

# More than Just Medical – Voluntary Benefit Programs

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Manager, Voluntary Benefits

# INTRODUCTION

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# AGENDA

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- Market Trends Driving Voluntary Benefits
- The Benefits - How do they work, what to look for, and why to offer
- Key Components of an Effective Voluntary Benefit Program

# Why are voluntary benefits important?

# FINANCIAL WELLNESS – WHAT IS IT?

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Employee responsibility has changed

- Fewer pension plans, defined contribution, etc.
- More medical cost sharing
- More student debt



# FINANCIAL WELLNESS – EMPLOYER IMPACT

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**Lost productivity** – 46% of employees admit to spending 2-3 hours per week working on financial situations.

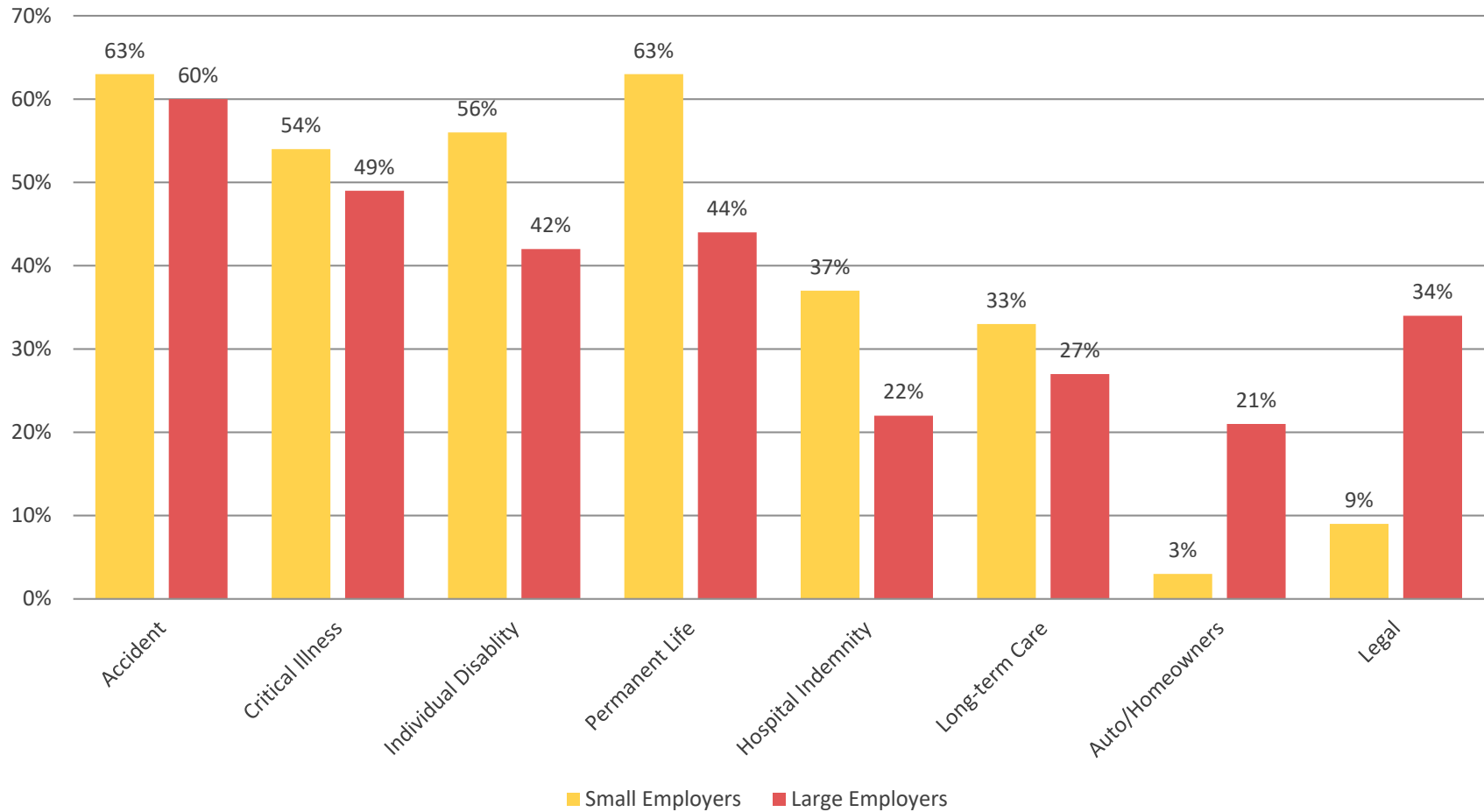
**Higher Healthcare costs** – stressed employees are more likely to have health issues like ulcers, anxiety, depression, migraines, etc.

