

THE EMERGENCE OF VOLUNTARY BENEFIT PLANS

What you need to know

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Voluntary benefits have been available for decades, but in recent years they have grown steadily as human resource decision makers and consumers have taken more notice of the advantages they offer. As employers have had to cut back benefit coverages, the advent of voluntary benefits has become more common place in order to replace certain core plans or in order to help bolster the value of the plans available to workers.

In 2009, voluntary benefits generated more than \$5 billion* and have continued to grow each year. Although healthcare reform does not apply to voluntary insurance, legislation may fuel more growth in the sector as plan sponsors respond to consumer needs and attempt to enhance benefit packages without adding employer expense. The fact is, voluntary benefits are here to stay and if positioned properly they can add measurable value to the platform of coverages available to employees.

What Are Voluntary Benefits?

Voluntary benefits are additional benefits or products that can be added to a worker's benefit package and can be either core or ancillary in nature. Voluntary benefits are typically individual insurance policies that are employee-paid and workers can opt to apply for them during enrollment periods.

There are two groups of voluntary benefits: insurance and non-insurance products. Voluntary insurance

policies enhance and complement an existing benefits package at no direct cost to the employer while helping employees improve healthcare coverage and prepare for the unexpected occurrences of life. Insurance policies can include:

- **Life insurance** – Ranging from term life to whole life policies, life insurance takes care of beneficiaries' immediate and future financial needs following the plan participant's death.
- **Critical illness** – A policy that provides a single cash benefit to policyholders if they are diagnosed or treated for critical illnesses such as heart attack, stroke, coma or paralysis

*Source: Eastbridge Consulting Group's 2010 U.S. WorkSite Report

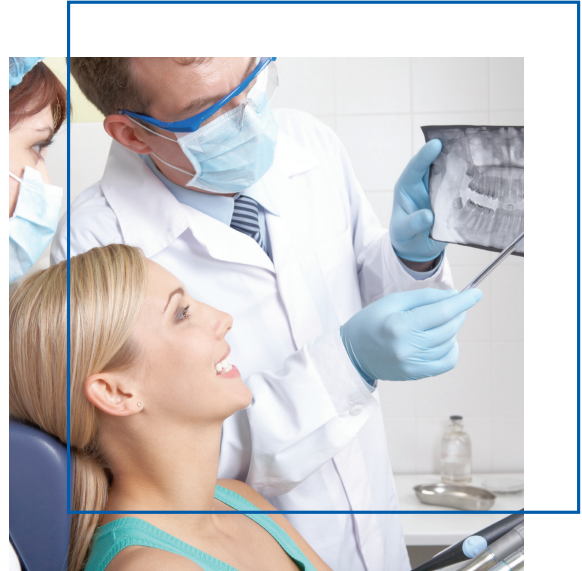


- **Short-term disability** – A policy that pays benefits (i.e., a monthly amount that is a percentage of the policyholder's gross income) for a period of time while the policyholder is disabled.
- **Accident** – A policy that allows policyholders to stay ahead of medical out-of-pocket expenses that can add up quickly after an accidental injury. When a covered accident occurs, cash benefits are paid directly to the policyholder (unless otherwise specified).
- **Dental** – A variety of policies that help workers pay for dental services, including additional care such as x-rays, sealants and emergency oral evaluations.

Traditionally, voluntary insurance is viewed as coverage that exceeds an employee's core benefits package. However, as the cost of healthcare continues to rise and legislation is enacted, some companies are cutting back on core healthcare coverage and adding voluntary insurance as a cost-effective supplement to core benefits.

Non-insurance voluntary products are also available and remain a popular way for businesses to bolster benefits offerings. Some of the most popular include:

- **Legal services products** – Most employees will require legal assistance at some point in their lives, and these plans cover a wide range of legal needs including will and estate planning, personal disputes, purchasing a home, etc.
- **Debt or financial counseling** – Struggles with money and finances can cause great anxiety and stress among workers, resulting in lost productivity. Many companies are offering voluntary benefits to help workers cope with financial burdens or challenges.
- **Concierge services** – Aimed at helping workers balance work and home, these services are typically employer-paid benefits and offer workers help in accomplishing personal tasks and errands.



- **Pet insurance** – Another option to help ease employee stress or anxiety, pet insurance can provide financial peace of mind.

While voluntary programs have advantages – possible cost savings and employee goodwill – plan sponsors can experience challenges if plans are not implemented effectively. Organizations need to invest the time and resources to truly understand their workers' preferences, needs and interest in voluntary benefits; otherwise, they may face low participation rates or a lack of appreciation for voluntary policies overall.

By engaging the right provider, implementing employee focus groups or surveys, and ensuring that workers understand voluntary benefits and how they work, companies can reap rewards rather than disappointments.

What to Look for in a Provider

Selecting a voluntary benefits provider requires due diligence and the help of your benefits consultant/

broker. Here are some of the key features that must be taken into consideration:

Financial Stability and Long-Term Experience

Trusting a provider with the task of insuring the well-being and future of workers requires a great deal of confidence in the company's reputation and financial standing. Plan sponsors should consider the history of the provider: How long has the company been in business? Is it consistently ranked among peers as a reputable leader in the industry? What is their financial rating? How many clients and policyholders does the company service?

