weeks to review benefits options are more likely to say they didn't have time to make good decisions.

Effective employee benefits communication and education are critical for an organization. As shown here, and as has been reported in various other industry research studies, there is a clear link between benefits communication/ education and job satisfaction. Brokers may be able to differentiate themselves by helping clients succeed in benefits communication and education.

<sup>1</sup> Unum, Employee Education & Enrollment Survey, 2013.

# Employee Benefits Strategies

We asked brokers about various employee benefits strategies and about their experiences recommending these strategies.

## Frequency of Recommending Strategies

We provided participants with a list of employee benefits strategies and asked them how frequently they recommend these strategies to their clients.

**The majority of brokers indicate that they most commonly recommend the following three strategies to their clients:**

- Activities to encourage employee participation in benefits
- Increasing the effectiveness of benefits communications
- Reducing benefits costs through plan design optimization

Other popular strategies recommended always or often by more than half of brokers include:

- Providing benefits designed to help employees balance their work and personal lives
- Sharing more of the cost of benefits with employees
- Providing a wide array of Voluntary Benefits

Providing education to help employees achieve financial security is the least commonly recommended strategy, with roughly one in five brokers saying they never recommend this strategy to their clients. Please see the sidebar for results of a recent study by Unum on the topic of employee education and enrollment.

**When we look at the frequency with which brokers recommend potential strategies *by size of client*, we see differences.** Brokers with mainly smaller size clients report that they less frequently recommend the following strategies to their clients, as compared to brokers with mainly mid-size and large clients:

- Providing a wide array of Voluntary Benefits
- Providing benefits designed to help employees balance their work and personal lives
- Outsourcing HR administration
- Providing education to help employees achieve financial security

These findings show which strategies brokers tend to recommend on a regular basis, thus better defining standard industry practices; they also suggest that brokers see some strategies as more appropriate and effective for larger companies than for smaller companies.

# Employee Benefits Communications

Next, we asked brokers their opinions about various employee benefits communications activities.

## Activities for Helping Drive Participation in Employee Benefits

We provided participating brokers with a list of communications activities and asked them how effective these activities are in helping clients to drive participation in employee benefits.

Traditional methods of communications are still viewed as most effective in helping to drive participation in employee benefits.

**Brokers' top five rated activities in order of effectiveness are** (ranked by percentage saying "very effective"):

1. Group in-person meetings
2. One-on-one in-person meetings
3. Confirmation of benefits enrollment elections
4. Ongoing education about benefits after employees are enrolled
5. The clients' benefits website

Emerging activities such as mobile apps, social media, and live online chats are rated by some as "very effective", but they still fall behind more traditional activities. This assessment may change with different types of employee benefits communications, but it's clear that for driving participation, the "traditional" methods continue to be seen as most effective.

The same question was asked of brokers in the last year's *Special Broker Online Exchange*. **In comparing results from this year to last year, we see that brokers' ratings remain consistent;** the same activities are rated most effective this year as were last year.

Employers are more effective at getting their messages across when using multiple channels. So, while these activities are most effective at driving participation, employers will want to utilize several different channels to maximize impact, if they are not already.

## Business Experiences & Concerns

Brokers were also asked several questions about their own businesses and current concerns.

### Brokers' Current Concerns

We provided study participants with a list of various business, economic, legal and regulatory trends and we asked them to rate their level of concern with each.

## A Look Back: Open Enrollment

As part of our 2013 Q4 online information exchange, we asked almost 200 employers to share their most recent open enrollment experiences.

In the *2013 Q4 Benefits Briefing*, we shared several key findings on this topic:

- More than one in three employers said their most recent annual or open enrollment process was better than their previous experiences, while most reported it was about the same.
- Those who indicated a better experience most commonly named the following reasons: limited/no changes to plan, process didn't change, added/moved to a (new) online process or system, and/or more time was spent by company or broker reviewing materials or changes.
- In general, employers cite many challenges with open enrollment. The most common include: changes to providers and/or vendors, communicating/educating employees, explaining the ACA and its impact, employee engagement, keeping costs down, and problems with online enrollment systems.