**Delayed Retirement** - Employees retire later because they don't have adequate savings. Older employees cost more:

- Higher costs on the health plan
- Higher compensation, pension and benefit cost
- Younger employees may leave due lack of upward mobility.
- Older employees may experience higher stress, a lack of engagement, and lower productivity.

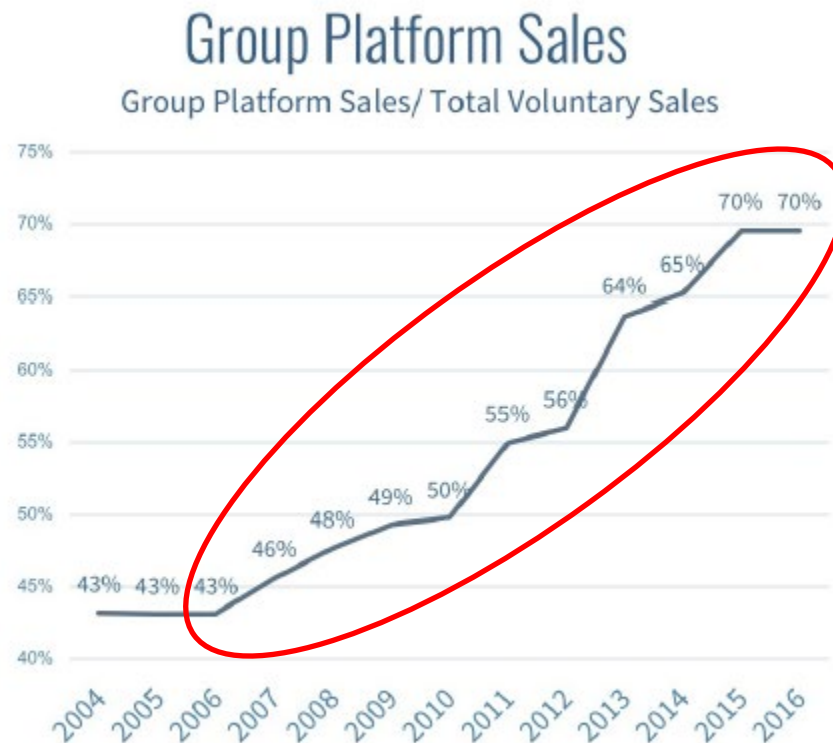
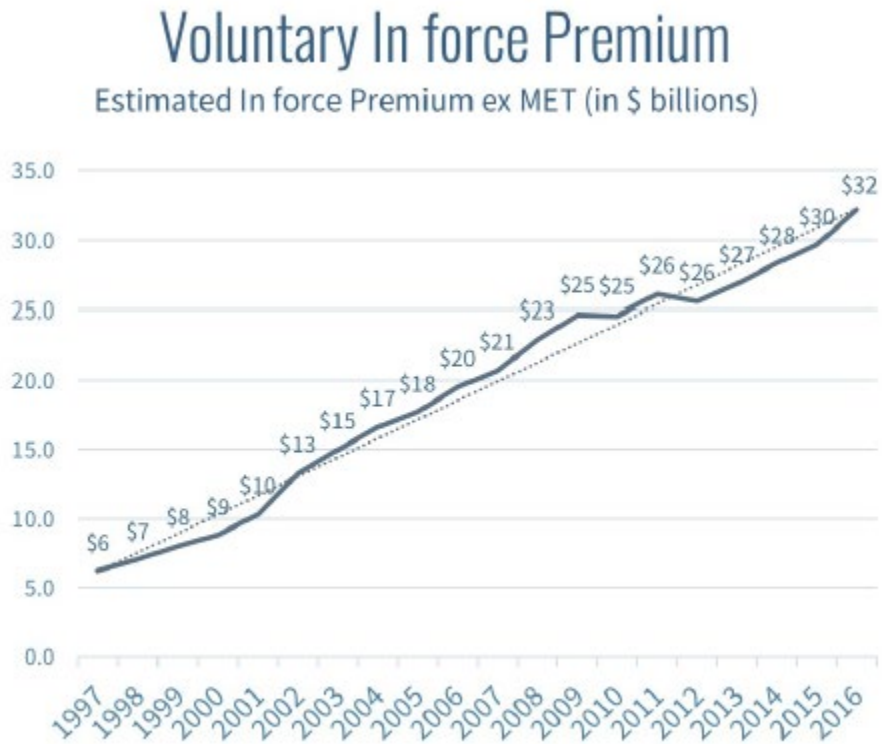
# MARKET TRENDS: EMPLOYER OFFERINGS