Range of Policies

The needs of a company's workforce can change at a moment's notice. Partnering with a voluntary provider with a broad product portfolio can offer peace of mind. As an organization grows and changes, the provider can meet changing needs because it offers a wide range of policies, such as disability, hospital confinement, cancer, accident and dental.

Group and Individual Policies

Historically, group insurance policies may have been considered out of reach for smaller companies. Having too few employees limited the options of small businesses offering employees insurance policies under a group platform. This left individual policies as one of the only options for employers to provide to employees from a benefit standpoint.

Group plans tend to offer less expensive rates, which is important for all companies, but may be crucial for smaller businesses. Finding ways to offer competitive insurance benefits at lower costs to the employer is a goal for most companies in today's environment. Group insurance options tend to make enrollment and use easier for both employers and employees. Many voluntary group platforms require only one application,

rate set and underwriting structure. In addition, employees can usually enroll online.

Similar to group insurance platforms, individual voluntary insurance policies have pros and cons. They are available based on an individual's or family's needs, which may be especially helpful for those with preexisting or hereditary conditions, such as cancer. For individual policies, participants can enroll one-on-one and have the opportunity to speak with a professional to help select the coverage that is right for them.

Broad Spectrum of Enrollment Options

Plan sponsors may want to avoid providers that offer only one-size-fits-all enrollment options. Voluntary insurance providers should be able to deliver the enrollment approach that best suits a particular company. For example, many smaller organizations find it ideal to offer in-person enrollment sessions with benefits consultants or representatives from the provider. Other larger companies may require online enrollment platforms or call centers to help field-based employees located throughout the country.



Verifiable Claims, Customer Support and Administration Processes

A primary reason HR decision makers rely on voluntary providers is to ease the burden of administrative workloads that can come from adding benefits. Seek partners that can provide documented track records of their claims and billing processes. How fast do they process claims? Do they offer electronic billing and payment processes? Do they measure their customer service satisfaction levels?

Value-Added Services

There are many voluntary providers that not only meet these requirements, but also go beyond to deliver value-added services to clients. These can include an outsourced benefits communication program to help ensure that workers are knowledgeable and aware of benefit options prior to and during enrollment periods. Can the company offer best-in-class strategies or programs when it comes to benefits communication? Can it offer advice and guidance during and after enrollment?

Implementing a Voluntary Benefits Program

Once a provider has been chosen, a plan sponsor must make sure the plan options meet the needs of its workforce and are effectively rolled out to encourage participation.

Once the product portfolio has been created, there are several steps to undertake in achieving a successful enrollment program:

- Choose an enrollment method in line with the company's culture and employee population. For example, a construction company may be best-

suited to an in-person, one-on-one enrollment, whereas a technology organization could be better aligned with an online enrollment platform. Take into consideration the location of the employee base: Are the bulk of employees desk-bound or field-based?

- Collaborate with the provider to create a detailed timeline and resolve to stick to deadlines. Identify roles and responsibilities both internally and with the provider. The project scope should include a mock enrollment training session to help troubleshoot any potential roadblocks or to identify enhancements that need to be made. It is equally important to review the results of the enrollment after the process is complete. This fosters open dialogue about future benefits to consider based on feedback or administrative processes that may need to be put in place.
- Perhaps the most important component of the implementation process is communication. A communication strategy must be identified to educate, motivate and inform employees about benefits options and enrollment process milestones.



Too often, employers communicate their benefits programs to workers only one or two times a year, heaping on the information at open enrollment or when they are hired. Employees are already struggling to better understand even the basics of healthcare terms; expecting them to retain large amounts of benefits information at once is unrealistic and unfair. Instead, sponsors should try communicating different segments of their employee benefits program throughout the year. This approach will improve the amount of information employees retain, as well as make open enrollment a smoother, easier process.

Be wary of relying on only one communication vehicle to reach employees. Too often, employees are inundated with mounds of enrollment material. Consider using a variety of methods, including e-mail, voice mail, online outlets, Web portal postings and in-person meetings with employees.

Conclusion

Voluntary benefits plans can provide HR managers with some leverage in the daily struggle to deliver a solid benefits package without overstepping cost constraints. They are growing in popularity because they can help enhance corporate benefits packages – at no direct cost to the employer – while helping to attract and retain employees. When choosing to offer voluntary benefits, plan sponsors should consider choosing a provider that offers a wide range of policies and products, as well as extensive services to help ease administrative burdens.

Conner Strong & Buckelew can lead a voluntary benefits review process for your business and help design a platform that ensures voluntary coverages compliment

Conner Strong & Buckelew can lead a voluntary benefits review process for your business and help design a platform that ensures voluntary coverages compliment your core plan offerings.

For more information, please contact us at 1-877-861-3220.

info

your core plan offerings. With little to no cost to the employer, voluntary benefits can become a valuable tool in adding value for your workers without cost to your bottom line.

ABOUT THE AUTHOR:

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