## Brokers' Current Concerns (cont.)

Brokers report being most concerned with the following (ranked by percentage saying "very concerned"):

1. Keeping up with legal, regulatory & compliance issues
2. Handling clients' increased demands for administrative services
3. Clients decreasing benefits offerings due to the economy
4. Decreasing commissions due to the Affordable Care Act (ACA)
5. Healthcare exchanges being used in place of brokers

We compared brokers' top concerns this year with what they reported in last year's *Special Broker Online Exchange*. **Consistent with last year, brokers say they are most concerned with keeping up with legal, regulatory, and compliance issues.** Beyond that, we find some interesting differences compared to last year's results.

Brokers rate **handling clients' increased demands for administrative services as a challenge more often this year than last.** With the increasing complexities of regulations and compliance, and adding to that healthcare reform, it's not surprising that clients are asking more of their brokers for support by way of administrative assistance and help to navigate these issues.

**Brokers indicate being less concerned that healthcare exchanges will be used in their place this year compared to last year.** This concern remains among top responses this year, but at a lower level than seen last year. Brokers have experienced the first open enrollment period since the passage of the ACA. For some, this may have shed some light on their role in the future of healthcare benefits.

## Global Benefits Experience

We also asked participants whether they have any clients who are providing benefits to employees working outside the United States.

**Brokers are fairly evenly split in this area; fewer than half reported that they do have clients** who are providing benefits to employees working outside the U.S., and half said they do not. See chart on the following page.

These results indicate that for nearly half of brokers, global benefits is an area where they can differentiate themselves, by providing expertise and education to their clients with non-U.S. employees. For the other half of brokers without clients providing benefits to employees outside the U.S., global benefits should still be considered important. These brokers will want to remain generally educated on global benefits in order to stay competitive.

## Trends in Healthcare Reform: Results from Two Recent Studies

Wells Fargo recently released findings from its *2014 Employee Benefits Trend Study*, conducted among more than 950 employers from companies with 50+ employees. Results show that employers are divided about the impact of the Affordable Care Act (ACA) on employee benefits offerings.

Nearly half of employers think that the ACA will have a positive impact on their benefits program, while remaining employers feel the impact will be neutral or negative. The study also found that about half of employers have concerns regarding their ability to attract and retain employees based on changes mandated by healthcare reform.<sup>2</sup>

The Guardian's *2014 Workplace Benefits Study* reported that most employers are not fully prepared for the implementation of health care reform. The study was conducted among more than 1,000 employee benefits decision-makers.

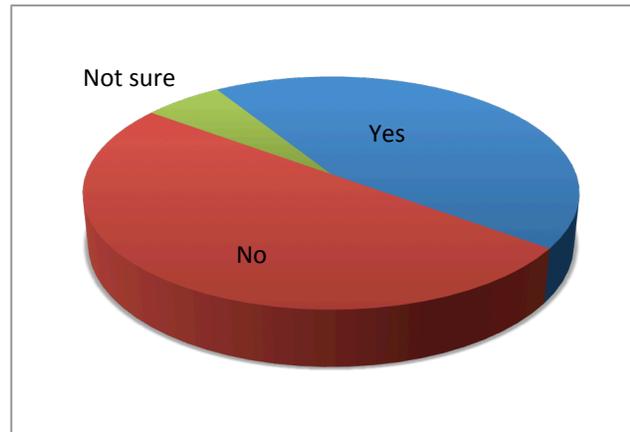
Only one in five employers said they were "very prepared" to make benefits changes in response to the ACA, and slightly more than one in five reported being "very prepared" to inform employees of any changes. In addition, one-fifth indicated they needed a "great deal" of help in order to deal with changes related to the ACA, while another two-fifths said they would need moderate help.<sup>3</sup>

<sup>2</sup> Wells Fargo Insurance, 2014 Employee Benefits Trend Study, January 2015.

<sup>3</sup> Guardian, 2014 Workplace Benefits Study, 2014.

## Global Benefits Experience (cont.)

Whether Broker Has Clients Providing Benefits to Employees Outside the U.S.



## Health Insurance

Lastly, we asked brokers about their opinions and experiences related to health insurance.

### Commitment of Clients to Offer Health Insurance

We asked participating brokers about their clients' intent to, or continuing to, offer health insurance coverage in the future.