## % of Employers Offering Voluntary Benefits



Source: Mercer 2016 Annual Survey, distributed July 2017

# MARKET TRENDS: THE SHIFT TO GROUP



[Source: Eastbridge]

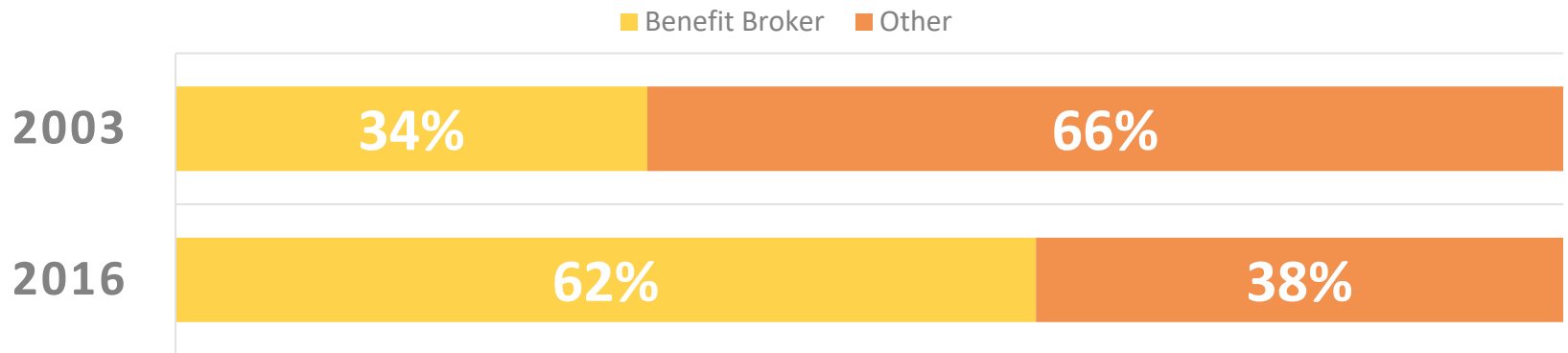
**Group plans have significant advantages over individual plans.**



# MARKET TRENDS: SHIFT TO BROKER DISTRIBUTION CHANNEL

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## VOLUNTARY NEW BUSINESS ANNUALIZED PREMIUM BY DISTRIBUTION CHANNEL



### Key Drivers:

1. Access to the market
2. See the Big Picture
3. Vested interest in the relationship

# Voluntary Benefits – How, What, Why?

## How does it work?

Basic Life and Accidental Death & Dismemberment pays a benefit when an employee or dependent passes away unexpectedly. Voluntary Life allows employees to buy more to meet their specific needs.

## What to look for:

Coverage amounts, Guaranteed Issue levels, and inclusion of AD&D.

**40 percent** of Americans who have life insurance coverage don't think they have enough.

*-Genworth LifeJacket Study 2011*

The average funeral costs  
**\$7,181.**

*-National Funeral Directors Association*

# DISABILITY

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## How does it work?

Disability plans replace a portion of an employee's income if they are out of work due to sickness or injury.

## What to look for:

Overlap with PTO, salary continuation, or other disability plans, Taxation, Coverage Levels, Durations and Earnings Definitions

## Common reasons for disability:

1. Pregnancies (25%)
2. Musculoskeletal disorders (20%)
3. Digestive disorders (7.8%)
4. Mental health (7.7%)
5. Injuries (7.5%)

**Over 1 in 4 of today's 20-year-olds can expect to be out of work for at least a year because of a disabling condition before they reach the normal retirement age<sup>4</sup>.**

# ACCIDENT

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## How does it work?

