

BenefitsPro

2012 — the year of voluntary benefits

Now that 2012 is reality, consumers, employers, and anyone who has a job looking for benefits is waking up from the Holiday fog and trying to figure out the state of health care for this year.

Although crystal ball-gazing is typically left to the clairvoyant, businesses, individuals, and families are attempting to forecast what lies beyond the hazy horizon of the first quarter and peer over the edge of the insurance abyss. When it comes to analyzing your potential exposure to costs and various options to keep expenses to a minimum, how smart are you? Can you tell the future, or are you still trying to remember where you left your keys?

With looming changes from health care reform on the horizon and increased cost-shifting to employees, voluntary benefits emerge as a bigger player in the benefit programs of the future. According to *Employee Benefit News*, this year promises to be a huge year for voluntary benefits. That means anyone who wants to protect themselves from runaway medical charges or unexpected health care bills needs to consider the following.

As employees take on more responsibility for paying for health care, voluntary benefits can provide much-needed additional coverage. EBN spoke to a number of voluntary benefits providers to get their thoughts on the major trends they see coming in 2012. Not surprisingly, all the trends and influences in the HR world at large - health care reform, employer cost-shifting, technology and communications - affect the voluntary benefits industry as well. Here's a summary of key trends to help employers plan their voluntary benefits strategy going forward.

1.) Cost-shifting

The move toward employers shifting more health care costs on to employees is helping drive voluntary benefits sales according to MetLife. Plus, there is a trend toward an increased use of third-party benefit platforms for enrollment and administration.

2.) Health care reform

Health care reform, coupled with rising costs, has employers of all sizes concerned. According to a Colonial Life survey, employers are taking three concrete actions to deal with this double whammy:

- * 51% are increasing their health insurance premiums.
- * 48% are increasing employees' health insurance deductibles or co-pays.
- * 49% are adding voluntary benefits.

With regard to voluntary benefits, growth has been bigger than the past, according to Colonial Life. That is confirmation that voluntary benefits are continuing to be an increasingly important component of employee benefit programs.

3.) **Communication, education and technology**

One of the primary changes to the voluntary benefits landscape is the move toward more electronic communication. That's important to voluntary benefits, because how well those benefits are communicated will determine how employees will participate in the plan according to ING.

In addition, the importance of multicultural and multilingual communications will rise. If you're going to be communicating these voluntary benefits electronically through technology, you have to make sure employees of all cultures and languages have the opportunity to make choices about their benefits.

Communicating to different demographics within the organization is also an emerging trend. Circumstances are shifting; it's important for providers and brokers to keep their employer-clients up-to-date on the needs of an evolving workforce. With a diverse workforce comes diverse needs regarding protection and planning products.

4.) **Products**

Products that have not traditionally been headliners - critical illness and accident insurance, for example - are becoming more important, according to AlwaysCare Benefits. Products like critical illness, hospital indemnity insurance, accident insurance - you're seeing some evolution in that area and some bundling of those products to supplement the changes now taking place in the health care arena. And, while disability and supplemental life insurance remain the foundation of voluntary plans, employers and employees are seeing an increased need for these specialty products like critical illness with some good growth there.

According to AIS Health, a few large, self-insured employers, such as Pitney Bowes, have successfully used value-based benefit designs (VBD) to reduce coverage costs and improve employee health. Although health insurers are focusing greater attention on value-based design plans, few of them have made VBD plans available to small

employers. Health plans don't yet seem comfortable with doing this for their fully insured book...because frankly it hits their bottom line pretty dramatically on an initial basis. UnitedHealth reports that its VBD programs, which are designed for large employers, are proving to be effective. One program focuses on helping members manage a chronic illness, while another targets pharmacy adherence, and a third uses rewards and financial incentives to encourage healthy behaviors.

Additionally, with the shift toward Health Exchanges coming in 2014, more states are getting on the band wagon. Employers must keep a close eye on the ever changing mood of state legislators, the political climate, and potential disruption this year by the US Supreme Court concerning PPACA. Regardless of the outcome of that case, the movement toward the concept of both public and private health care exchanges is in place and is accelerating. Plus, the Feds are rolling out one of their own.

Due to the constant increase in the cost of health care, especially major medical insurance, businesses are looking at the bottom line when coverage for employees is being considered—particularly in the small group market. Ancillary benefits like dental, vision, and other health related services are being jettisoned as a paid expense and moved toward the voluntary benefits side of the health care equation in a bigger way each year.

Employers are able to use pre-tax dollars (FSA/HSA/HRA) to help workers soften the blow, and the shift toward high deductible health plans continues to increase as well. Adding limited medical benefit indemnity plans in the mix has been a growing trend, as those typically cost less than standard PPO plans, and are used more for part time workers, lower wage earners, and small businesses. Even throwing a discount plan in for good measure as a supplemental option helps to reduce the overall costs. When employees have more choices, they are given the freedom to make decisions that not only allow them to personalize their health plan, but they are able to save money. As a result, businesses save money and are able to recruit and retain employees who are happier and more productive. Everyone wins.

Consider this: Health care has changed, and keeps evolving. That's a given. Costs continue to increase, and that will not change. No surprise that to survive in the business world, you must adapt to an ever changing environment. When you provide hope, people look to your leadership. Make the right choices

About the Author

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Mark Roberts' professional sales background includes 30 years of sales and marketing in the tax, insurance, and investment markets. Mark is a licensed life, health and accident insurance agent in all 50 states and D.C., for insurance products, and discount health plans. He serves as Manager of National Accounts at Careington International

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