**Findings show a difference between brokers with mainly small clients compared to those with mainly mid-size and larger clients;** those with mainly mid-size and large clients are more likely to think their clients are highly dedicated to offering or continuing to offer health insurance. More than four in five brokers with mainly mid-size and larger clients said their clients are highly committed, compared to roughly three in five brokers with mainly smaller clients.

These results are consistent with results from last year's *Special Broker Online Exchange*. Even after the implementation of the ACA, brokers' perceptions of their clients' beliefs have not changed, which is terrific news for employees. See left sidebar for the results of two recent studies on healthcare reform.

### A Look Back: Familiarity with Healthcare Solutions

In last year's *2014 Special Broker Online Exchange*, we asked study participants how familiar they were with various potential cost-reducing healthcare solutions.

The majority of brokers **said they were very familiar with the following health care solutions: Consumer-Driven Health Plans (CHDPs) and Defined Contribution Health Plans.**

## About Us

The National Employee Benefits Advisory Forum (NEBAF) is an exclusive organization formed to exchange information, advice, and opinions concerning employee benefits among benefits providers, brokers, consultants, and HR leaders.

Did you know...the NEBAF currently has more than 4,000 active members and we are going every day?

If you're not currently a member of NEBAF, for joining (which is free), you will receive the report mentioned above and have access to all reports in the NEBAF library. To join, please visit: <http://neba.org/join-2/>

## A Look Back: Familiarity with Healthcare Solutions (cont.)

Roughly three in four reported being very familiar with State/Federal Health Insurance Exchanges and/or Private Health Insurance Exchanges.

Brokers were least familiar with Employer-Driven Accountable Care Organizations (ACOs); less than half reported being very familiar with this healthcare option.

For the most part, brokers indicate that they are well-informed on various cost-reducing healthcare solutions and don't feel they need more education in these areas.

## About Study Participants

We have included information below on the brokers that participated in this online information exchange.

### Years of Experience

We asked study participants how many years they had been working in the employee benefits industry.

Nearly all brokers report that they have been working in the industry for 6+ years. More than four-fifths indicate that they have 10 or more years experience in the employee benefits industry.

### Years in Firm

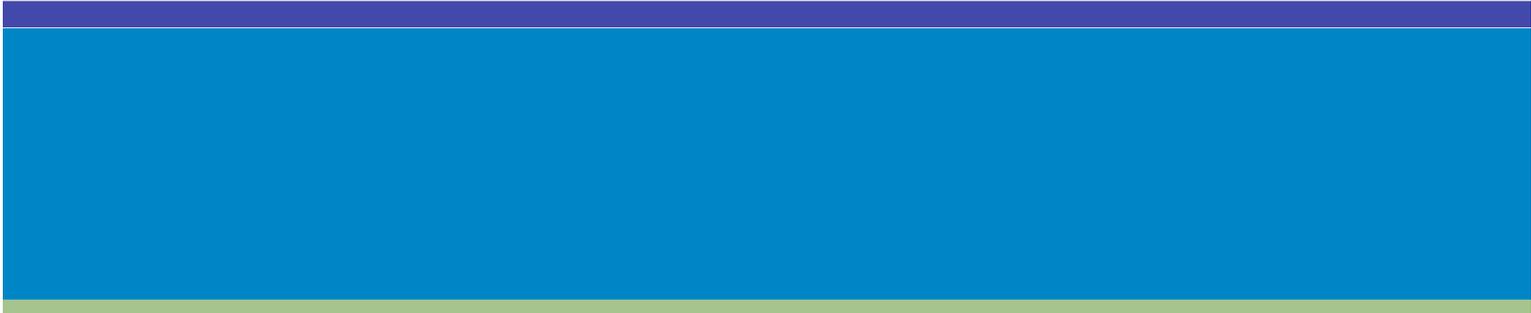
We then asked study participants roughly how many years they had been working in their current firm.

Nearly all brokers have been at their current firm for 3+ years. Roughly four-fifths say they have been working at their current firm for more than five years.

### Current Role

We also asked study participants about their current role.

More than two-fifths report being in both business acquisition and account management roles. Another two in five say the account management is their primary responsibility. The remaining participants name either business acquisition or firm operations as their primary role.



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](mailto:nebaf@csr-bos.com)

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