Accident plans help employees cover the costs related to an unexpected accident. The payout scales up with the severity of the accident.

## What to look for:

Coverage levels vs. cost, 24 hour vs. off job coverage, and wellness benefits.

**3/4** nearly three-fourths of medically consulted injuries take place outside of work

- *National Safety Council, Injury Facts, 2014 edition*

**39 million injuries** require medical attention every year.

- *Injury Facts 2011 edition, National Safety Council.*

# CRITICAL ILLNESS

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## How does it work?

Critical illness plans pay a lump sum benefit upon diagnosis of a covered condition like a heart attack, stroke or cancer.

## What to look for:

Cancer coverage, Pre-Existing Condition Limitations, 30 day Benefit Waiting period, Guaranteed Issue Amount, \$50 Wellness Benefit, and rate type (attained age vs. issue age).

**1 out of 3 women and 1 in 2 men** have a lifetime risk of **developing or dying from cancer**

*- Cancer Facts & Figures 2012, American Cancer Society.*

**1 out of 6 deaths** are caused by **coronary heart disease**

*- Heart Disease and Stroke Statistics—2012, American Heart Association.*

# OTHER VOLUNTARY BENEFITS AKA “THE WILD WEST”



## ID Theft

Monitors credit, tracks online activity, and helps with recovery.



## Legal

Provides access to a network of lawyers to help with estate planning, wills, traffic tickets, tax audits, etc.



## Home & Auto

Coverage everyone buys today with group discounts and payroll deductions.



## Pet

Covers wellness services, surgeries and other medical expenses.

# Key Components of an Effective Voluntary Benefit Program



# DEFINE: EFFECTIVE VOLUNTARY BENEFIT PROGRAM

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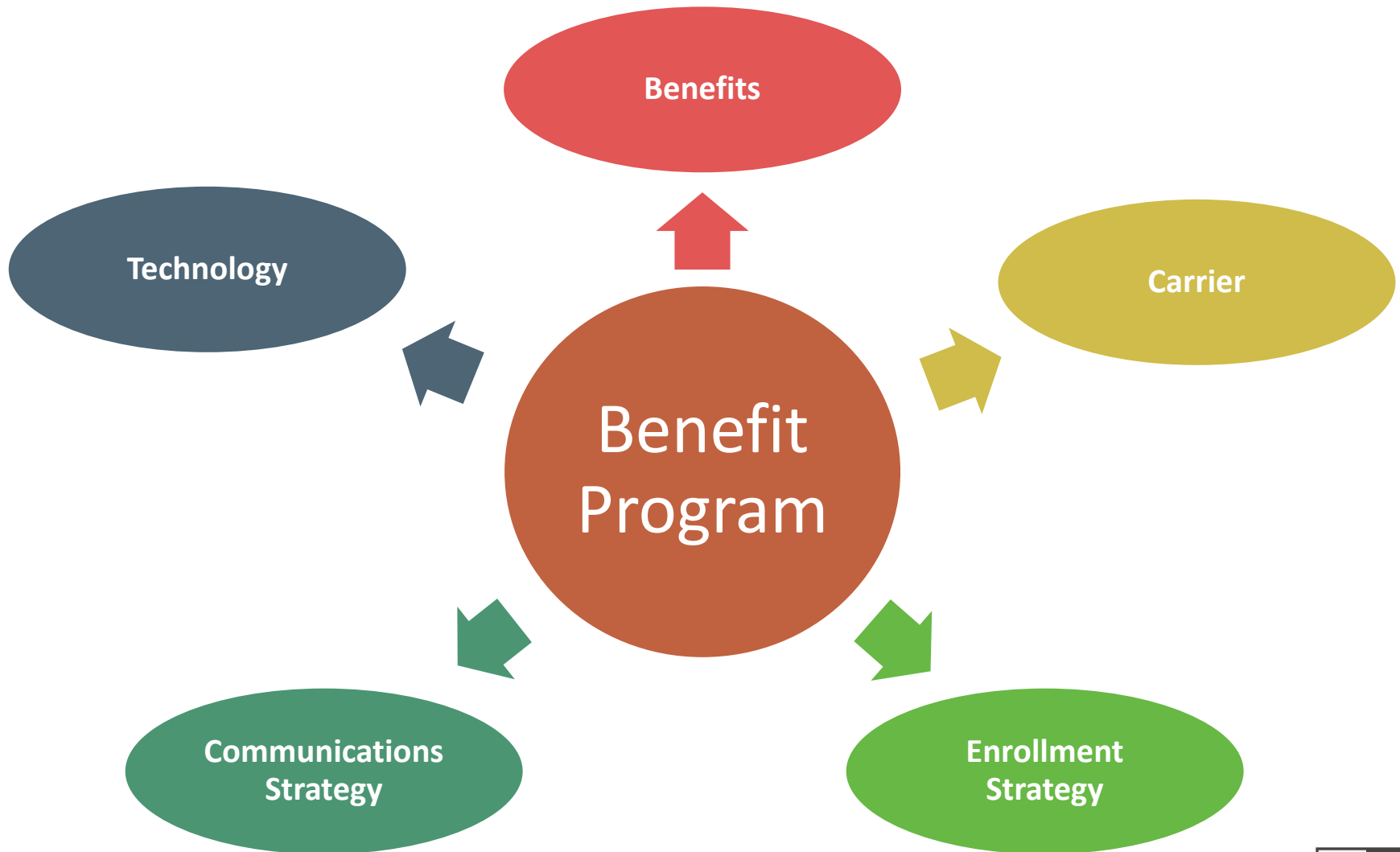
An effective voluntary benefit program:

1. Provides employees with valuable benefits at competitive rates.
2. Delivers an educational enrollment experience that ensures employees are making informed decisions.
3. Drives efficiency into the administration of all of your benefits.

“Begin  
with the end  
in mind.”  
Stephen Covey

# KEY COMPONENTS OF THE BENEFIT PROGRAM

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# CARRIERS

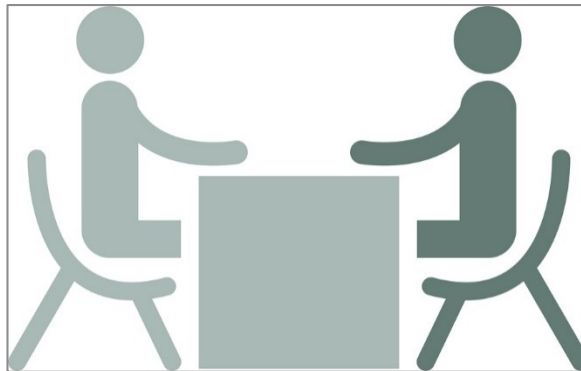
Ranking			Annualized Premiums (\$000)				Market Share		
YTD 2Q17	YTD 2Q16	Company	YTD 2Q17	YTD 2Q16	% Change	\$ Change	YTD 2Q17	YTD 2Q16	% Change
1	1	Aflac	\$681,473	\$668,030	2.0%	\$13,443	17.5%	18.0%	(0.5%)
<b>2</b>	<b>2</b>	<b>MetLife</b>	<b>\$680,768</b>	<b>\$574,302</b>	<b>18.5%</b>	<b>\$106,466</b>	<b>17.5%</b>	<b>15.5%</b>	<b>2.0%</b>
3	4	Unum	\$250,433	\$218,670	14.5%	\$31,763	6.4%	5.9%	0.5%
4	3	Prudential	\$243,816	\$275,150	(11.4%)	(\$31,334)	6.3%	7.4%	(1.2%)
5	6	Colonial Life	\$212,987	\$198,406	7.3%	\$14,581	5.5%	5.4%	0.1%
6	5	Cigna	\$187,522	\$217,430	(13.8%)	(\$29,908)	4.8%	5.9%	(1.1%)
7	9	Allstate Benefits	\$178,634	\$151,470	17.9%	\$27,164	4.6%	4.1%	0.5%
8	7	Guardian Life Insurance Company	\$168,860	\$162,026	4.2%	\$6,834	4.3%	4.4%	(0.0%)
9	-	Sun Life Financial	\$153,155	-	-	-	3.9%	-	-
10	10	The Hartford	\$132,492	\$149,351	(11.3%)	(\$16,859)	3.4%	4.0%	(0.6%)
11	8	Transamerica Employee Benefits	\$126,073	\$151,749	(16.9%)	(\$25,676)	3.2%	4.1%	(0.9%)
12	11	Voya Employee Benefits	\$83,250	\$73,804	12.8%	\$9,446	2.1%	2.0%	0.1%
13	-	Aetna	\$74,964	-	-	-	1.9%	-	-
14	12	Lincoln Financial Group	\$66,240	\$65,002	1.9%	\$1,238	1.7%	1.8%	(0.1%)
15	-	Mutual of Omaha	\$64,034	-	-	-	1.6%	-	-
		<b>Total Industry - Participants</b>	<b>\$3,894,018</b>	<b>\$3,705,060</b>	<b>5.1%</b>	<b>\$188,958</b>			

