

What Keeps Your Clients Up at Night?

BROUGHT TO YOU BY VSP



Voluntary Offerings For Any Worker: Custom-Tailored Choices

While health care inflation has slowed in recent years, it still outpaces actual inflation. This helps explain why many employers continue to pass benefits costs onto employees.

But passing costs onto employees does not necessarily mean efficiency.

The steep cost of emergency services can cause considerable financial strain for high-deductible plan enrollees. What's more, multiple unnecessary ER visits would quickly exhaust deductibles, at which time high-deductible plans would kick in. That would mean avoidable plan costs potentially driving higher premiums next enrollment season.

The bottom line? Consumerism is about more than passing costs on.

Voluntary options for workers across demographics

When looking at voluntary options, consider traditional options with an open mind toward alternative policies gaining popularity among workers across demographics.

There's a fine line between a comprehensive menu of voluntary options and a workforce overwhelmed by choice.

This is where your broker comes in. When you complicate a group plan with unnecessary options, you'll likely see lower take-up rates and frustrated workers. A truly valuable broker can make sure employers understand the benefits of any voluntary offering. Brokers also play an instrumental role in the education that makes consumer-driven benefits truly valuable.

- *Vision and dental.* These affordable staples remain highly popular among employees. Employers that don't include these coverages in core benefits would be wise to consider adding them.
- *Disability.* A well-structured, affordable disability plan can create value for any worker. Millennials may be healthier than older workers, but they also tend to engage in riskier behavior. While Gen X workers may have retired from their weekend warrior lifestyles, many are raising kids. A non-work injury could suspend a family's income could devastate their finances.

- *Debt.* A considerable portion of your workforce is likely saddled with debt – an explanation for the popularity of financial wellness programs and why carriers and third-party providers continue to create interactive online education platforms to help workers budget.
- *Hospital indemnity.* A high-deductible plan can relieve some financial stress by reducing monthly premiums, but the strategy can backfire when the worker incurs out-of-pocket costs. Fixed-benefit hospital indemnity policies have become increasingly affordable. Just as much as any other voluntary benefit, indemnity policies can serve as high-deductible plan gap coverage.
- *Gadgets and cybersecurity.* Insuring devices through workplace voluntary options is a cost-effective way to buy retail device insurance. In addition, identity theft threatens all workers. These less traditional but increasingly popular voluntary protections can engage younger workers in their benefits — even if they don't immediately utilize them.
- *Life insurance.* The majority of Gen X workers that LIMRA surveyed acknowledge they need more life insurance to protect their families, yet only 20 percent said they were likely to buy more.

Employers that offer some coverage may not offer enough to protect a family. By adding a voluntary option, you can provide better pricing than what workers can get on the retail market and encourage those workers who are aware they're under-covered to purchase the protection their family needs.

Some thoughts for employers

The workplace voluntary benefits market is growing. One reason is demand. The other explanation is competition, which has encouraged a pace of product innovation that shows no signs of slowing.

Brokers have more influence than ever with voluntary carriers. This clearly benefits employees — and employers, which can be assured they are making quality, affordable protections available to their workers.

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When considering voluntary benefits, consider your employees'...

- **Demographics.** The age, marital status, tenure and gender of your workers often help determine which voluntary benefits would best serve each one needs. Nevertheless, there is no universal list of ideal benefits for every worker. Just because a workforce is younger doesn't mean they're not interested in life insurance, and just because you have relatively few millennial workers doesn't mean your workforce isn't suffering under student loan debt: Data from the Bureau of Labor Statistics show Gen X workers carry the most student debt of all generations.
- **Workers' voluntary benefit needs vs. company leadership's voluntary benefit needs.** As intelligent benefits design and product offerings increase, it is important for company principals and HR leadership to remember that rank-and-file workers may embrace a benefit unknown to a company's leadership. In the past, brokers encountered resistance from top-level leadership, particularly at smaller and mid-sized firms. "Why would I offer a voluntary critical illness plan if I don't need one?" employers and decision-makers say. When considering the value of any voluntary offering, decision-makers must consider the needs of workers.
- **Workers' choice.** This is true among all age groups, but particularly for millennials, who are typically too young to remember the days when employers paid the entire bill for comprehensive major medical. When coupled with an efficient approach to education and communication, more employees in the contemporary benefits market are gravitating toward choice.
- **Choice fatigue.** Notwithstanding the fact that workers are becoming accustomed to having choices, there is always the risk of overwhelming them with too many benefit options. No one wins in this scenario — not the employer, not the employee and certainly not the broker. This is why it's becoming increasingly necessary to connect with workers outside of open enrollment season. Simple, targeted, consistent communications throughout the year can impart the knowledge your workers will need to best benefit from choice. Employers that are new to the voluntary market can also consider phasing in a program over a two- or three-year period.
- **HR accessibility.** Keep the "human" component of the human resource team actively engaged with employees on a personal level. Some enterprising HR leaders say they can achieve an unvarnished picture of a group's overall attitude and experience with benefits just by informally engaging employees throughout the organization.
- **HR liaisons for multi-site businesses.** A business with 1,000 employees across several worksites will often have a centralized HR team at the company's headquarters or main facility. In addition, employers might consider designating employees as "benefits captains" who can encourage their coworkers at each site to, for example, respond to an email questionnaire from the home office.
- **Broker competition.** Keep this in mind: As employers are asked to increase worker engagement on benefits decisions, their broker should lead the way. Insist on the highest level of support and service from brokers and carriers.
- **Keep an open mind.** Non-traditional voluntary benefits are becoming more traditional by the year. As a decision-maker, always voice your skepticism over a given product offering when it exists, but make sure you have received the best input and analysis from your broker and HR team before putting the kibosh on a product that your workers may actually want.
- **Take-up rates.** If you have low take-up rates with existing voluntary programs, it's probably not because your workers don't need the products. Successful voluntary brokers often say that low take-up rates are the result of inefficiencies the ways products are offered and communicated to workers. If take-up rates for a certain product are still in the low single digits after being offered for a few years, your broker should be able to help you with that.