# ENROLLMENT STRATEGIES

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- Paper
- Online self service
- Onsite 1 on 1 with a benefit counselor
- Call center

“Begin  
with the end  
in mind.”  
Stephen Covey



# COMMUNICATION STRATEGY

- An employee's perceived value of their benefits plan can either be enhanced or diminished by the communication strategy

	Above Average Benefits Plan	Below Average Benefits Plan
Effective Communication Strategy	<b>84%</b> of employees respond favorably regarding their benefits	<b>76%</b> of employees respond favorably regarding their benefits
Ineffective Communication Strategy	<b>26%</b> of employees respond favorably regarding their benefits	<b>22%</b> of employees respond favorably regarding their benefits

- Communicate early, often, and in a variety of ways. Use written, visual, in-person, and electronic varieties – enrollment guides, educational videos, postcards, flyers, texts, email, meetings
- Make communication easy to understand and fun – web portals, animated videos, decision support tools



# BENEFIT ADMINISTRATION TECHNOLOGY

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1. None – Rely on paper and carrier systems.
2. Standalone – Bswift, Plansource, Employee Navigator, etc.
3. Integrated with Payroll or HCM Solution – ADP, Ultimate, Workday, etc.

## FIND A SUSTAINABLE/AFFORDABLE TECHNOLOGY SOLUTION

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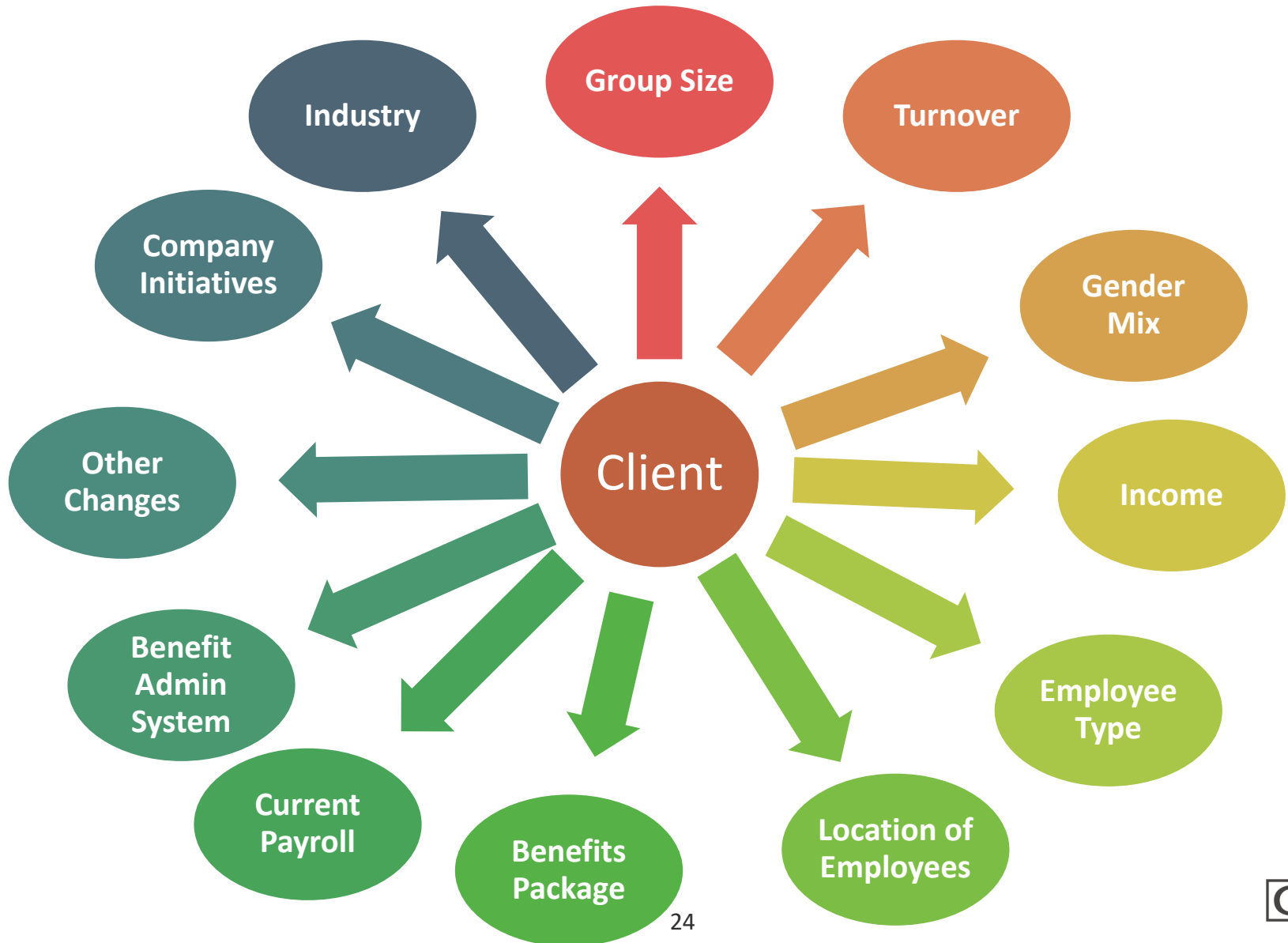
The experience is strongly driven by the technician servicing the system, NOT the technology itself.

Good service always comes at a cost, that said, we have cost containment strategies:

1. **Carrier Subsidies**
2. **Life and Disability Marketing**
3. **ACA Reporting / Filing**

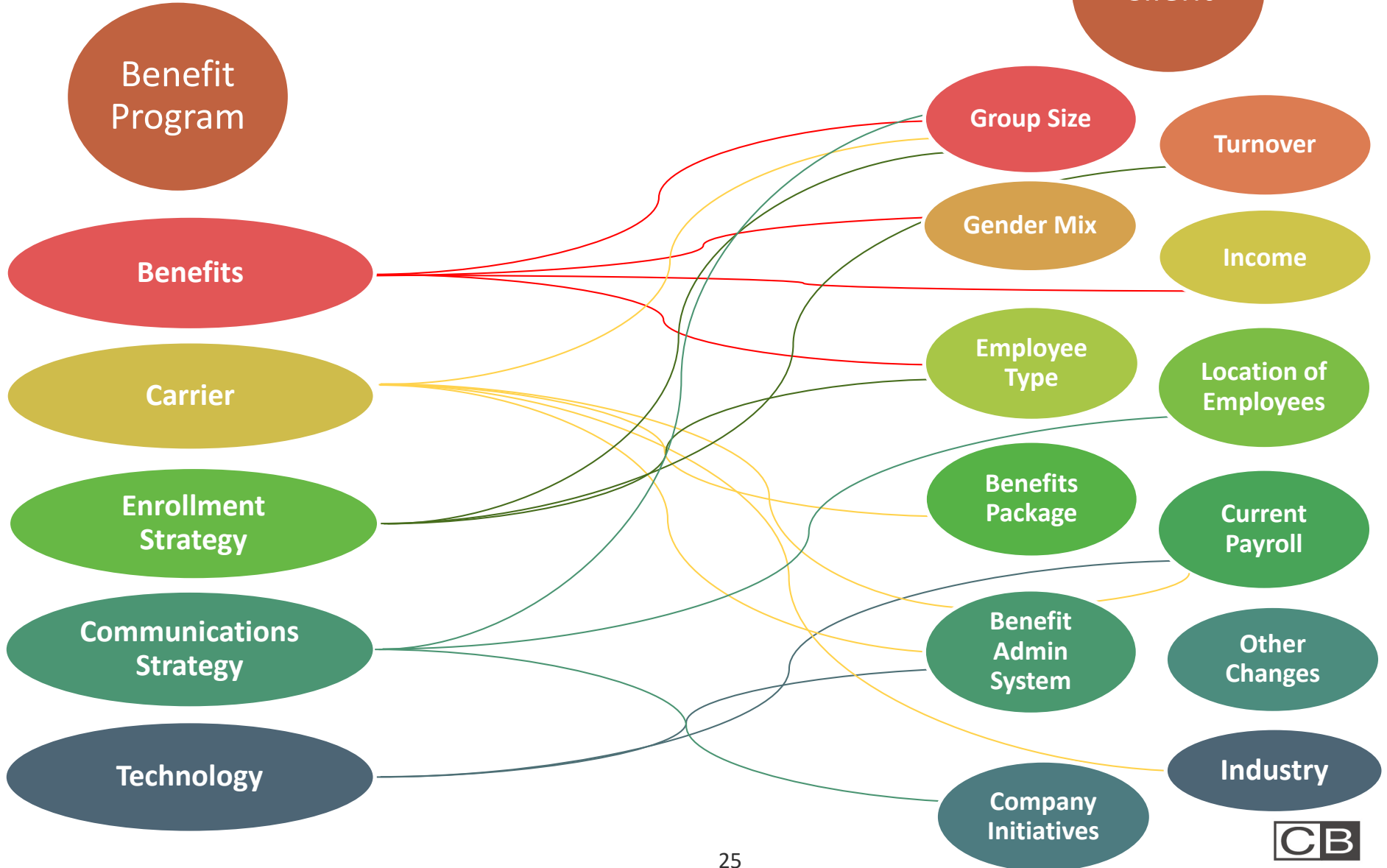
If you think it's expensive to hire a professional, wait until you hire an amateur.

# KEY COMPONENTS OF THE CLIENT





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# THE VOLUNTARY BENEFIT "MINE FIELD"

Benefit Program Components		Benefits						Carriers		Communications					Enrollment Strategy			Benefit Admin Technology			
		Life	STD	LTD	Acc	CI	IDI	Traditional (Aflac, Unum, Colonial, Allstate)	True Group (Voya, Met, Cigna)	Memo	Post Card	Guide	Video	Email	Paper	Online Self Service	Call-Center	Onsite 1 on 1's	None	Standalone	Integrated with Payroll
Group Size	<100																				
	100-999																				
Turnover	1000+																				
	Low																				
Gender Mix	High																				
	Male																				
Income	Female																				
	Below Average																				
Employee Type	Average																				
	Above Average																				
Employee Spread	Blue Collar																				
	White Collar																				
Current Benefits	All in one locations																				
	A few																				
Current Payroll	A lot																				
	Medical - "LDHP"																				
Current Benefit Admin System	<1000																				
	Medical - HDHP																				
What is happening with Whole Package	Dental/Vision																				
	Life / Disability																				
Company Initiatives	PTO / Salary Continuation																				
	Worksite																				
Industry	In house																				
	Standalone																				
Technology	Full HCM																				
	None																				
Professional Services	Standalone																				
	Integrated with Payroll																				
Transportation	No Changes																				
	New Benefits Only																				
Hospitals	Everything is Changing																				
	Wellness																				
Cities and Counties	Safety																				
	Manufacturing																				
Transportation	Manufacturing																				
	Cities and Counties																				
Professional Services	Hospitals																				
	Transportation																				
Technology	Professional Services																				
	Technology																				



## REMEMBER THE GOALS OF A WELL DESIGNED PROGRAM

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1. Provides employees with valuable benefits at competitive rates to help build their financial safety net.
2. Delivers an educational enrollment experience that ensures employees are making informed decisions.
3. Drives efficiency into the administration of all of your benefits.

**BOTTOM LINE:** There are a many different ways to design and implement an effective voluntary benefit program; however, not all strategies are the right fit. We will help you navigate the VB mine field to ensure you offer a quality program.

QUESTIONS?